National Programme for Implementation of the Stabilisation and Association Agreement (NPISAA)

March 2016
Prishtina
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Pursuant to Article 65(9) of the Constitution of the Republic of Kosovo and Article 67 of the Rules of Procedure of the Assembly, The Assembly of the Republic of Kosovo, in its session held on 10 March 2015, following its review of the Recommendation of the Committee on European Integration regarding the National Programme for Implementation of the Stabilisation and Association Agreement, took the following:

DECISION

The National Programme for Implementation of the Stabilisation and Association Agreement, together with the amendment proposed by the Committee on European Integration, is adopted.

No. 05-V-246
Prishtina, on 10 March 2016

President of the Assembly

______________________________
(signed)
Kadri VESELI

Decision, together with the Recommendation, submitted to:

- Government of the Republic of Kosovo,
- Committee on European Integration,
- Assembly archive.
Legjislatura V

Sesioni pranveror

Kuvendi i Republikës së Kosovës, në mbështetje të nenit 65 (9) të Kushtetutës së Republikës së Kosovës dhe të nenit 67 të Rregullores së Kuvendit, në seancën plenare të mbajtur më 10 mars 2016, pas shqyrtimit të Rekomandimit të Komisionit për Integrimë Evropiane lidhur me Programin Kombëtar për zbatimin e Marrëveshjes së Stabilizim Asociimit, mori këtë:

VENDIM

Miratohet Programi Kombëtar për zbatimin e Marrëveshjes së Stabilizim Asociimit, me ndryshimin e propozuar nga Komisionit për Integrimë Evropiane.

Nr. 05-V-246
Prishtinë, më 10 mars 2016

Kryetari i Kuvendit
Kadri VESELI

Vendimi me Rekomandim iu dërgohet:
- Qeverisë së Republikës së Kosovës,
- Komisionit për Integrimë Evropiane,
- Arkivit të Kuvendit.
Government Decision on Adoption of NPISAA

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

No. 06/64
Date: 16.12.2015

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 16 December 2015, adopts the following:

DECISION

1. The National Programme for Implementation of the Stabilisation and Association Agreement (NPISAA) is adopted.

2. The budget for implementation of short-term measures and midterm priorities set out by the Programme for Implementation of the Stabilisation and Association Agreement (NPISAA) shall be kept within the limits of budget allocations to budget organisations for 2016 and in line with the Midterm Expenditure Framework.

3. Implementation of the present Decision is an obligation of all responsible institutions, as envisaged under the Programme.

4. The Ministry of European Integration is obliged to incorporate into the Programme all the relevant comments received during public consultations.

5. The Ministry of European Integration is obliged to incorporate into the Programme all the comments of the European Commission.
6. 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
Qeveria e Republikës së Kosovës, në mbështetje të nenit 92 paragrafi 4. dhe 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 Kryeministrit dhe Ministrave, e ndryshuar dhe plotësuar me Rregulloren nr. 07/2011 dhe nenin 19 të Rregullores së Punës së Qeverisë së Republikës së Kosovës nr. 09/2011, në mbledhjen e mbajtur në 16 Dhjetor 2015, nxjerr këtë:

VENDIM

1. Miratohet Programi Kombëtar për Zbatimin e Marrëveshjes së Stabilizim-Asociimit (PKZMSA).

2. Buxheti për zbatimin e masave afatshkurtra dhe prioritetet afatmesme në kuadër të Programit Kombëtar për Zbatimin e Marrëveshjes së Stabilizim-Asociimit (PKZMSA) duhet të mbetet brenda ndarjeve buxhetore të organizatave buxhetore për vitin 2016 dhe në pajtëm me Kornizën Afatmesme të Shpenzimeve.

3. Për zbatimin e këtij vendimi obligohen të gjitha institucionet përgjegjëse, sipas Programit.

4. Obligohet Ministria e Integrimit Evropian të inkorporojë në Program të gjitha komentet relevante të pranuara gjatë konsultimeve publike.

5. Obligohet Ministria e Integrimit Evropian të inkorporojë në Program të gjitha komentet e Komisionit Evropian.

6. Vendimi hyn në fuqi ditën e nënshkrimit.

Isa MUSTAFATA
Kryeministër i Republikës së Kosovës

Iu dërgohet:

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

On 27 October 2015, the Republic of Kosovo and the European Union signed the Stabilisation and Association Agreement (SAA), in Strasbourg. This agreement was then adopted by the Government of the Republic of Kosovo on 30 October 2015, through the Decision No. 01/55 on the approval of the Draft law on Ratifying the Stabilisation and Association Agreement between Kosovo in one part, and the European Union and European Atomic Energy Community on the other part¹, which was ratified by the Assembly of the Republic of Kosovo on 2 November 2015 by approving the Law No. 05/L-069 on Ratification of the Stabilization and Association Agreement between the Republic of Kosovo, of the one part, and the European Union and the European Atomic Energy Community, of the other part².

Prior to its signature, the SAA was adopted by the European Commission on 30 April 2015, following the conclusion of negotiations (see Relations between the Republic of Kosovo and the European Union below) and then by the Council of the EU, on 22 October 2015. By signing and having it ratified by its Assembly, the Republic of Kosovo fulfilled its political and formal obligations regarding this process, while then the SAA was ratified by the European Parliament, on 21 January 2016. This marks the conclusion of all formal procedures, and the SAA will enter into force on 1 April 2016, as provided for under its Article 144: “This Agreement shall enter into force on the first day of the second month following the date on which the Parties notify each other that the procedures referred to in the first paragraph have been completed.”.

The SAA, being the first contractual agreement between the two parties, represents a new phase of political relations between Kosovo and the EU. As an international agreement, it determines the official mechanisms and time limits for implementation of all reforms which will progressively align Kosovo with the EU in all policy fields, until the fulfilment of all EU standards. Furthermore, the SAA will set the framework of Kosovo’s relations with EU member states and institutions for the implementation of the Stabilisation and Association process (SAP) until full EU membership. With regard to its scope, in addition to political issues and legal obligation (including those that affect the internal legal order), the SAA covers all fields of governance. Overall, it contains ten titles (main chapters), as well as seven annexes, five protocols, and a joint declaration:

- Title I: General Principles;
- Title II: Political Dialogue;
- Title III: Regional Cooperation;
- Title IV: Free movement of goods; Title V: Establishment, Supply of Services and Capital;
- Title VI: Approximation of Kosovo’s law to the EU Acquis, law enforcement and competition rules;
- Title VII: Freedom, Security and Justice;
- Title VIII: Cooperation Policies;
- Title IX: Financial Cooperation, and
- Title X: Institutional, General and Final Provisions.

Most of the SAA is based on the EU acquis, namely in the entirety of legal norms that are applicable within its territory by all member states as legal entities, and also covers all policy areas. Therefore, Kosovo being a country that aims to join the EU should, during the accession process until its membership, adopt the entire Acquis and make it part of its internal legislation. In other words, the approval and implementation of the Acquis is the core of negotiations for membership, and it represents a form of self-membership. Therefore, implementation of the SAA implies legal obligations for Kosovo,

and its implementation needs a more comprehensive and long-term preparation, starting from a key national document drafted for this purpose. This new phase on the EU accession process requires the advancement of the current European Integration policy framework making it more ambitious, inclusive and more integrated. This will bring all special dimensions of the membership process to a much more complicated level, therefore the period from this moment until that of obtaining full membership will require a higher level of institutional capacities and preparedness, because its implementation will set on move a large number of deep and sensitive political and economical reforms which shall affect all public stakeholders and spheres of life. The SAA does not solely reflect the political will of both parties to fulfil our European perspective and serve as a platform for long-term transformations, but shall also be a test of our institutional capacities and readiness to achieve these political goals.

Therefore, in order to successfully implement this agreement and all of the reforms it entails, we have drafted the National Program for Implementation of the Stabilization and Association Agreement (NPISAA), which constitutes the main national policy document for EU membership. Moreover, the same defines a comprehensive mid-term framework of all reforms necessary to fulfil the SAA obligations, namely the measures and priorities for gradual approximation of local legislation with the EU Acquis through the transposition of the latter, as well as for implementing the approximated legislation. In addition, NPISAA reflects the measures and priorities deriving from political mechanisms and Kosovo-EU relationship policies, namely the political agenda emerging from the Stabilisation and Association Process Dialogue (SAPD) and the findings of the EC’s Report on Kosovo 2015 (formerly the Progress Report). In other words, although it may advance with regard to its content and structure, and may also undergo modifications in its title, the NPISAA shall remain the main national strategic document for planning, implementing and monitoring of implementation of all the reforms needed for implementation of the SAA and the further phases of EU accession.

The preparations for drafting the NPISAA have started in January 2015, coordinated by the Ministry of European Integration, whereas the process for its drafting started in April based on the Government Decision no. 06/22 dated 03 April 2015 for initiating its preparation. Based on this decision, the work for drafting the document is organized in forty (40) teams (some fields of the political criteria regrouped into that of European standards, due to the relation between fields). In addition to MEI which is the key coordinating body, within this Decision are also determined the coordinating institutions for each Chapter of the Program, whereas the third level of coordination, namely the horizontal level of coordination was the Department of European Integration and Policy Coordination (DEIPC) and Legal Departments (LD) which coordinated the work in drafting the respective chapters in cooperation with all structures of relevant institutions mandated to develop and implement policies in special fields. MEI as the main coordination institution was actively involved in the work of all teams.

The final draft of the Programme has undergone the phase of public consultations, held during the second half of November and first half of December. In addition to the written comments received, a final conference with Civil Society Organisations and other stakeholders, as part of consultations, was also held on 3 December, wherein the content of this document was discussed in details.

With regard to the content, NPISAA foresees a comprehensive framework of mid-term reforms (for the next five year period: 2016-2020) for the implementation of the SAA and approximation of national legislation with that of the EU, and the implementation of the approximated legislation. Additionally, it contains short-term measures (covering 2016) and mid-term priorities (covering 2017-2020) separated in two categories: legislative measures and priorities and implementing measures and priorities. Based on the structure of the Copenhagen Criteria, all priority measures are divided in three blocks: Political

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Criteria, Economic Criteria, and European Standards – Approximation of Kosovo Legislation with EU acquis. In addition to the key political and economical reforms required by the SAA, it also defines specific measures within the 33 Chapters of the EU acquis (with the exception of Chapter 34 and 35, which will be covered in a later stage of the accession process).

Under Block I, NPISAA sets out the measures and priorities in fields such as democracy and rule of law, namely human rights and freedom and protection of non-majority communities (including the freedom of media), the Judiciary and anti-corruption policies (all within chapter 23 of the Acquis) as well as regional cooperation. In other words, by reconfirming its purpose to contribute to the political and economical stability of Southeast Europe, Kosovo through this Programme, and by fulfilling its obligations assumed under the Stabilisation and Association Process, shall continue to fulfil political preconditions mentioned by the EU as criteria that will prove Kosovo’s political will and readiness to become part of the European family.

Block II reflects the efforts that are to be put in ensuring a consistent economic growth, based on the Copenhagen criteria for establishing a functional market economy that shall be able to withstand the competition pressure made by market forces within the European Union. Specific measures are focused in achieving priorities such as further consolidation of the fiscal sector (with the aim of reducing public expenditures and budget deficit), stability of the financial and banking system, governance of public entities, support to enterprises, increase of investments, promotion of export, increasing export product’s competitiveness, improvement of legal security and overall structural reforms.

The final Block describes the legal and institutional framework of particular chapters of the acquis, the priorities for approximation of legislation and specific steps to be undertaken, as well as the need for a successful implementation of political and institutional measures which shall serve as the foundation for legal and economical reforms, including the allocation of budget for their implementation.

In its entirety, the structure of the NPISAA is organized in two parts: the part of the Narrative and the Matrix of short-term measures. The Narrative part of each Chapter summarizes the SAA’s obligations and the obligations emerging from other EU accession mechanisms, the current state of play (legal framework, including the level of approximation with the acquis, policy framework, institutional framework, and external assistance), as well as short-term measures and mid-term priorities. On the other hand, the matrix of short-term measures within each Chapter outlines in detail the concrete measures to be taken, divided in two categories: legislative measures (further sub-divided into measures of legislation framework, bylaws and other regulatory acts) and implementing measures (further sub-divided into the policy framework measures, institutional reforms and institutional capacity building, and practice implementation measures). During the drafting of measures, we tried to make them to be as applicable as possible and relate them to the Government Programme, budgeting documents and processes, as well as sector papers.

Further, the matrix of short-term measures is structured in such way that enables the correlation of legislative measures with SAA provisions (framework objectives/references), identification of specific secondary national acts that will align with the acquis acts (national acts to be harmonized) for transposition (the EU acquis acts to be transposed) and the responsible and supporting institutions, as well as the determination of deadlines (in quarters - Q1, Q2, Q3 and Q4 ), the level of transposition (partial - P, or total - T) and the approximate cost of the budget (divided into three categories - total, the state budget [BRK] and donor funding). Similarly, this matrix enables the correlation of short-term implementing measures with the SAA provisions (framework objectives/references), and setting specific targets (measures/actions) and indicators for measuring their fulfilment, as well as setting the responsible and supportive institutions, deadlines, reference documents and the approximate budget cost (divided into the same category as legislative measures).
NPISAA constitutes our European agenda, and as such this is a guide to all reforms. Its implementation will allow us to immediately address the major challenges that we as a society are facing. The legislative process will help us to immediately start distancing ourselves from negative practices in all fields. Among the first things we need to address is the further strengthening of the rule of law, fighting corruption, and implementing the public administration and the judiciary reform. This will allow citizens to protect the democratic right to live free and with equal opportunities.

Every state administration body shall be responsible for implementing the Programme and monitoring its implementation within the scope of its competences. Being the central governing mechanism of the country for fulfilling the obligations arising from the SAA, the responsibility for monitoring and implementing lies with the Government of Kosovo, and each member of the cabinet and each state administration bodies that they govern, and all other institutions involved in the preparation of the Programme. The key and irreplaceable role will undoubtedly be played by the Government (together with EU authorities) within the formal stabilization and association structure which will be established immediately after the entry into force of the SAA.

In addition, the Assembly shall be one of the main institutional pillars in the implementation of this Programme, particularly with regard to the adoption of legislation. The Commission for European Integration shall have a key role both in terms of pushing forward the legislative agenda, as well as a coordinator of monitoring the fulfilment of obligations assumed by the Assembly of Kosovo. Thirdly, the Assembly shall also influence the stabilization-association structure within the Stabilisation and Association Parliamentary Committee.

Similarly to the Assembly, all independent institutions and municipalities shall play a direct key role to the implementation of this document and monitoring and assessing its implementation.

The EU Office in Kosovo shall also play an important role in fulfilling the SAA obligations, thus consequently implementing the NPISAA.

Implementation of NPISAA's will depend greatly on the fact how much will each institution manage to obtain ownership over the entire process of implementing concrete measures, as well as on the quality of daily coordination at the ministries’ level and other state administration bodies involved in this process. The main responsibility for coordination in the level of each state administration body shall continue to remain with the structures responsible for European integration (DEIPCs and similar structures), which shall coordinate all regular activities within their institutions for monitoring, reporting and assessing the implementation of the Programme in entirety. More specifically, their duties shall be to monitor whether the duties determined within the Programme are finished in a timely manner, and shall keep MEI informed of all matters related to it. They shall do this by regularly collecting information and preparing reports on the progress made in fulfilling the duties foreseen under NIPSAA within their relevant fields of responsibility.

Overall coordination at the Government level shall be under the responsibility of the Ministry of European Integration.

Taking into account that this is a voluminous document in terms of its content, the same has been divided based on specific fields of responsibilities of MEI officials who are in charge of specific sectors. By following developments within a specific sector, MEI officials shall be responsible for monitoring the implementation of this Programme at national level, through regular contacts and cooperation with their counterparts from sectors in relevant government bodies that they cover. This system enables monitoring and implementation in operational level, both within sectors and as well as line institutions that they cover.
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 other 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 eight (108) states, of out which 23 of them 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 (SATM). 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 SAA in principle, by placing initials. Finally, following the review and approval by the Governments of Member States, 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.
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 on Roadmap implementation assessment. 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, Kosovo Government served EC with the last report on readiness, 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 experts’ reports were submitted in September 2015. Following this, we continued the work for implementing eight issued recommendations, whereas on 3 November 2015, EC was served with the last report on implementation of remaining recommendations. Finally, the final decision is expected to be taken by the Council within this year, following the issuance of the last assessment report by the EC.
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. PCSA will meet based on timely agreed intervals between its members, but at least once in a year, and will be chaired on rotational basis by its members from both parliaments. It will also draft its own regulation on rules and procedures.

In order to meet obligations deriving from EU reports for Kosovo, during 2016 the Assembly will approve the Law on Assembly, and will amend the Regulation on Organisation and Responsibilities of the Administration of the Assembly of the Republic of Kosovo.

Other EU accession requirements

Feasibility Study Requirements
The midterm criteria from Feasibility Study require that the Assembly will have to strengthen its supervisory role on the executive by reviewing draft laws and supervising implementation of laws.

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 2015 EC Kosovo Report
In order to address the requirements from Progress Report “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.

Current Situation

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 commissions.

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.

Short-term measures

In order to fulfil the obligations deriving from the SAA, the EU documents and reports of for Kosovo, in 2016 the Assembly will adopt the Law on Assembly. In order to address this issue, the Committee for Legislation, Mandates and Immunities, is in the process of drafting the Law on Assembly. The Law on Assembly plans to achieve the budgetary independence of the Assembly and to define the status of civil servants to the Assembly.

As regards the institutional framework, specifically with the aim to improve the services provided by the Department for Standardization, Alignment and Harmonization of Language, a special unit for legal analysis and approximation is foreseen to be created within the department. This unit will make professional legal analysis on all draft laws submitted to the Parliament within the timeframe set by the Rules of Procedure.

In order to address the requirement of the Progress Report, “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 envisaged the establishment of a unit for budget and financial analysis. The establishment of the unit for budget and financial analysis will increase the level of control and supervision of the Assembly on the state budget. This unit will also provide professional analysis of budgetary and financial issues for parliamentary committees and MPs.

As regards the improvement of policies, the Strategy for International and Inter-parliamentary Cooperation is expected to be adopted.

Further measures for capacity-building and strengthening of the administration of the Assembly are provided by increasing the new positions, announcement of current vacancies and trainings.

As part of its implementation and enforcement, the Assembly would improve monitoring of independent institutions and regulatory authorities, where the main challenges is appointment of boards’ members of the independent institutions and authorities and ensuring allocation of sufficient budget for them. In this regard, the plan foresees the adoption of joint plan of Government and the Parliament to complete the boards of independent institutions/agencies.

Also, the committee for monitoring of public finances will develop a mechanism to follow up the implementation of recommendations of the Assembly.

Midterm 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. Also, the Assembly would 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-sectoral 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 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.

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.

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implement the Law on Financing of Political Parties, the Assembly will create a special division in CEC or the Office of Auditor General.

Current Situation

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 on hundred and twenty (120) seats are guaranteed for representation of non-majority communities in 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. Judicial System

The judicial system is covered within the bloc 3: 3.24. Chapter 23 of the acquis: The judicial system and basic rights.

1.1.3. Public Administration

Public administration is a liaison between the government, civil society, private sector and the citizens, which implements public policies undertaken by the government thus enhancing social cohesion and trust between the State and the 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 the 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.

Requirements deriving from the June 2015 SGPAR

Kosovo needs to adopt the Law on General Administrative Procedure in order to provide a basis for simplifying and modernizing the delivery of services, in accordance with European standards. Planning in the area of Public Administration needs to be more strategic and interconnected with Government priorities, sectoral strategies, midterm expenditure framework and budget. An important criterion is completion of the process of job classification. As regards public services and human resources management further efforts are needed to depoliticize the administration and to fully implement the relevant provisions to prevent corruption and promote integrity in the civil service. Also, the number and
the placement of civil servants who belong to non-majority communities in the ministries and other institutions must be made in accordance with legislation in force.

In general, Kosovo will need to further increase its efforts to improve professionalism, accountability, efficiency and effectiveness of public administration at all levels, including respecting the decisions IOBCSK and to implement the decision on the premises for the Ombudsperson.

**Current Situation**

**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, 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;

**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

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 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 citizens and legal persons.

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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.

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. 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 the training policies, education and development of human resources capacities in civil service; 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 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.

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 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, transparency, efficiency and effectiveness in providing public services, paying particular attention to the specific needs and concerns of non-majority communities and their members.

Short-term measures

Short-term measures in the area of public administration
In order to fulfil the obligations deriving from the SAA and other documents and mechanisms of EU accession, within the scope of public administration, the following short-term legislative measures will be taken in order to create a apolitical, professional civil service based on merit and well managed:

- Kosovo will finalize the legal framework through the completion and changes to civil service legislation. The amendments shall be made in order to avoid obstacles that were identified during the implementation of these laws. Specifically, the laws that will be amended and supplemented in 2016 are: the Law No.03/L-149 on Civil Service of the Republic of Kosovo; Law on Organization of Public Administration; Law on General Administrative Procedure; Law on Administrative Conflict, and the Law on Salaries in the Public Sector. Also, the existing bylaws will be amended and new subsidiary legislation deriving from the amendment of the aforementioned laws will be drafted.
The four basic laws foresee as follows:

**DRAFT LAW AMENDING THE LAW NO. 03/L-149 CIVIL SERVICE OF THE REPUBLIC OF KOSOVO** – This law will amend the Law No. 03/L-149 on Civil Service of the Republic of Kosovo. This draft law fills legal gaps which have surfaced after the adoption of the Law on Civil Service. This draft is in the process of drafting, aiming to organize a stable, professional, merit-based civil service, and based on integrity and political impartiality.

**DRAFT LAW ON SALARIES PAID THROUGH THE BUDGET OF THE REPUBLIC OF KOSOVO** – This law aims to define the salary and its components, which are paid by the Budget of the Republic of Kosovo. The provisions of this law shall apply to all those who receive salaries from the Kosovo budget. The basic principle of this law is the principle of equal pay, which means that each beneficiary receives an equal salary for a function or a work in the same or comparable position.

**DRAFT LAW ON ORGANIZATION OF PUBLIC ADMINISTRATION** – The purpose of this law is to define the standards, criteria and procedures for the internal organization, cooperation, management and accountability of the bodies which exercise public authority. According to the draft law, public administration will be organized and operate according to principles of impartiality, depoliticisation and the public interest, legality; responsibility; deconcentration; transparency and clarity in the definition and distribution of responsibilities; economy, efficiency and effectiveness, subsidiarity, cooperation between public administration institutions, as well as gender equality and the protection and promotion of the principle of a multi-ethnic society.

**DRAFT LAW ON GENERAL ADMINISTRATIVE PROCEDURES** – This law will ensure the effective implementation of public authority serving public interest, while at the same time ensuring protection of the rights and legal interests of persons. This law applies whenever a public body, during the implementation of public authority decides on the rights, obligations and legal interests of persons, and any other case where the law explicitly provides for the issuance of an administrative act, or enters into an administrative contract or implements its competencies through real acts, dealing with the rights, obligations and legal interests of persons. Also, the law is expected to be in full compliance with Directive 2006/123/EC of the European Parliament and the Council of 12 December 2006 “For internal market services”.

Through these laws, the horizontal legal framework for public administration will be completed. Also, implementation of the legal framework will be ensured, as well as the performance assessment, the system of job classification in the civil service, and the new system of salaries for all employees in the public sector, which will resolve the salary issues based on the principle of equal pay for equal work. As regards the process of job classification, this will support the involvement of all key institutions in the horizontal scope of the civil service, including local government.

Also, the Strategy for Training of Civil Servants is in the process of approval by the Government, which will be followed by the Action Plan of this strategy, which foresees more advanced training for civil servants.

In order to implement the Law on Government Bodies of the Information Society, the legal framework will be completed and e-government standards will be designed and implemented based on European Union IT standards.

*Implementing measures*

As part of efforts to improve policies in order to fulfil EU accession requirements, the following short-term measures will be undertaken:
The Government of the Republic of Kosovo, based on analyses and practices on the new approach to the administration reforms, has concluded that, in order to have more efficient management of the process and to avoid the barriers in the organization and implementation of the reform and considering the need for concentration in results it is an imperative to limit the scope and the management structures in three, more rational pillars of the Public Administration Reform, which will be practiced starting from 2016:

- Development and coordination of policies and legislation - management reforms in this area fall directly under the responsibility of the Office of the Prime Minister;
- Civil service, human resources management, provision of administrative public services and re-organization and accountability fall under the responsibility of the MPA;
- Public Financial Management – fall under the Ministry of Finance.

As regards the institutional framework, this area is regulated by the Law No. 03/L-189 on State Administration of the Republic of Kosovo and the AI for Internal Standards for Job Organization and Systematization. In this regard, the Ministry of Public Administration (MPA) has issued the Regulation on Internal Organization, where there have been some changes in organisational aspects. Meanwhile, in order to further develop the institutional framework, the following short-term measures will be undertaken:

- During 2016 establishment of three new divisions in the MAP it is expected, such as: Division of Human Resource Management within the Department of Civil Service Administration (DCSA); Division for Oversight of Administrative Processes within the Legal Department (LD) and the Procurement Division within the Information Society Agency (ISA);
- The interoperability platform of the electronic systems of the institutions of Kosovo will be developed, which will implement integration and data exchange of various electronic systems automatically;
- Also, it is expected that the state portal will be advanced to “e-Kosova” and access to electronic services through this portal will be integrated and the level of IT security in general will be enhanced.

As regards implementation and enforcement, during 2016 MPA and other responsible institutions will be focused on the following:

- Knowing that IOBCSK is one of the key independent institutions related to public administration, it is of paramount importance to ensure compliance of the decisions issued by this institution that plays a central role to ensure a responsible administration. Also, another independent institution related to this field, respectively the Ombudsperson will be moved to the building of the Constitutional Court, in accordance with a decision issued by the Ministry of Public Administration.
- MPA will implement the Action Plan of the Strategy for Modernisation of Public Administration which focuses on simplification and modernization of procedures through development of sound analyses, enabling a strategic approach, linking them with administrative services which influence the economic development of the country; and,
- Implementation of the new strategies, namely Strategy for Modernisation of Public Administration; the Strategy for Training of Civil Servants; the Strategy for E-Government; will enable capacity building and improvement of policies in the public administration. Normally, proper implementation of legislation in the public administration will contribute towards providing the best services, and improvement of policies in this area.

Short-term measures in the area of self-government

In order to fulfil obligations deriving from the SAA as well as other necessary documents and mechanisms for EU accession, within the local self-government, during the short term period, the main focus will be on implementing measures as follows:
As part of the policy improvement or strengthening of the capacity of the administration at the local level and in order to fulfil the requirements for EU accession, the following measures will be undertaken:


As part of implementation and enforcement in this field, during 2016 MLGA and other responsible institutions will be focused on:

- Continuing to monitor the implementation of the law by municipalities through the monitoring and evaluation reports of municipal legal oversight bodies;
- Ensuring improvement of the activity of local authorities to fulfil their legal mandate by the through Auditor General reports and the report on implementation of capital projects for municipal assemblies;
- Increasing institutional capacity and monitoring service quality;
- Increasing the transparency of the work and decision-making at the local level through citizen access to the work of municipal assemblies and awareness campaigns on the possibilities of the citizens for information on public services.
- Implementation of cross-border cooperation with the neighbouring countries, as well as access to trans-national programmes.

Midterm priorities

Midterm priorities in the area of public administration

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.

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.

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.
1.1.4. Ombudsperson

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, Article 4 of the SAA determines that “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”. This article does not explicitly mention IAP, but indirectly it is implied compliance cannot be guaranteed with international law and instruments for human rights, without no independent mechanisms effective for protection and promotion of these rights and demanding accountability from public authorities. Whereas 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

Feasibility Study Requirements
The conditions and challenges of the OI have been addressed as short-term criteria of the Feasibility Study, which requests allocation of premises for OI and ensuring financial independence by obliging the government to include the proposal for OI in the general budget and submit to parliament without making changes.

SAPD requirements
The conclusions of the SAPD meeting request provision of premises for OI, including its headquarters in Prishtina as well as those regional premises and strengthening the implementation and monitoring of the OI recommendations. The same criteria were reiterated in the latest progress reports.

Requirements deriving from the June 2015 SGPAR
The conclusions of SGPAR recommends to improve the visibility and request the Government of RK to commit to constructively engage to implement recommendations of the Ombudsperson and also to guarantee the legal basis for the salaries of OI in accordance with the European practices, including also the period until the entry into force of the Law on Salaries. Financial independence of the Ombudsperson will be guaranteed in the future.

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 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.

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

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;

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.”

However, this law contains a misstep that must be addressed as soon as possible by the Government. Article 34 concerning the salaries of the law says: “Salaries of Ombudsperson Institution shall be regulated under the applicable Law on the salaries from the Budget of the Republic of Kosovo”, but such a law on wages has never been adopted in the Assembly and there therefore the issue of salaries of staff in OI remained without a legitimate legal basis.

As regards transposition of the Acquis into national legislation in this field so far a considerable (partial) progress has been made in, namely the Law on Protection against Discrimination and the Law on Gender Equality (for more, see 1.2.)

The Ombudsperson Institution in Kosovo has continued to work to fulfil its constitutional mission to be the protector of the rights of the citizens of Kosovo vis-à-vis the actions of public authorities. Currently, OI develops its activity in the Central Office in Prishtina and regional offices in Prizren, Peja, Gjilan, Ferizaj, Gjakova, Gracanica and Mitrovica, south and north.

According to the annual report of the Ombudsperson there has been evidence of progressive increase from year to year of the number of accepted cases, which demonstrates the confidence of the citizens for this institution. The Government of the Republic of Kosovo, respectively the Ministry of Public
Administration (MPA) has issued the decision number 102/2012, for moving the Ombudsperson Institution (OI) in the building which currently is in use by the Constitutional Court, after the latter will be moved to the Palace of Justice and currently is awaiting the implementation of this decision. In general, the Ombudsperson Institution in Kosovo continued to gradually improve its performance in entire territory of Kosovo.

**Short-term measures**

In order to fulfill obligations deriving from the SAA and other needed documents and mechanisms for EU accession, within the mandate of the Ombudsperson Institution, the following short-term legislative measures will be undertaken:

- In 2016, only some by-laws and regulations deriving from the package of laws on human rights will be drafted, in order to achieve their effective implementation, namely:
  - Regulation of the Rules and Procedure of the Institution of Ombudsperson
  - Regulation on Internal Organization and Systematization of jobs, Decision-making Processes and other Organizational Issues
  - By-laws for the Law on Protection from Discrimination
  - By-laws to the Law on Gender Equality

**Implementing measures**

As regards improvement of policies in order to meet the obligations of EU accession, these short-term measures will be taken:

IO will take measures to profile the staff and create a training plan particularly for the staff dealing with complaints, especially regarding the handling of cases of discrimination and gender equality.

During 2016 plans exist to draft a strategy for public relations and promotion and to undertake several awareness campaigns against discrimination in all of its forms, and to organize seminars/roundtables with civil society and the media in order to promote the new mandates of the IO given by the law.

As regards the institutional framework, in order that the Institution of the Ombudsperson will implement the mandates deriving from the new laws, a short-term priority will be restructuring of departments that exist in the institution and empowering them with additional capacity (human resources).

In order to implement and enforce, during 2016 IO and Kosovo authorities, both at central and local levels, will focus on the following:

- Ensuring that the recommendations and questions of the Ombudsperson will be followed adequately, so that the respect for human rights in Kosovo will be enhanced.
- Aim to have a systematic increase of the number of complaints received in OI, which will be a strong indicator of trust in this institution and citizens’ awareness of their rights.
- To provide workspaces for OI from the municipalities/MPA.

**Midterm 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. Also, IO will increase the efficiency and the number of treatment for the cases ex officio and various legal analyses. The latter will be achieved through capacity building of professional associates in the OI in certain areas, which will be associated with increased quality of
handling cases, constantly accompanied by a quantitative increase between 10-15% annually; OI will also pay attention to membership in various international networks, which enable information exchange on new developments in the area of human rights and experiences of other similar institutions, so that the same would be applied in Kosovo.

1.1.5. **Antiorruption Policy**

Anticorruption policy is covered under Bloc 3: 3.24. *Acquis Chapter 23: Judiciary and Fundamental Rights.*

1.1.6. **Civilian Oversight of Security Forces**

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 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.

**Feasibility Study requirements**

As part of the requirements deriving from the FS, the Assembly should intensify meetings and strengthen democratic civilian oversight over security institutions. In this regard the Assembly, through the functional parliamentary committee on Internal Affairs, Security and Supervision of the Kosovo Security Force of Kosovo issues continues to take appropriate action including hearings before the committee, public hearings, parliamentary questions, supervision of implementation of laws, different reporting requirements for specific issues and oversight of monitoring expenditure. The committee prepares a report on the implementation of the Law on Kosovo Police and on spending by the Police and Ministry of Interior. Parliamentary Committee for Supervision of the Kosovo Intelligence Agency has intensified calls for hearings and regular reports by the Director of the Agency and the Inspector General of the KIA.

**Current Situation**

**Legal Framework**

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

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

Short-term measures

In order to fulfil the obligations deriving from the SAA and the documents and other mechanisms necessary for EU accession, as part of the civil democratic oversight and following the obligations deriving from the analysis of the Strategic Review of the Sector security (2014), for 2016 the following legislative measures are foreseen:
• Amendment of the Constitution of RK to the new mission of the KSF and transformation into Kosovo Armed Forces;
• Law amending the laws dealing with the Kosovo Armed Forces - whose purpose is to define the mission of the new Kosovo Armed Forces, protecting the integrity and sovereignty of the Republic of Kosovo, its restructuring and the role and powers of the democratic civilian chain of control of these forces;
• Law on the Commissioner for the Kosovo Armed Forces and the police;
• Law on Amending the Law on Classification of Information and Security Clearances.

Implementing measures
To improve policies in to meet the obligations of EU accession, the following short-term measures will be taken:
• Approval of the Commissioner by the Assembly;
• Establishment of the Agency for Protection of Classified Information;
• Review of the National Security Strategy;
• Adoption of Defense Strategy (which derives from the Security Strategy).

As part of the institutional framework, a short term measure foresees restructuring of the Ministry of Kosovo Security Force into a Ministry of Defence, the restructuring of the Kosovo Intelligence Agency, in accordance with the principles of civilian democratic oversight, and the establishment of the institution of the Parliamentary Commissioner of Kosovo Armed Forces and the Police.

As regards implementation and enforcement, in 2016 regular reporting of security institutions at the functional parliamentary committees will continue, as well as implementation of the forms and mechanisms of civilian democratic oversight from functional parliamentary committees through hearings, parliamentary questions, public hearings and reports on specific issues.

Midterm priorities
No priorities are foreseen.

1.2. Human Rights and Protection of Minorities

Human rights are covered in the bloc 3: 3.24. Chapter 23 of Acquis: Judicial system and basic rights

1.3. Regional Cooperation and International Obligations

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 long lasting peace between the two countries and establishing diplomatic relations and good neighbourly relations in the European spirit.

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

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.

It is essential that Kosovo continues implementing in good faith all agreements reached so far between Belgrade and Pristina, 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.

Current Situation

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 - 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 held 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, on 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 Attractiv 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 (SEEPPP); 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 (SEECP); 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 Bërmpjak, 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 Medvegja, 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 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 Kroi 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.

Short-term measures

Legislative measures
(Not applicable)

To improve policies in order to meet the obligations of EU accession, the following short-term measures will be taken:

- The Government of Kosovo will enhance diplomatic activities to increase number of recognitions and membership in all relevant international mechanisms. Specifically, the Government will adopt the Foreign Policy Strategy through which it is expected an increase of new recognitions and membership in international mechanisms;
- As regards the missing persons, Government will increase its commitment to complete the legal framework in order to ensure better implementation of the Law on Missing Persons and will increase the capacity to process the identification of the human remains;
- The Government will commit to creation of opportunities for better coordination between institutions and local and international organizations, engaged in the process of resolving the fate of missing persons, through the design of the “Strategy of Joint Approach”; The Government Commission for Missing Persons will continue to intensify regional cooperation;
- To achieve the full capacity of the Department of Forensic Medicine in the context of meeting the required standards for sustainable legal practices, the Government will initially develop a concept paper on Regulation of Field Forensics and adopt implementing legislation for the creation of a central register and for closing cases.
- Also, DFM will recruit and develop the necessary professional expertise in the area of anthropology and forensic medicine in general, taking into account integration of staff from non-majority communities; and
- In order to promote reconciliation and long-lasting peace, in 2016 the Government will develop a national strategy for transitional justice.

Regarding the implementation and enforcement, Kosovo will focus how to resolve the fate of missing persons. It will intensify efforts to exchange information about possible mass graves. In 2016, the Inter-Ministerial Working Group for Dealing with the Past and Reconciliation through thematic sub-groups will organize public consultations with stakeholders, including victims of war and communities, in order to collect information necessary for developing the strategy. Kosovo will also continue to implement all agreements reached between Kosovo and Serbia.

Midterm 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. It will also recruit and develop the necessary professional expertise in the area of anthropology and forensic medicine in general, taking into account 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, and
- 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 rates.

Based on the Council conclusions of 2008, and the General Affairs Council, the European Commission, has started 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 is based on three 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 Programme. Of course, all measures are directly linked to Kosovo Republic institutions’ strategic documents, such as: Government Programme 2015-2018, sectorial strategies, Draft National Development Strategy. The document also incorporates measures deriving from the Country Report, and the annual SAPD Economy, Financial Control and Statistics.

In terms of progress with regards to fulfilling the accession economic criteria, Kosovo needs to continue efforts in creating a functional market economy, capable to cope with competitions, 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

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7 European Union Council
8 Since ERP 2016-2018 is currently being prepared the measures included in the programme will be finalized when it is finalized.
9 Based on the EC 2015 Kosovo Report.
high rate of unemployment, 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, the sector of energy and developing the education system.

2.1. Existence of a Functional Market Economy

Economic Policy Fundamentals

There exists broad consensus on economic policy and reforms oriented towards market. This is reflected in the Government Programme, where it is highlighted that on the basic government principles is to promote economic development and welfare through a social market economy. The economic reforms process has continued based on implementation of the basic reforms in recent years. The transformation of socially owned enterprises into privately held companies has continued through a high number of privatized companies. New structures based on corporative governance have been set in the public enterprises, although a lot remains to be done so as to improve their governance and performance. The structural reforms have also incorporated the restructuring and privatization of public utilities, so as to increase the economic efficiency in service delivery. We have liberalized the telecom sector. The energy distribution network has also been privatized. The national civil aviation airport is under a 20 year concession, through public-private partnership. The Feasibility Study 2012 concludes that the mechanisms for price setting are generally free and are regulated through independent regulators. Nevertheless, despite reforms, the country faces a high rate of unemployment, an economic structure with a low production base, inefficient public enterprises and a high trade deficit.

The dialogue and partnership with business representatives, social partners and other stakeholders in relation to economic development and social policies also continued. In this context, the economic chambers provide contribution as part of the National Council on Economic Development, in relation to policies and initiatives on developing the private sector and business environment. Based on the Law on Socio Economic Council, the social dialogue and the employers and employees interests are discussed in the mentioned council, as an independent tripartite mechanism, consisting in representatives coming from the Government, employer organizations (Economic Chambers) and employee organizations (trade unions).

As regards policy framework, the Government Programme 2015-2018 is the basis for midterm planning. Financing such activities is then carried out through respective sector indicative allocation in the Midterm Expenditure Framework. The programme focuses on five main pillars: i) sustainable economic development and welfare, ii) rule of law, iii) European agenda and foreign policy, iv) education, science, culture, sports and youth, and v) modern health care. As regards key economic policies, the programme envisages favourable fiscal policies and improving the business environment, through competitive market policies, fight against informal economy and elimination of barriers to doing business. The development of economically important sectors, such as energy, infrastructure, agriculture, telecommunication and information society and tourism are priority objectives. Other measures within the first pillar include investment promotion (including the investment fund), support to small e medium enterprises, privatization and performance improvement of public enterprises and social policies in order to improve the social welfare. Currently the government is developing a National Development Strategy, as a comprehensive development document. The strategy is midterm, and will reflect to a large extent the government programme priorities.

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10 This chapter does not contain a matrix of short-term measures.
11 European Commission Feasibility Study on a Stabilisation and Association Agreement between the EU and Kosovo.
An integral part of the strengthened institutional cooperation between Kosovo and the EU in 2014 is Kosovo’s participation for the first time in the structured dialogue on economic governance, developed between the candidate countries and the EU. As part of such dialogue, Kosovo has for the first time prepared the Economic Reforms Programme (ERP) 2015. ERP is the instrument needed to improve the economic governance, by providing a clear framework in reform implementation. The Document includes a macro-economic and fiscal analysis, as well as the general framework of priority structural reforms per sector. This document will be closely linked to the forthcoming NDS as well as other documents planning the public finance management in the midterm. The preparations are underway for preparing the ERP 2016, expected to be finalized at the end of January 2015. Structurally, the document contains the main structural reforms, broken down into eight priority areas, impacting the economic growth, competitiveness and job creation: (i) public finance management, (ii) infrastructure, (iii) sectorial development (agriculture, industry, services), iv) business environment, corporate governance and reduction of informal economy, (v) innovation and the capability for technological absorption, (vi) trade integration, (vii) labour market and employment, and (viii) social inclusion, equal rights promotion and poverty reduction.

Kosovo during this year has negotiated the Stand By Arrangement with International Monetary Fund, whose objective is to support the preservation of fiscal stability, low public debt level as well as improvement of the quality of public expenditure.

**Macroeconomic Stability**

The nominal GDP for 2014 is assessed at €5,567.5 million (current prices), while the GDP per capita is 3,084 EUR for 2014. The nominal GDP for 2015 is expected to be at €5,849 million.

In 2014, the GDP growth was at 1.2%, while for 2015 it is expected to be at 3.8%. 2015 will be a year of stability, which will in the midterm lead to a stable macroeconomic climate, and an improved environment for doing business. Taxation amendments will positively affect such a climate. 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 aid.

Despite the fact that the consumption is expected to reduce in relation to GDP for the period of 2016-2018, the midterm growth in consumption will the main contributor to the GDP growth, supported also by remittances. In addition, this period will be featured with a substantial increase in investment. Although the European economy is rehabilitating slowly, the general perspective is positive, hence we don’t expect drastic lowering of transfers from the euro zone emigrants, either through reduction of remittances or direct investments.

Although we have noticed improvement in the exports, their level remains low. With this in mind, the government sees the export as the potential category towards GDP growth. Hence, bearing in mind the challenge faced by Kosovo producers, the Kosovo Government has introduced changes to the taxation policy, so as to ease the burden for the business. Thus, the Kosovo products will gradually replace those imported, and will have a better access to international markets. The effects of such changes, already in force, are expected to be seen in the midterm 2016-2018. In addition, the Government Programme aims at supporting the diversification of the Kosovo exports, which will in turn strengthen the stability of the contribution of such a category to GDP.
Nominal GDP and its real growth (MTEF 2016-2018)

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014*</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption</td>
<td>5,020</td>
<td>5,256</td>
<td>5,539</td>
<td>5,809</td>
<td>6,002</td>
</tr>
<tr>
<td>Investment</td>
<td>1,531</td>
<td>1,387</td>
<td>1,471</td>
<td>1,486</td>
<td>1,587</td>
</tr>
<tr>
<td>Goods and services exports</td>
<td>959</td>
<td>922</td>
<td>927</td>
<td>1,091</td>
<td>1,176</td>
</tr>
<tr>
<td>Goods and services imports</td>
<td>2,737</td>
<td>2,649</td>
<td>2,611</td>
<td>2,807</td>
<td>2,917</td>
</tr>
<tr>
<td>Nominal GDP</td>
<td>4,772.9</td>
<td>4,916.4</td>
<td>5,327</td>
<td>5,579</td>
<td>5,849</td>
</tr>
<tr>
<td>Real GDP growth</td>
<td>4.8%</td>
<td>2.5%</td>
<td>3.4%</td>
<td>3.3%</td>
<td>3.8%</td>
</tr>
<tr>
<td>KPI</td>
<td>7.4%</td>
<td>2.4%</td>
<td>1.8%</td>
<td>0.4%</td>
<td>0.2%</td>
</tr>
</tbody>
</table>

Source: KSA and MoF

As regards the impact of the economic crisis, Kosovo does not enjoy strong ties to the affected countries. A visible impact was not present either in terms of remittances, as a result of less impact in Germany and Switzerland, where most of emigrants live. The external economic position is determined by the developments in the international economy, especially that in the EU. The expectation for lowering of prices will decrease imports, while the expected increase in the international prices in metals and the government efforts will most probably increase exports.

Balance of Payments

The position of the BP in Kosovo was characterised with an increase in the deficit of the current and capital accounts in 2014 (table 1). The deficit at 415.8 million euro in the current and capital accounts reached 7.6% of PBP in 2014, from 5.7% in 2013. In the two previous years the deficit in the current and capital accounts had decreased, reaching the lowest since 2007, mainly as a result of the trade deficit reduction, while all other categories in the current account balance had positive balance. In 2014, the growth of the deficit was a result of the increased trade deficit, as well as the reduction of the positive balance in the primary and secondary accounts.\(^{12}\)

The volume of goods and services exchange between Kosovo and the external sector increased for 10.6%. The rate of market opening reached 71 percent in 2014 (66 in 2013). The value of exported goods and services reached at 18 percent, while the increase of imports was at 8 percent.

In relation to PBP, the exports in Kosovo continue to be low, at 20 percent in 2014, while the ratio between the imports and exports is at 51 percent. In 2014, the trade deficit reached 1.7 billion euro, which indicates an annual growth of 2.3 percent (annual drop of 2.5 percent from 2013).

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\(^{12}\) As part of the Payment Balance, the primary revenue account includes compensation of workers and revenues from investment. The secondary revenues account consists in government transfers and private transfers dominated by remittances.
In the first five months of 2015, the deficit of the current account has reached the amount of 158.5 million Euros, compared to 136.3 million in the same period in 2013. Such worsening of the deficit is linked to the drop in positive balance of the account of services and primary revenues. In the first five months of 2015, the trade deficit remained almost unchanged, while the services and primary revenues account saw a reduction in the positive balance at 11.2, respectively 15.3 percent. On the other hand, until May 2015, the positive balance of the secondary revenues, which mainly consists in remittances, was higher for 0.3 percent.

The deficit in goods account reached the value of 1.0 billion euro in June 2015, which is an increase of 3.7 percent compared to the previous year’s same period (table 2). In total, the exports in June of 2015 reached the amount of 161.5 million, which is an increase of 14.5 percent. The increase of exports during this period is attributed to the increase in plastics materials, food, as well as machinery and electric appliances. The total amount of imports until June 2015 reached 1.2 billion euro, which is an annual increase of 5.1 percent. The total imports, an increase were seen in importing food products, base metals, plastics materials and other transport equipment. As a result of the faster increase in the export values in the first semester of 2015, the rate of covering the imports by exports increased to 13.5 percent, from 12.4 percent from the previous year’s first semester.

The trade in services saw a reduced positive balance until May 2015. The services balance reached 108.1 million euro in the first five months of 2015 (122 million), while the greatest drop was seen in the computer, information and telecommunication services.

The largest category as part of revenues to the primary income accounts, were the employees compensation, namely revenues from the Kosovo employees from abroad. The revenues from the employee compensation reached the annual amount of 8.7 percent, in the first five months of 2015, reaching the amount of 88 million euro.

Remittances, which are the largest category of the secondary income account, continue to contribute in narrowing the current account deficit. The total amount of remittances accepted in the country until May 2015, reached the amount of 279.2 million euro, an annual increase of 18.7 percent (table 3).

Another important component of the balance of payment is FDI. The balance of FDI until May 2015 was at 157.7 million, a considerable increase compared to 29.1 million for the same period in 2014. As part of the structure of the FDI, there was an increase in both its forms, including the capital and investment funds in stocks, and investments in debt instruments (table 4). The sectors that benefited the most from the increase in FDI are those of real estate, as well as the financial services sector.
The total amount of the external debt for the first quarter of 2015 reached at 1.7 billion Euros, an annual increase of 8.8 percent. The majority of the external debt is covered by the private sector, which reached the amount of 1.3 billion, an annual increase of 9.8 percent. The amount of the external debt by the general government reached 329.2 million euro, which is an increase of 3.7 compared to the first quarter 2014.

Unemployment and Employment Trends

In 2014, out of the total population of 1,811,521 the population of working age (15-64) was 1,202,489 persons. Of those 41.6 percent participated in the labour force (economically active). This means that they are either employed or unemployed (active in seeking employment or ready for employment). The rest of 58.4 percent are economically inactive, including students, housewives, discouraged workers and other persons who are not actively looking for a job. The table below provides the main indicators in terms of labour market for 2012-2014.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inactivity rate (%)</td>
<td>63.1</td>
<td>59.5</td>
<td>58.4</td>
</tr>
<tr>
<td>Labour force participation rate (%)</td>
<td>36.9</td>
<td>40.5</td>
<td>41.6</td>
</tr>
<tr>
<td>Male</td>
<td>55.4</td>
<td>60.2</td>
<td>61.8</td>
</tr>
<tr>
<td>Female</td>
<td>17.8</td>
<td>21.1</td>
<td>21.4</td>
</tr>
<tr>
<td>Employment rate</td>
<td>25.6</td>
<td>28.4</td>
<td>26.9</td>
</tr>
<tr>
<td>Male</td>
<td>39.9</td>
<td>44.0</td>
<td>41.3</td>
</tr>
<tr>
<td>Female</td>
<td>10.7</td>
<td>12.9</td>
<td>12.5</td>
</tr>
<tr>
<td>Temporarily employed (as% of employed)</td>
<td>73.0</td>
<td>68.8</td>
<td>71.6</td>
</tr>
<tr>
<td>Male</td>
<td>73.2</td>
<td>68.9</td>
<td>71.6</td>
</tr>
<tr>
<td>Female</td>
<td>72.5</td>
<td>68.7</td>
<td>71.3</td>
</tr>
<tr>
<td>Self-employed (as% of employed)</td>
<td>19.8</td>
<td>22.9</td>
<td>23.2</td>
</tr>
<tr>
<td>Male</td>
<td>22.7</td>
<td>26.0</td>
<td>26.1</td>
</tr>
<tr>
<td>Female</td>
<td>8.3</td>
<td>12.8</td>
<td>13.6</td>
</tr>
<tr>
<td>Unemployment rate (%)</td>
<td>30.9</td>
<td>30.0</td>
<td>35.3</td>
</tr>
<tr>
<td>Male</td>
<td>28.1</td>
<td>26.9</td>
<td>33.1</td>
</tr>
<tr>
<td>Female</td>
<td>40.0</td>
<td>38.8</td>
<td>41.6</td>
</tr>
<tr>
<td>Unemployment rate in youth (% of 15-24)</td>
<td>55.3</td>
<td>55.9</td>
<td>61.0</td>
</tr>
<tr>
<td>Male</td>
<td>52.0</td>
<td>50.4</td>
<td>56.2</td>
</tr>
<tr>
<td>Female</td>
<td>63.8</td>
<td>68.4</td>
<td>71.7</td>
</tr>
<tr>
<td>Long-term unemployment</td>
<td>59.8</td>
<td>68.9</td>
<td>73.8</td>
</tr>
<tr>
<td>Male</td>
<td>59.1</td>
<td>71.0</td>
<td>73.0</td>
</tr>
<tr>
<td>Female</td>
<td>61.3</td>
<td>68.9</td>
<td>75.6</td>
</tr>
</tbody>
</table>

The employment rate increased in 2013, while in 2014 it went back to the rate of 2012 (confidence intervals for 2012 and 2014 overlap, as in the table above). This means that employment is increasing at the same rate in relation to the population of working age. Nevertheless, the percentage of the population of working age has increased in 2013 and 2014, although not significantly in a statistical sense in 2014.
The rate of unemployment was the same in 2013 and then increased in 2014, as the number of employees followed the working age population, but it did not follow the swift increase of the economically active population.

**Inflation**

The slowly increased trend of the price levels, measured against the annual consumption price index (CPI) has continued also in 2014. Same as last year, the food and transport prices have decreased a little, reflecting the global drop in prices of food and oil, while the other components such as tobacco and alcohol as well as services have increased. As projected, the increase of public sector wages does not seem to have affected an increase in prices, or maybe such an effect was avoided by the global drop in prices, which has led to an unchanged price level. The consumption prices are expected to remain low in the midterm, 0.2 percent in 2015 and 0.5 percent for 2016-17. The low inflation rate is projected as a result of the stabilization of the two main products: food and transport, as a result of the continued decrease in global markets, while the rest of products and services are foreseen to continue compensating for a part of this decrease.

**Monetary and Fiscal Policies**

**Monetary policy**

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. Below can be seen the effective exchange rates, nominal and real, on annual basis:

<table>
<thead>
<tr>
<th>Effective exchange rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
</tr>
<tr>
<td>Index</td>
</tr>
<tr>
<td>NEER</td>
</tr>
<tr>
<td>REER (Total)</td>
</tr>
<tr>
<td>REER (CEFTA)</td>
</tr>
<tr>
<td>REER (EU)</td>
</tr>
</tbody>
</table>

Source: KCB
*last available month in KCB

**Fiscal policy**

In a summary, the national revenues registered an increase of 9.2 percent compared to January-July 2014, while two points have not met the forecast based on the revised law. 13 The customs revenues have increased by 7.4 percent compared to 2014, over-meeting the planning by 0.5 points of the revised plan for this period. In the period of January-July, the customs revenues are planned to reach 495.9 million (cumulative), which is a rate of realization of 52.4 percent as per that planning in the revised budget of

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2015 (946 mln). The revenues for the mentioned period reached an increase of 9.2 percent, compared to 2014, reaching the amount of 198.4 million euro. Compared to the monthly forecast in accordance with the amended budget law, the realization rate was at 98%, while 58.3 percent of the foreseen annual amount of 340 million, income has reached the level of 58.3%. The municipal own revenues have decreased for 14.3 percent, compared to 2014, while only 67 percent of the projected amount has been collected.

The total expenditure increased for 3.7 percent compared to 2014. Compared to the annual budget the total expenditure was executed at a rate of 48.1 percent. The general expenditure reached the amount of 793.8 million euro during January-July. The expenditures continue being dominated by wages and salaries as well as subsidies and transfers. Thus, the expenditure in wages and salaries reached 38.5 percent of the total expenditure, while the subsidies and transfers reached 29.2 percent. The goods and services expenditure were at 12.9 percent, while the capital spending reached 19.3 percent. Please refer to table 1, in the annex for a detailed account of budget spending in 2015.

With regards to developments in the fiscal sector, during the first months of the year, we have amended the tax legislation so as to reflect the fiscal reform as contained in the government programme. The main changes introduced can be seen in the following:

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 aim 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 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.

The increase of wages and pensions in the public sector from 50% in 2011, and the second increase from 25% in 2014 has changed to a considerable extent the structure of the budget in favour of current spending. Except for this, the pay raise in the public sector has also affected the labour market, whereby after the increase of 25 percent in April 2014, there is a considerable convergence in the average salary
level in the private sector compared to the public one. In this respect, the government plans to establish a
special rule in the Law on Public Finance, which will 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.

With regards to the institutional framework, we have completed the PEFA assessment in the first part of
2015, through EU assistance. The recommendations of this assessment will present the basis for drafting
the Strategy on Management of Public Finance, which is to be adopted in the first part of 2016.

With regards to the adequacy of the macroeconomic policy, the existing model of economic growth based
on high financial revenues, is linked to great risks. In the short term, the main risk is related to the
possible cuts in such revenues, caused by unfavourable economic developments in the countries with
Kosovo Diaspora – as well as negative consequences in relation to growth, public finance and the external
stability and financial sector. In the mid to long term, the main challenge remains on how to create
conducive conditions for stimulating the self sustained growth based on increasing the internal
productivity and exports competitiveness, which in turn aims at reducing unemployment, improvement
of the human capital and the infrastructure. Such objectives will need to be achieved within the
framework of sustainable public finance, which entails foreseeable development in relation to public
sector wages and preservation of the flexibility in the labour market. Both these elements are of crucial
importance, taking into account the options available to a country without its own monetary policy. 14

**Public debt**
The primary legal framework in managing the state debt is the Law on Public Debt, no 03/l-175, adopted
by the Assembly on 29 December 2009. The law regulates how the Republic of Kosovo can 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 public debt. In addition, according to the law, the amount of debt not paid, should
never exceed 40% of 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. 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.

The Ministry of Finance, in accordance with the Law, 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 no 22/2013 on Procedures on Management of state debt, state guarantees and
  municipal debt.
- Regulation no MoF-KCB no 01/2014 on primary and secondary market of government securities
- Procedure on registration of SIMFK of the payment of public debt payment
- Procedure on registration of SIMFK 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, Kosovo started emitting securities,
while in 2015 the maturity has been extended to 5 years, while the revenues have been used to finance

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deficit. A smaller amount came as a result of debt disbursement with IMF for financing various projects, especially in 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 2014, the public debt was at 582.87 million euro; of which direct government debt is at 573.06 million or 98.3% of the total portfolio, while 9.8 million euro or 1.7 percent is under-loan. At the end of 2015 the public debt stock is expected to reach 740.24 or 12.76 percent of GDP.

### General debt stock

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>Q1 2015</th>
<th>R</th>
<th>Q2 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>International debt</td>
<td>336.60</td>
<td>323.76</td>
<td>326.35</td>
<td>329.21</td>
<td>330.59</td>
<td></td>
</tr>
<tr>
<td>Central level</td>
<td>336.46</td>
<td>321.73</td>
<td>316.54</td>
<td>318.71</td>
<td>314.78</td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>0.14</td>
<td>2.03</td>
<td>9.81</td>
<td>10.50</td>
<td>15.81</td>
<td></td>
</tr>
<tr>
<td>Municipalities</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Internal debt</td>
<td>73.31</td>
<td>152.51</td>
<td>256.52</td>
<td>293.61</td>
<td>318.55</td>
<td></td>
</tr>
<tr>
<td>Central level</td>
<td>73.31</td>
<td>152.51</td>
<td>256.52</td>
<td>293.61</td>
<td>318.55</td>
<td></td>
</tr>
<tr>
<td>Municipalities</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>409.92</td>
<td>476.27</td>
<td>582.87</td>
<td>622.82</td>
<td>649.14</td>
<td></td>
</tr>
<tr>
<td>State Guarantees</td>
<td>0.00</td>
<td>0.00</td>
<td>10.00</td>
<td>10.00</td>
<td>10.00</td>
<td></td>
</tr>
<tr>
<td>Total public debt(%) of GDP</td>
<td>8.44%</td>
<td>9.10%</td>
<td>10.63%</td>
<td>10.76%</td>
<td>11.21%</td>
<td></td>
</tr>
</tbody>
</table>

Note: International debt varies also as a result of the exchange rates

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 2016-18 will be taken in order to: i. re-finance the existing debt maturing at this period, ii. financing development projects 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, European Reconstruction and Development Bank, European Investment Bank, European Council Development Bank, German Reconstruction Agency, Austrian Federal Government, Islamic Development Bank, Saudi Development Fund, OPEC Development Fund and other institutions with whom we consider establishing cooperation.

### Macroeconomic forecast for 2016-2018

The projections for 2016-18 consider 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. Taxation amendments will positively affect such a climate. 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.

Despite the fact that the consumption is expected to reduce in relation to GDP during midterm 2016-2018 growth in consumption will the main contributor to the GDP growth, supported also by remittances. In addition, this period will be featured with a substantial increase in investment. Although the European
The economy is rehabilitating slowly, the general perspective is positive, hence we don’t expect drastic lowering of transfers from the euro zone emigrants, either through reduction of remittances or direct investments.

Although we have noticed improvement in the exports, their level remains low. With this in mind, the government sees the export as the potential category towards GDP growth. Hence, bearing in mind the challenges faced by Kosovo producers, the Kosovo Government have introduced changes to the taxation policy, so as to ease the burden for the business. Thus, the Kosovo products will gradually replace those imported, and will have a better access to international markets. The effects of such changes, already in force, are expected to be seen in the midterm 2016-2018. In addition, the Government Programme aims at supporting the diversification of the Kosovo exports, which will in turn strengthen the stability of the contribution of such a category to GDP.

In general, the period 2016-18 will not necessarily bring about drastic changes to the structure of contributions in the GDP; the expectations lean more towards the gradual enhancement of each category. We should also bear in mind that the beginning of the period will be that of rehabilitation, in an effort to recover from the challenges of 2014.

In the midterm 2016-2018, the main components of economic growth will be consumption and private investment, and to a certain extent also the exports. Although in the short term, the tax system reforms will not present great effects, in the long term they are expected to contribute in replacing import goods with local products and exporting non-metal goods. Hence, such tax changes present a good opportunity in improving the external trade balance, which will continue to be a challenge for the Kosovo economy.

**Interaction of Market Forces**

**Price liberalization**

Law no. 03/L-185 on Energy Regulator regulates the functioning of the Office of Energy Regulator, including the criteria for licensing in Carrying out activities in the energy area, procedures for granting authorizations to built new producing capacities, establishment and effective functioning of competitive energy market and the criteria for tariffs and energy supply. This includes electrical, heating and natural gas energy. According to this law, the regulator has the authority and responsibility to approve the tariff methodology prepared by the Transmission System Operator, Trade Operator and the Distribution System Operator for the set services tariffs and to ensure that the same are proportionate and are being applied without any discrimination. The tariffs for the end consumer will totally reflect the energy undertaking costs.

Regarding the tariffs for public services related to water and sewage, based on the Law no. 03/L-086, 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. A new law regulating this area is drafted and is currently in the Assembly of Kosovo for review and approval. 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).

The Office of Water Regulator (OWR) applies tariffs on three year basis (2015-2017) which during this period might be reconfigured if needed. The Regulator monitors the operational and financial efficiency in order to ensure that the tariffs comply with the relevant standards in this area. The Regulator has drafted the Consumers Chart which establishes the development of legal contractual relationships between those offering the services and consumers. Thus, the Chart sets the legal obligations and rights of the respective parties. In order to guarantee the quality of water, the regulation obliges each of the service providers to be equipped with testing lab in order to check the water quality.
Based on the Law no. 04/L-109 on Electronic Communication (LEC), Regulatory Authority of Electronic and Postal Communications (RAEPC) has the right to impose the companies having significant market power the obligation for cost control and calculation of costs in accordance with Article 35 of this law. According to Article 40, the regulator may impose on companies having significant market power (SMP) the obligation to cover the costs and price check, including the obligations for cost based prices and obligations related to cost calculation system, for offering specific types of interconnection and/or access in cases when a market analysis shows lack of effective competition which means that the respective operator imposes higher prices, or may lead to conflicting prices, which damages the end consumer.

Also, based on Article 64 of the law, in order to protect the interests of the end consumer and promote effective competition the regulator has the right to impose higher levels of pricing, impose measures to control individual tariffs as well as impose other obligations regarding the orientation of tariffs towards the costs of other comparable markets.

In case of disagreements between the operators regarding interconnection, while resolving these disagreements, the regulator decides also on the interconnection costs. The most recent case when RAEPC has decided on this matter is in 2012, by decision no. 271, the interconnection prices have been established for the mobile calls terminal and landline calls terminal, as well as for the costs of 8X numbers for special services and 9X for value added services. Thus, this has set the wholesale costs.

Based on the Law no. 03/L-173 on Postal Services, Article 6 paragraph 1.3 determines that the Telecommunications Regulatory Authority approves the tariffs for postal universal and reserved services, proposed by the public postal operator, and on the basis of Article 6 paragraph 1.9, the regulator monitors the usage of postal tariffs and proposes legal measures when the postal operator issues or uses tariffs not in accordance with the measures set by the law. Also, TRA, by way of decision no. 351 has set the tariffs for universal postal services.

Public Enterprise TRAINKOS JSC has the option to set the tariffs for the Kosovo railways, based on Law no. 04/L-63.

Regarding education, the tariffs of private educational institutions are set by the institutions offering such services. According to the Law on Higher Education15, the Ministry of Education, Science and Technology, through subsidiary legislation determines the maximum tariffs that the students need to pay for services offered by public institutions financed by the ministry. The payment level is determined based on the residential status of the student (Kosovo or abroad), nature and costs of the studies. Tariffs paid for higher education include acceptance fee, tuition fee, exam re-entrance fee and the payment for student card. These tariffs are approved by the respective educational institutions and confirmed by MEST.

Costs for health services within the private sector are determined independently by the operators, while those for the services offered by the public sector are uniform for all Kosovo. Those are set by the Ministry of Health based on the assessment of material costs and labour costs. Setting of the costs of medicinal products and equipment is made by the Agency for Medical Products and Equipment and the Ministry of Health, in cooperation with other governmental institutions, in accordance with Law no. 2013/04-L-190 on Medical Products and Equipment.

Private sector size and privatisation
Inclusion of private sector in GDP has oscillated between 85 and 90 points of the % during 2011-2014, as outlined in the table below. Private investment has increased in 2014, following a decreasing period.

Whereas private consumption based on assessments for 2015 is expected to significantly decrease compared to the previous year.

### Private sector participation in GDP, by % (source: MTEF 2016-2018)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Consumption</td>
<td>88.4</td>
<td>90.5</td>
<td>87.3</td>
<td>87.7</td>
<td>85.6</td>
</tr>
<tr>
<td>Private investments</td>
<td>21.0</td>
<td>17.0</td>
<td>17.7</td>
<td>19.3</td>
<td>19.7</td>
</tr>
</tbody>
</table>

Regarding the contribution of sectors/economic activities in GDP, services sector dominates by above 50% of GDP. Main activities contributing in GDP include agriculture (including forestry and fishing) with around 11.9%, extraction and processing industry with around 12.4%, construction within 6%, wholesale and retail trade with 12.4% and other services with 40.3% of GDP. For detailed data regarding the GDP structure based on economical activities, see Annex table 2.

During 2011-2013, the services sector has increased in real terms with approximately 4.7%. The industry sector has had real increase with 7.3% during this period of time. Trade, transport and other services are expected to be the main drive towards increasing the services sector during the coming three years, including here also the possible impacts of building the highway R6. Agriculture sector is also expected to increase in the coming three years, amongst other also due to increase in production supported by increase of Government subventions.

During 2014, the economic activities that had real increase include: wholesale and retail trade 8.2%, financial activities and security 4.4%, extraction industry 4%, education 3.2%, electric energy and gas supply 1.2%, agriculture including fishing 0.8%, serving activities 1%.

### Privatisation

The Kosovo Privatization Agency (KPA) is established as an independent public body which exercises its functions autonomously based on Assembly of Kosovo Law no. 04/L-034, on KPA. KPA is authorized to administer, sell, transfer and/or liquidate social enterprises and their assets. In order to fulfill this mission, the Agency administers every enterprise (based on its mandate), in good faith and for the benefit of owners and their creditors, and sells or liquidates assets in accordance with the law. KPA is established as successor to the Kosovo Trust Agency (KTA) and all assets and obligations of the latter have been transferred as assets and obligations of KPA.

The process of transferring the social ownership and privatization in Kosovo has commenced with the establishment of KTA in 2002. The methods used for privatization of SE and their assets included regular Spin Off, conditional Spin Off and special Spin Off. While the regular Spin Off does not contain other criteria other than the highest price within the offers, the conditional Spin Off and the special Spin Off besides the highest price (50%) of points, the successful bidder is determined also on the commitment to employments (25%) and investments commitment (25%) as offered by the bidders and this method included two bidding rounds, having only the three highest bidders participate in the second round.

Based on the Law no. 04/L-034 on the KPA the method of special Spin Off is no longer used by the KPA as it has shown to be quite complex for the KPA management and Board. Some of the enterprises privatized through the special Spin Off have significantly prolonged the fulfilment of the employment and investment commitments. The complications occurred due to the contracts being drafted and signed using the English law, which does not comply with applicable Kosovo law. The privatization currently is done in two ways: Spin Off and liquidation which we call selling of assets.

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So far, the total number of privatized social enterprises is 329, while approximately 270 social enterprises are to be privatized. New enterprises have been established through selling of SE where from one SE two or three new enterprises have been established depending on their profitability. During the privatization process a total of 769 enterprises have been established. The number of investors registered in the Agency’s database is around 15,000 while currently the number of prequalified investors is around 4,000. The Agency in accordance with its work plan had planned 7 (seven) asset sale by liquidation within 2015, but in the absence of Board this was not possible. During 2014, a total of 145 contracts have been signed and delivered to the buyers (102 of which were liquidations and 24 with spin off).

Whereas the main developments regarding the financial results of trust funds are outlined in the table below.

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from selling of assets (new enterprises and selling of liquidation assets)</td>
<td>661,903,143</td>
</tr>
<tr>
<td>Commercialization income</td>
<td>5,020,552</td>
</tr>
<tr>
<td>Regular rent income</td>
<td>12,933,158</td>
</tr>
<tr>
<td>Other SE trust funds (before liquidation)</td>
<td>8,071,945</td>
</tr>
<tr>
<td>Income from bank interest (from which of timely deposits 7.2 million have been generated)</td>
<td>34,845,282</td>
</tr>
<tr>
<td>Number of entry transactions</td>
<td>177,346</td>
</tr>
<tr>
<td>Number of exit transactions</td>
<td>72,941</td>
</tr>
<tr>
<td>Total</td>
<td>250,287</td>
</tr>
</tbody>
</table>

**Status on 31 July 2015**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic KPA capital</td>
<td>1,109,549</td>
</tr>
<tr>
<td>Reserve fund</td>
<td>1,534,217</td>
</tr>
<tr>
<td>Administrative tariff</td>
<td>11,277,137</td>
</tr>
<tr>
<td><strong>Status of funds in the bank</strong></td>
<td><strong>550,144,225.43</strong></td>
</tr>
</tbody>
</table>

Regarding the distribution of 20% of income to the employees from the SE sale through the privatization or liquidation, the main data are presented in the table below.

### Distribution of 20%, in EUR

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of distribution of 20% to the SE employees</td>
<td>96,216,840</td>
</tr>
<tr>
<td>Final employee list</td>
<td>314</td>
</tr>
<tr>
<td>Final decisions of the Kosovo Supreme Court Special Chamber</td>
<td>92</td>
</tr>
<tr>
<td>Lists awaiting court review</td>
<td>217</td>
</tr>
<tr>
<td>Number of employees that have received payment</td>
<td>43,000</td>
</tr>
<tr>
<td>Amount of funds available for distribution to the employees pending review of appeals by the courts</td>
<td>24,932,761</td>
</tr>
</tbody>
</table>

**Business market entry and exit**

Law no. 01/L-123 on Business Organizations establishes the types of organizations and the type of economic activities that they can undertake. It also establishes the legal criteria regarding the obligations and rights of owners, managers, legal representatives of business organizations and interested parties, which contribute towards the facilitation of appropriate and effective functioning and closure.

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 regards administrative capacities of KBRA, the agency consists of 14 employees organized in one directorate (administrative and business registration matters) and three 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, as of 2013 Kosovo has continuously simplified 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 centre of 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.

During the last 2-3 years, due to the reforms introduced in this area, Kosovo has made progress also in the World Bank assessment “Doing Business”. This has changed in the last report for 2016 where Kosovo has moved back for 2 places. Significant decrease has been recorded in the criteria related to establishing a business (7 places) and electric energy supply (6 places). Whereas Kosovo has been poorly assessed regarding insolvency (place 163). Anyways, the main difficulties faced by businesses include: access to finances, implementation of contracts and effective dispute resolution by the courts, electric energy supply and bankruptcy and insolvency procedures. One of the obstacles in development of businesses is also the level of informality in economy (see European Commission country Progress Report). For more information regarding this area, see Chapter 20 on Enterprises and Industry.

In 2014 the total number of newly registered enterprises was similar to the one of 2013. The total number of new enterprises has increased by 1% from 9,484 in 2013 to 9,616 in 2014. The number of new enterprises during the last 4 years has sensitively increased by around 24%. During this period, the network of business registration one stop has increased the number of offices and the quality of services towards improvement of services. However, within this data there are cases when people register new businesses because of loans, grants or visa applications and those businesses are actually not operating.

### Number of registered and closed businesses 2010-2014

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered</td>
<td>7,747</td>
<td>7,909</td>
<td>9,655</td>
<td>9,485</td>
<td>9,616</td>
</tr>
<tr>
<td>Closed</td>
<td>1,427</td>
<td>947</td>
<td>1,118</td>
<td>1,515</td>
<td>1,663</td>
</tr>
</tbody>
</table>

Source: KBRA

The number of closed businesses has continuously increased, namely for 16% from 2010 to 2014. 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 2010-2014

<table>
<thead>
<tr>
<th>Categories of businesses</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro (1-9)</td>
<td>7,677</td>
<td>7,839</td>
<td>9,549</td>
<td>9,418</td>
<td>9,521</td>
</tr>
<tr>
<td>Small (10-49)</td>
<td>61</td>
<td>63</td>
<td>92</td>
<td>59</td>
<td>84</td>
</tr>
<tr>
<td>Medium (50-249)</td>
<td>6</td>
<td>7</td>
<td>12</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Big (250+)</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>7,746</td>
<td>7,909</td>
<td>9,655</td>
<td>9,485</td>
<td>9,613</td>
</tr>
</tbody>
</table>

Source: KBRA
On the other side, within 2010-2014, the smallest number of closing of businesses was in 2011 while the highest in 2014. However, if we compare 2014 with the previous year, this indicator was 10% lower than in 2014. 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 2010-2014 (see table above).

Legal System

Business environment, judicial and administrative capacities

The judicial system is a very important factor for economic development and plays a key and crucial role in facilitating investment, adequate protection of the contractual rights of businesses and the growth of the private sector. This system is regulated by the Constitution of the Republic of Kosovo, the Law on Courts, the Law on the Kosovo Judicial Council. Law on Courts has set 7 Basic courts of 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 the Basic Court of Mitrovica.

The Law on Courts defines the Internal Organization of the Basic Courts 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 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.

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 the Law on Courts, the Law on Amending the Law on State Prosecutor, the Law on Amending the Law on Prosecutorial Council, the Law on Amending the Law on Judicial Council).

The law No. 05/L-032 on amending Law No. 03/L-199 on Courts includes also provisions for the establishment of the Division of disputes settlements regarding foreign investors, with jurisdiction over the entire territory of Kosovo within the Department of Economic Affairs in Basic Court of Pristina. The establishment of this division aims to continue the legal reform by improving infrastructure to facilitate legal proceedings for foreign investors.

Also to ensure greater transparency in the judicial system through this law all courts are obliged to publish final judgments on the official website within sixty (60) days from the date of reaching the final decision in accordance with legislation. Judicial independence was assured by legal provisions which entitle Councils (such as Judicial and Prosecutorial Council) to propose their budgets and send it directly to the Assembly for approval.

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 very good. Specifically from the statistical data of the Mediation Committee which constantly monitors the Centres during 2012-2015:

- Referred cases: 2,474
- Solved cases: 1,797
- Unsolved cases: 355.

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 executive offices from the beginning until the end of June 2015 are delivered approximately over 18,000 cases. Out of 3,500 cases were solved by which debtors were returned 25 million to companies and citizens of Kosovo.

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. Statistical reports for the first six months of 2015 related to civil cases reflect this situation:

- Unsolved cases in the beginning of the year: 43 187,
Received cases: 6993,  
Solved cases: 7568,  
Unsolved cases in the end: 42 612.

Statistical reports for the first half of 2015 related to the economic cases reflect the following:  
• Unsolved cases in the beginning of the year: 885,  
• Received cases: 265,  
• Solved cases: 129,  
• Unsolved cases in the end: 1,021.

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. Agency since its establishment has received 42,749 property claims and has issued 42,116 decisions on property claims so far. By the end of April 2015, the Agency had implemented 33,113 decisions.

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 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:  
• Law on Mortgages No. 2002-4;  
• Law on the Establishment of the Register of Property Rights No. 2002-5;  
• Law on Amendments to the Law on Cadastre No. 02 L-96;  
• Law No. 04 L-009 on amending the Acts of 2002 5 on the establishment of the real property rights;  
• Cadastre Law No. 04-L/013;  
• Law No. 04/L-071 for the address system;  
• Cadastre Law No. 2003/25 (the previous one); and  
• Law on Supplements and Amendments to the Law of IPRR 2003-13

While implementing legislation consists of about 15 Als. 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 includes 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 cadastral 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 reconstruction of information cadastral 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’s (made four surveys since 2001, the last was conducted in 2013) etc. Also with the assistance of the Norwegian Government the KCA is building Geoportal - a web portal which presents geographical information from different sources in a unified way. 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 cadastral system will be organized vertically. This makes it easier to manage the system immovable property cadastre and the staff who made the recordings, maintaining and updating the database as it 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 web page of ACA in daily basis also17. 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 32 place for property registration in the World Bank Report "Doing Business" for 201618 is 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). While only 6 procedures 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 08/05/2015 is 2,069,438;
- The total number of registered buildings until 05.08.2015 is 18,104 units, while the total number of parts of buildings is 34,549 units;
- The total number of owners of real property rights registered until 05.08.2015 is 492,191 persons, of whom 73.9% were male, 15.4 female and 10.7% legal entities.

Financial sector
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

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17 Updated data can be found at: http://akk-statistics.rks-gov.net/
deriving from the SAA are elaborated further in below chapters on free movement of goods and financial services.

The KCB 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 Bank are to preserve a sustainable financial system, including a secure payment system. This is linked to the main tasks and responsibilities in licensing, overseeing and regulating the financial institutions in Kosovo, such as banks, micro-financing institutions, non-banking financing institutions, insurance companies and pension funds. Since its establishment the bank has developed and implemented oversight policies and practices based on best international standards for regulating the oversight of financial institutions towards financial stability in Kosovo, mainly based on EU directives and standards from the international mechanisms, such as BCBS, IAIS and IOPS.

The financial sectors consists in the banking sector with 10 banks, insurance sector with 15 companies and 2 pension funds, micro-financial sector with 18 IMF (13 in foreign ownership) and securities market. The financial sector has continued to expand, reaching the rate of international intermediation at 81.2 percent of GDP in 2015.19 Banks represent the main financial intermediaries with 69.3 percent of assets in the financial sector, followed by the pension funds and insurance sector with 25.1 and 3 percent respectively. For a detailed account on legislation and institutions in the sector please refer to chapters on free movement of capital and financial services.

As part of the KCB, there have been established the following departments: 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 is 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.

We have continuously invested in staff development, by participating in a number of trainings organized by international organizations, such as US Federal Reserve, IMF, WW, Joint Vienna Institute, FSI, ECB and other EU MS Central Banks, such as Deutsche Bundesbank, Banque De France etc. KCB has also cooperated with IMF, WW and American treasury in implementing important projects.

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, KCB is focused to advance its capacity through additional recruitments and further specialized training for the existing staff.

In terms of cooperation, KCB has a number of cooperation arrangements with the regulatory authorities in other countries, especially those where the main headquarters of active financing institutions are places. As part of the international cooperation, KCB is part of collegiums organized by the oversight institutions. KCB is also part of the Vienna Initiative, which is an international organization, where except for EU; the Western Balkans countries also participate. The main purpose of such an initiative is to advance the cooperation in the area of banking oversight.

Developments in the financial market
The financial sector mainly consists in foreign ownership, which reaches 90.4 percent of banking assets. The sector has a high level of concentration, with a decreasing tendency over the last years. In June 2015, the market participation of the three first banks has decreased to 65.3 percent from 67.3 percent a year

19 Based on KCB preliminary forecast on GDP.
earlier. In terms of Herfindahl-Hirschman Index, the concentration rate has fallen from 1,847 (mid 2014) to 1,792 points in 2015.

### Main banking indicators for 2011-2014

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of banks</td>
<td>8</td>
<td>9</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Total assets</td>
<td>2,649.7</td>
<td>2,829.3</td>
<td>3,059.3</td>
<td>3,185.7</td>
</tr>
<tr>
<td>Total assets/GDP</td>
<td>55.0%</td>
<td>55.9%</td>
<td>57.4%</td>
<td>57.7%</td>
</tr>
<tr>
<td>* Liquid assets/total assets %</td>
<td>31.3%</td>
<td>32.6%</td>
<td>36.6%</td>
<td>32.8%</td>
</tr>
<tr>
<td>Capital</td>
<td>252.8</td>
<td>270.7</td>
<td>277.8</td>
<td>323.0</td>
</tr>
<tr>
<td>Capital/GDP</td>
<td>5.3%</td>
<td>5.4%</td>
<td>5.2%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Total deposits</td>
<td>2,104.0</td>
<td>2,279.1</td>
<td>2,449.0</td>
<td>2,537.5</td>
</tr>
<tr>
<td>Total deposits/GDP</td>
<td>43.7%</td>
<td>45.1%</td>
<td>46.0%</td>
<td>46.0%</td>
</tr>
<tr>
<td>Average Deposit interest rate</td>
<td>3.6%</td>
<td>3.7%</td>
<td>2.4%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Loans total</td>
<td>1,698.1</td>
<td>1,763.4</td>
<td>1,805.8</td>
<td>1,882.4</td>
</tr>
<tr>
<td>Loans total/GDP</td>
<td>35.3%</td>
<td>34.9%</td>
<td>33.9%</td>
<td>34.1%</td>
</tr>
<tr>
<td>Average Loan interest rate</td>
<td>13.9%</td>
<td>12.9%</td>
<td>11.1%</td>
<td>9.2%</td>
</tr>
<tr>
<td>Enterprise loans</td>
<td>1,145.9</td>
<td>1,191.1</td>
<td>1,215.2</td>
<td>1,254.2</td>
</tr>
<tr>
<td>Household loans</td>
<td>510.9</td>
<td>542.6</td>
<td>563.9</td>
<td>621.6</td>
</tr>
<tr>
<td>Difference of interest in deposits and loans</td>
<td>10.3%</td>
<td>9.2%</td>
<td>8.7%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Non-performing loans (%)</td>
<td>5.8%</td>
<td>7.5%</td>
<td>8.7%</td>
<td>8.3%</td>
</tr>
<tr>
<td>Capital adequacy rate</td>
<td>17.6%</td>
<td>14.2%</td>
<td>16.7%</td>
<td>17.8%</td>
</tr>
<tr>
<td>Asset returns</td>
<td>1.4%</td>
<td>0.7%</td>
<td>0.9%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Equity returns</td>
<td>14.9%</td>
<td>7.1%</td>
<td>9.4%</td>
<td>20.3%</td>
</tr>
</tbody>
</table>

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

The crediting activity has continuously increased. In June 2015, the total loans reached 2.01 billion euro, with an annual growth of 6.1 percent. Enterprise loans have the largest participation in the loan portfolio at 66.7 percent, while the rest 33.3 percent consists in household loans. Deposits reached the amount of 2.57 billion in June 2015 from 2.42 billion in June 2014, increasing for 6.3 percent (in June the annual deposit growth was 10 percent). The slowed down deposit growth is attributed to the falling interest rate in the banking sector for this period. The deposit structure is dominated by the household economies, with a 74 percent participation in the total deposits.

The liquidity of the banking system continues to be satisfactory. The general liquid assets in the total assets are at 28.8 percent in June 2015 (32.4 percent in June 2014). The ratio loan/deposits fell from 78.1 percent in June 2014 to 77.9 percent in June 2015. The banking system is well capitalized, with a capital rate which continuously exceeds the minimal regulatory requirements. In June 2015, the capitalization rate was further strengthened with the increase in the capital adequacy rate of 17.4 percent (June 2014) to 19.0 percent in June 2015. The non-performing loans fell from 7.2 percent in June 2015 from 8.2 percent in June 2014. They remain well covered by deposits at 119 percent in June 2015.

The difference between loan and deposit interest rates reduced to 6.8 pp in June 2015 from 10.0pp in June 2014. The average loan interest rate has continued the decreasing trend. In June, the loan interest rate fell to 7.6 percent from 10.6 percent in June 2014. The average enterprise loan interest rate was at 7.4 percent in June 2015 (10.5 percent in June 2014) while the one for households was at 8.2 percent, falling from 10.8 percent in June 2014. The deposit interest rate has slightly increased in June 2015 at 0.8 percent compared to 0.6 percent in 2014. The deposit interest rate was at 1.0 percent in June 2015, compared to 0.3 percent in 2014 same time. The household deposit rate was 0.8 percent in 2015, compared to 0.6 percent in June 2014.
The banking system has declared profits at 46.2 million euro in June 2015, compared to 26.9 million in June 2014. The increase of the generated profits is a result of the considerable spending reduction (spending of the paid interest for deposits and spending for deposits on loan losses).

The micro financial system is mainly under foreign ownership at 92.3 percent of total assets. In June 2015, the sector had a conversion rate at 51.5 percent. The total assets reached at 116.3 million euro (June 2015) thus scoring an annual increase at 2.8 percent. The total amount of loans has reached 77.9 million euro in June 2015. The leasing activity has seen an annual increase at 2.0 percent in June 2015, reaching 23 million euro.

Until June 2015, the micro financial institutions have declared profit at 1.2 million euro. The profit is a result of the increase in revenues from interest, while the spending fell as a result of reduction of deposits in loan losses.

The insurance sector is characterized with a low level of foreign ownership (67.1 percent in March 2015) and market concentration (35.0 percent in March 2015) in the financial sector. There are 15 companies active in the market, of which 10 are under foreign ownership, while 5 are under national ownership. Most of them provide non-life services, while three of them provide such services.

The general assets in the insurance sector have reached an annual growth at 11.5 percent, reaching thus 151.2 million in June 2015. From this, non-life insurance represents the greatest part of assets in the sector at 90.2 percent, while the life assets consist in 9.8 percent. The gross value of primes is 40.3 million in June 2015. Of these 97 percent are non-life primes, while the rest 3.0 percent are life primes. The total amounts of damages paid until June 2015 reached 19.5 million, of which 12.3 million are payments as part of the third party liability. Until June 2015, the insurance sector registered losses at 2.5 million, compared to 113.2 thousand a year earlier. The growing loss in the sector reflects the worsening performance of one company, which at the request of KCB was re-capitalized immediately in July 2015. Non-life insurance is featured with losses compared to the positive performance in life insurance. Until June 2015, the non-life insurance had losses at 2.8 million (316 thousand in June 2014), whereas, the life insurance recorded profit at 236.3 thousand Euros from 429.2 thousand in June 2014.

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 -3.6 percent (-0.2 in 2014) while ROAE -10.2 percent (-0.7 in 2014).

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

The asset structure in the pension fund is dominated by the Kosovo Pension Fund, which manages 99.5 percent of assets, while the remaining 0.5 percent is managed by the other fund. The total assets in the sector reached 17.1 billion euro, recording a 23.1 percent growth.

Kosovo Pension Savings Trust (KPST) has continued to increase assets and positive investment returns also during the first months of 2015. In March 2015, the value of total KPST assets was 6.1 million Euros, marking an annual increase of 10.6%. This increase is attributed to the return in investments which in March 2015 was 208.3 thousand Euros.

In the area of financial market, so far only the internal debt market is developed, regulated by Law no. 04/L-175 on Public Debt, in force as of November 2009, including subsidiary legal acts Regulation MF-BQK no. 01/2014 on primary and secondary market of Government securities issued in 2012 (amended in 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 and 3 years are emitted.

**Short-term measures**

- Drafting and approval of Strategy for the Management of Public Finance
- Implementation of fiscal rule in accordance with the Law on Public Financial Management and Accountability and the IMF Agreement
- Establishment of a mechanism of salaries in public sectors where the increase of salaries will be connected to productivity (connection with GDP nominal increase)
- Establishment of bankruptcy legal basis – approval of the bankruptcy law
- Privatization and liquidation of social enterprise
- Gradual implementation of risk based monitoring for all commercial banks
- Procurement reform including electronic procurement and application of centralized procurement
- Establishment of strategic framework for property rights. The Strategy will serve as a reform framework in this area in order to develop the legal framework regarding property rights, enabling of right and effective implementation of these rights and supporting market oriented policies and stimulation of investments. The Strategy aims to develop a legal framework clearly defining property rights including property sales rights in line with SAA provisions and EU acquis. The analysis and objectives of this Strategy will serve as a basis for planning future measures in the area of property rights (the Strategy is expected to be approved during the first half of 2016).
- Approval of integrated Cadastre Law (K2 2016). This Law will include provisions which so far have regulated property registration, including: Law no. 04/L-013 on Cadastre, registration of mortgages (Law no. 2002/4 on Mortgages) and registration of immovable property rights (Law no. 2002/5 on Establishment of Immovable Property Rights Register, issued on 17 October 2002). The concept document will propose three ways of vertical organization of municipal cadastre offices with the Kosovo Cadastral Agency and self-financing, as follows:
  - Organization of cadastre services vertically, along with self-financing
  - Organization of cadastre services vertically, financed by the Kosovo Budget
  - Organization of Cadastre services vertically, financed by two sources, y services tariffs and Kosovo budget.
- Continue with development of cadastre data base.

**Midterm priorities**

- The Government will continue with reforms that are important towards macro-economic stability and financial sector, including the implementation of fiscal rule on budget deficit and preservation of capital expenditures level.
- Gradual implementation of risk based monitoring for all commercial banks
- Replacement of SIGTAS IT system in order to increase the capacities and modernise the tax services
• Establishment of investment and labour fund
• Privatization and liquidation of social enterprises
• Health reform focusing at obligatory contributions for the health insurance
• Kosovo Judicial Council (KJC) will have as a priority the increase of judges in order to reduce the number of cases in courts
• Vertical organization of cadastre which will be proposed by the draft laws expected to be adopted in the short term period, where it is necessary to functionalize the service and comply with basic principles, on which the cadastre service is based
• Continuous development of regulatory framework on the bank system and securities in line with international standards and EU legislation.

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

This chapter addresses the second point of Copenhagen economic accession criteria dealing with the state capability to cope to face and be competitive in the EU market. Key factors to achieve this goal and on the basis of which the European Commission monitors and assesses the progress towards the membership consists in:
• The development of human and physical capital on a satisfactory level where the aspects of development on education, research and infrastructure are assessed
• The adequate sectorial structure and cooperation, including the sectorial composition, development of SMEs and issues of restructuring of enterprises,
• The limited scale of the state’s influence in the competition amongst others is reviewed the influence of policies and certain segments in economy including the assistance from the state and the support for NVMs, and
• The satisfactory market integration of economy with the EU member states.

Priorities of the Government during the recent years have been oriented in the development of physic capital through the development of infrastructure, development of human capital through reforms in education and the actions for supporting the private sector. The strategic framework that determines the measures and priority objectives are part of the Government Programme 2015-2018, and sectorial strategic documents including the Strategy for Development in Private Sector 2013-2018, the Strategic Plan for Education in Kosovo 2011-2016, the Sectorial Labour Strategy, etc. The development of sectors with economic significance like energy, infrastructure, agriculture, telecommunication and information society and tourism are priority objectives. Similar to the Government Programme, the Strategy of Development in Private Sector also aims the development in a sustainable economy, social policies that increase the welfare, promotion of investments (including the investments fund), the support for small and medium enterprises, privatization and improvements in performance of public enterprises. Also in the midterm, the efforts will be intensified in improving the quality in education and in better linkage between the education and market demands.

Within the framework of regional cooperation and the process of European integration, the Republic of Kosovo is engaged in the accomplishment of objectives of South-eastern Europe Strategy 2020 and the agenda of infrastructural networking including the one now named the ‘Berlin Process’. The improvement of competition, the labour market and industrial policies, facilitating the trade between the countries of region, the improvements of roads infrastructure network and the energy market are some of the main objectives of the regional level. The Republic of Kosovo has integrated their implementation in the framework of strategic objectives and certain plans of action.

However, the efforts must continue in addressing the challenges related to the improvements of the competitiveness capabilities of the country. 21 For this reason, the country has to engage in

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20 This chapter does not contain a matrix of short-term measures.
improvements in the quality of education and its linkage with the labour market, securing a stable power supply, infrastructural development and energy efficiency, improvements of the business environment including the increase of capacities and the efficiency of judicial system, fighting the informal economy, attracting foreign investments and the protection of the investors to support the strategic objectives, development of mechanisms for state aid and trade facilitating.

As far as the Donor support is concerned, on the range of sectorial approach of the Instrument of Assistance of Pre-Accession IPA II, the preparation of the Sectorial Planning Document “competitiveness” is in the final stage whereby midterm support from the assistance of European Commission for implementation of specific objectives to increase the competitiveness and integrate the economy of the country into the global economy. The areas where assistance is planned are the development of private sector, employment and education.

Similarly, the Berlin process offers financial support from the European Commission and international financial institutions for important infrastructural projects. More specifically, Kosovo will get support in road infrastructure in the corridor Durres-Prishtine-Nish and on the railway infrastructure on its two main axes. For more information about the other assistance instruments and concrete projects, please review respective chapters on the third Block of this programme.

The following provides a reflection on developments of each of these key factors of the second economic criterion of competitiveness.

**Increasing the physical and human capital**

**Human capital**
Considering that Kosovo is a country with fewer than two million people, the development of human capital is a crucial factor in general development of the country and a society of knowledge. The development and transformation of the education system is oriented so it serves the needs and demands of the society in the transition process and economic development, to offer equal opportunities and to develop in harmonization with the European standards. The education reform is based on the principles of impartiality, quality, long life learning, effectiveness and efficiency, institutional autonomy and decentralized system, and public responsibility.

The Strategic Plan of Education in Kosovo 2011-2016 is sectorial document that projects development on the education system of Kosovo within a framework of long life learning and inclusion in education. This plan is based on the model of learning with the student in the centre, in offering the equal opportunities to quality education for all. From the perspective of education structures, an important place for the organization of the services takes the decentralization of management and organization of education on a municipal level, school level and expanding the financial base for education. Whereas the Government Programme 2015-2018, defines that the structural reform in education focuses in increasing the participation and equal access to education, insurance, guaranteeing and increasing the quality in education, managing the institutions of education, integration and international cooperation, promotion of science and research, and financing the education and science through revising the financing formula.

On the undergraduate education the reform is focused on reviewing the curriculum, specifically development of new curriculum and increasing the human capacities on the ministry level, municipality and school for implementation of the new curriculum. The new curriculum is piloted in practice in 92 schools. According to the data of the Ministry of Education, Science and Technology, in Kosovo there are 1153 education institutions (778 schools and 375 separate units/branches) divided into:

- Preschool institutions : 43 (36 home, 7 separate branches);

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21 Challenges based on the EC 2015 Kosovo Report.
Elementary schools: 985 (633 home, 352 separate branches);
Senior high schools: 119 (103 home, 16 separate branches);
Resource schools/centres: 6 (all home)

The total number of students included in undergraduate education is 388,351, whereas the number of the hired personnel in these institutions is 28,199 (of which 23,480 teachers, administration staff 1,659 and assistance staff 3,080).

### Number of students according to the level of education and gender

<table>
<thead>
<tr>
<th>Level</th>
<th>Total</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preschool</td>
<td>5370</td>
<td>2790</td>
<td>2580</td>
</tr>
<tr>
<td>Basic</td>
<td>20875</td>
<td>10739</td>
<td>10136</td>
</tr>
<tr>
<td>Elementary and junior high</td>
<td>27588</td>
<td>142460</td>
<td>133427</td>
</tr>
<tr>
<td>Senior high</td>
<td>86219</td>
<td>45796</td>
<td>40432</td>
</tr>
</tbody>
</table>

Source: The Ministry of Education, Science and Technology

The data of the participation in undergraduate education in the period 2010-2014 are presented on the table below.

### Inclusion in education levels 2010-2014

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Preschool (3-5 years old)</td>
<td>26.10%</td>
<td>27%</td>
<td>27.20%</td>
<td>26.70%</td>
</tr>
<tr>
<td>Basic (5 years old)</td>
<td>71.30%</td>
<td>74.00%</td>
<td>77.43%</td>
<td>75.62%</td>
</tr>
<tr>
<td>Elementary (6-)</td>
<td>98.10%</td>
<td>95.20%</td>
<td>98.61%</td>
<td>96.39%</td>
</tr>
<tr>
<td>Junior high</td>
<td>96.40%</td>
<td>99.90%</td>
<td>98.61%</td>
<td>98.03%</td>
</tr>
<tr>
<td>Senior high</td>
<td>91.80%</td>
<td>92.10%</td>
<td>88.67%</td>
<td>96.98%</td>
</tr>
</tbody>
</table>

Source: SMIA, MEST

The number of students that have abandoned schools has dropped over the years. On the elementary and junior high education level the number dropped from 1485 (0.5%) in school year 2010/2011 to 354 (0.13%) in school year 2013/2014. The situation has improved on the senior high school level too. From 354 (0.13%) in year 2010/11 to 354 (0,13%) in year 2013/14.

Kosovo is a part of PISA testing for the first time, where 4830 students of the age 15 participated.

On professional education, the primary goal is preparation of the cadres for the labour market. This level functions in line with Law on education and vocational training and the adult education and the Framework of National Qualifications. Apart from professional schools there are 4 Competence centres founded. The envisaged system in the legislation in force on Education and Professional Education 3+1+1 is on line with the market demands. There are 142 educational programmes designed on 17 fields-sectors and 29 profession standards. Also there are guides designed for professional schools and guides for employers as well as the draft Strategy for education and inclusive career development. There is also the Agency for Education and Vocational Training and Adult Education that aims the development of the system of vocational education, qualifications based on competences and the needs of the market to create a system ensuring quality. The agency has also the competence centres under its umbrella.

To advance the quality management in undergraduate education, the efforts were focused in increasing the internal quality, implementation of mechanisms for evaluation of external quality and increase of the capacity of Inspectorate of Education.
Higher education offers study opportunities for all the people inside or outside of the Kosovo territory, with no discrimination (national, racial, religious, gender). Now there are 6 public universities functional within the Kosovo territory, and 25 private colleges. Each of these institutions of higher education regardless whether being public or private, offer study programmes accredited from the Kosovo Accreditation Agency. There is no age limit to enrol the studies or obtain qualifications in Kosovo higher education.

In the Ministry of Education Science and Technology there is also the NARIC centre, that validates the higher education diplomas obtained outside of Kosovo.

Kosovo has not officially joined the Bologna process but the application for formal acceptance was submitted in 2014. The legal basis harmonizes the current practices with priorities of declarations of Bologna Group, especially on harmonizing the set provisions the Law and National Framework for Qualifications (No. 03/L-060) and the facilitation of recognition of previously obtained education and qualifications in other countries through the NARIC centre.

The Accreditation Agency of Kosovo conducts an external evaluation of institutions and programmes. In 2014 the total number of accredited programmes reached 573. Most programmes are of bachelor and master degree and 29 doctorate programmes in the University of Prishtina. Moreover, all the public and private institutions of higher education have internal Offices for ensuring quality and officials for ensuring internal quality.

Concerning the external mechanisms to ensure quality, in 2014 Kosovo became a full member in ENQA (European Network of Quality Agencies). Kosovo implements Standard Quality Guidelines and has adopted applicable practices in the European Zone of Higher Education.

Scientific Research Field remains still limited. The support for research consists in financial support through the mobility scheme and scientific publications.

Concerning the labour market, almost two thirds of Kosovo population are of employment age (15-64 years old). In 2011, 28% of the population was younger than 28 and the average age of the population was 30. Since Kosovo population is very young, the employment age is expected to be growing rapidly during the next decade.
Out of those in the employment age, 58.4% are not economically active, which means they are not employed and have not actively looked for employment in the last four years or they are not available to start working in two weeks time. From 41.6% of the population that is economically active, 35.3% (176,743 people) are unemployed. This means that 64.7% (323,508) of economically active people are employed, meaning that the population-employment rate (the employment rate) is 26.9%. From 58.4% of population of the employment age that is inactive, 18.2% (128,400 people) are not looking for a job, because they believed there is no vacancy available for them. The discouraged workers made 10.7% of the population of the employment age, with similar levels between male and female.

There are great gender differences in the labour market. Approximately one in five females (21.4%) of the employment age are active in the employment market, compared to the three fifths (61.8%) of males of the employment age. Amongst those from the labour, unemployment is much higher of females than males (41.6% compared to 22.1%). The employment rate amongst the females of the employment age is only 12.5%, compared to 41.3% for males. The extremely low rate in female employment is a result of combination of low participation in labour and the high unemployment. Family responsibilities were the main reason for female passivity in the employment market (38.8% of the surveyed females have provided that reason).

The youth unemployment is very high in Kosovo. In 2014, there were almost as twice as the elders. Amongst those of the age 15-24 and the labour, 61.0% were unemployed. The unemployment is higher for young females (71.7%) than young males (56.2%). Almost a third (30.2%) of the ages 15-24, were not engaged in education, employment ore trainings.

Only 28.4% of the employed had a permanent contract for their main job, whereas 71.6% had temporary contracts, with no significant difference between the males and females. Around 96.3 of the respondents with temporary contracts reported that they had now other forms of contracts at their disposal. The average wage was between € 300 to 400 € a month.

**Physical capital**
In general, the private investments have dropped in 2012-2013, whereas in the rest of the period 2011-2015 there was a more or less constant level. 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 the last two years (which associates with the finalizing of big projects, i.e Prishtina- Vermica highway).

Private and public investments 2011-2015 (Source:MTEF)

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Private investments</td>
<td>1,003</td>
<td>837</td>
<td>942</td>
<td>1,074</td>
<td>1,151</td>
</tr>
<tr>
<td>Public investments</td>
<td>528</td>
<td>550</td>
<td>529</td>
<td>411</td>
<td>436</td>
</tr>
</tbody>
</table>

Note: the data for 2014 are an evaluation whereas for the purpose of prediction is supposed a 96% execution of capital expenses

**Road infrastructure**
The road infrastructure has been among the main priorities in the recent years. There have been many investments on national roads linked with regional corridors, regional and local roads. Presently, our country has 1962 km national and regional roads and 4761 local roads (look table below).

Main objectives in this sector include: i) the integration of Kosovo in regional road network through the development of roads 6 and 7 through the pan-European corridors, ii) decreasing the transport expenses, and decreasing the traffic loads through new roads including transit roads round urban centres, iii) increasing the safety through the horizontal and vertical signalization, improvements if road...
infrastructure quality and campaigns for traffic safety, and iv) maintenance and improvement of existing roads that enable good private and public transport service.

Last year was finished the highway Prishtinë–Vërmicë that is a part of the national highway Vërmicë-Merdare (R7) that is linked with the international corridors 8 and 10. The segment Prishtinë-Milosheve of highway M2 is also complete. We will next elaborate the main infrastructural projects in development and planning procedure.

The Development of Road Direction 6 and 7 is a priority of the Government of Kosovo to improve the network of transport and entirely integrate the regional network. The development of both routes is observed with importance for the Kosovo economy and strategic for the region, constituting two main links within the regional transport network. At the same time it links the main cities and economic centres inside Kosovo.

Road infrastructure network, in km

<table>
<thead>
<tr>
<th>Category</th>
<th>Length (in km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highway (Ibrahim Rugova highway)</td>
<td>78</td>
</tr>
<tr>
<td>National</td>
<td>588</td>
</tr>
<tr>
<td>Regional</td>
<td>1296</td>
</tr>
<tr>
<td>Sub-total</td>
<td>1962</td>
</tr>
<tr>
<td>Municipal (Local)</td>
<td>4308*</td>
</tr>
<tr>
<td>Local</td>
<td>453*</td>
</tr>
<tr>
<td>Urban</td>
<td></td>
</tr>
<tr>
<td>Sub-total</td>
<td>4761*</td>
</tr>
<tr>
<td>Total</td>
<td>6723</td>
</tr>
</tbody>
</table>

Road Direction 6 as a part of the South-eastern European Transport network links corridors VIII and X of Macedonia and Pristina and further continues with Montenegro, Croatia and Bosnia and Herzegovina. In the process of Modification of basic network of SEE (2009) is included road Direction 6 A Prishtine-Sllatine (Airport) – Peja – Montenegro – Croatia and more. In this road direction are being invested considerable amounts with the purpose of its development.

Development of highway Vermicë–Prishtinë–Merdare is determined as an investment of high priority. This road direction is identified as regional road direction no 7 in the Main SEE Transport Network that will link the Adriatic Sea – Northern Albania, Prizren, Prishtina and through Merdare to Nish (Serbia) with corridor X of TEN (Transport European Network). In this contest is ensured and financially supported within the agenda “Connectivity” for Western Balkans as a co initiative of European Commission and German Government.

As far as the Road Direction 6 Prishtine–Elez Han, on 02 July 2014 we signed the contract between the Ministry of Infrastructure and the company Bechtel Enka for the construction of the highway Prishtine–Elez Han, worth 599,944,263.55 Euro (Including VAT). The constructions is in the development on segment C1 of the highway Access point R6/R7- N2. Construction is in progress in opening of the track, filling, underpasses construction on objects and dislocation of installations throughout the track of the Highway, including the Hydro system network Iber-Lepenc, dislocation of KEC installations and of KOSTT and Prishtina Regional Water Company, where previously it was required to work on dislocation of installations and seek the approval of the public utilities.

In segments C1 and C2 the main track projections are consistent to TEM standards for the geometrical features for projective speed of 120km/h. On segment C3 because of the terrain conditions the projective speed is lower 80 km/h. The project’s timeline is 42 months. This is a midterm project.

The project of the highway “Prishtinë–Gjilan–Dheu i Bardhë”: the Government of the Republic of Kosovo as a high priority investment on infrastructure and economic development of Kosovo. This road is linked with the main road directions of SEE Highways 6 and 7 corridors X in Serbia. The experience on the construction of Highway 6 and 7 shows that Kosovo is able to construct fast and efficiently the infrastructure that will enable economic development and integration on the regional transport network.
It is important to start the realization of the project of the Highway Prishtinë - Gjilan – Dheu i Bardhë, so this road direction is included on the map of Core Transport Network of SEE. All the stages of implementation should be managed by the Inter-ministerial Managing Committee that must be set with the Government decree. The Ministry of infrastructure is on the final stage of project design for construction of Highway Prishtinë - Gjilan – Dheu i Bardhe. After finalization of the first stage the definition of the track and the estimated costs of the project, must evaluate the options of financing and to conduct all the necessary studies aiming at a very soon start of the implementation of the project. The tentative plan for its finalization is year 2019.

The expansion of the National Road N25, from the roundabout Besi – Podujevo: for the realization of this road expansion project we began the project planning of N25, for the abovementioned segment. The widened road will consist in 4 lanes (4x3.75m) split in the middle with splitting lane wide 1.50m. on access points and crossroads will also be an additional lane wide 3.0m. Mainly the crossroads will be on two levels (only on specific points the crossroads will be of one level). The starting point of the widened track will be the roundabout in Besi, whereas its finish point will be the roundabout in Podujevo. The planned length of the widened National road N25 is 20 km. Deadline for the project planning is, according to the MI estimations, 9 months, from the moment it is signed. The cost of the project will be known after the implementation project. As a part of the project will also be elaborate of expropriation, before the start of the project implementation must be start the expropriation process. After the finish of the implementing project and the expropriation process should begin the construction on widening the road, depending on the budget capacities will also be set the segment lengths for construction. This project does not put at any risk the continuance of the corridor 7 Durrës – Morine – Prishtinë – Merdare – Nish. The nature of this project is more of the level of a juncture of two gravitating areas, the Podujevo-Prishtina one and increases of the capacities of existing road. The attempt plan for implementation of this project is end of the year 2018.

Route 7 Morinë - Prishtinë - Merdare: After putting into function the segments 1-9 Vermicë - Prishtinë - Besi, the Ministry of Infrastructure in cooperation with BERZH and EIB will conduct feasibility study for the completion of the preliminary project for R7; segment Besi - Merdare (Border with Serbia). There have already been defined the activities for reference terms. After their completion, we will start with the project.

Continuation of the project for National road expansion N9, Prishtinë - Pejë: In cooperation with the Western Balkans Investments Framework 23 and EBRD we started the feasibility study and environmental impact assessment of the segment Kijevë-Zahaq (32 Km) and completion of the implementing project, as a precondition for the start of project implementation. This study is expected to finish this year and afterwards will be prepared the agreement on the loan to finance the construction of this segment. The tentative plan for implementation of this part is the end of the year 2018.

Continuation of the National road N2 expansion project, Prishtinë - Mitrovicë. During the next three years, the Ministry of Infrastructure will continue widening the National road N2 towards Mitrovica. For continuance of this project there will be available 60 million American dollars loan from the Islamic Bank for Development, Saudi Fund for Development and OFID.

Considering that for implementation of this project we will apply the procedures of the Islamic Bank for Development, it is predicted that the realization of the project will start in 2016, whereas the procedures will finish within this year. The tentative plan to finalize this project is the end of the year 2018.

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23 A joint initiative that pools the EC funds and EIB as well as CEB and EBRD funds.
**Railway transport**
The infrastructure of Kosovo Railways (INFRAKOS) manages the railway infrastructure under state property. This is a public company with limited responsibilities of 100% owned shares by Kosovo Trust Agency.

The railway network of Kosovo consists of 335.079 km railway. Four railway lines need different levels of rehabilitation to bring them to modern standards of speed and safety. Last year, there was a growth in both people and cargo transport. A limited maintenance is done. Specifically the railway infrastructure is as follows:

- **Railway 10** (bordering Serbia - Leshak - Mitrovicë - Fushë Kosovë - Elezit Han- Macedonia border), of length 149.110 km, with a single pair of rails, not power supplied, wide 1435 mm, Category D3, axis masses 22.5 tons and longitudinal masses 7.2 tons/m;
- **Eastern railway line** (Serbian border - Podujevë - Prishtinë - Fushë Kosovë), length 45.198 km, a single pair of rails, not power supplied, width 1435 mm, category D3, axis masses 22.5 tons and 16 tons, and longitudinal masses 7.2 tons/m and 5 tons/m;
- **Western railway line** (Fushë Kosovë-Pejë) length 81.940 km, a single pair of rails, not power supplied, width 1435 mm, Category C2, axis masses 20 tons and longitudinal masses 6.4 tons/m; and
- **Southwester railway line** (Klinë Xërëx-Prizren) length 58.831 km, a single pair of rails, not power supplied, width 1.435 mm, Category D3 and B1, axes masses 22.5 tons and 18 tons, and longitudinal masses 7.2 tons/m and 5 tons/m.

Law 04 /L-063 for Kosovo Railways establishes the Railway Regulative Authority that consists in independent organs, except the investigative organ that is under the prime minister office to monitor and regulate the railway sector.

The Ministry of Infrastructure has developed the Sectorial Strategy of Multimodal Transport 2015-2025 that includes the railway sector. The strategy considered the interoperability of European railway system, safety and the standard of European railway system, the developed strategies according to the Agreement of Transport Community between the Southeast Europe Transport Observatory (SEETO).

Since the railway 10 connects Kosovo with Serbia and Macedonia is a part of the corridors and railway routes of SEETO, it is a railway with a priority for modernization. The European Bank for Reconstruction and Development (EBRD) will loan the Republic of Kosovo 36 million euro for the infrastructure of Kosovo Railways (INFRAKOS) in 2015. The loan will finance the emergency rehabilitation and south section improvements (Fushë Kosovë – Macedonian border) of route 10 (border Kosovo-Serbia border Kosovo-Macedonia) in Kosovo (‘The Project’). The project invests on renovation of rails, signalization system, bridges, land level passages and rehabilitation of tunnels. In midterm plan, main priority on railway sector is the modernization of railway network. For detailed actions, look chapter 14 for policies of transport.

**Air transport**
Kosovo has the Prishtina International Airport “Adem Jahsari” that operates with combined military and civil services. In April 2010 entered into force the public-private partnership contract between the Republic of Kosovo Government and Turkish-French Consortium Limak- Aeroport de Lyon to give the Prishtina International Airport on Concession, that was also an example of successful of the Concession projects in South-eastern Europe.

The new terminal that started on 23 October 2013 is an investment of about 100 million euro and it offers more commodity for passengers, first class services and enough space and social environment for passengers. The new terminal has a surface of 44,000 m² with capacities enabling the host of 4 million passengers a year. This makes the Prishtina International Airport a leader in the region for the terminal
space and control tower that has the potential to make Prishtina and Kosovo a main juncture and centre for the regional aviation.

The quality and quantity of services at this airport is significantly increased. As a part of basic international and regional network, it is aimed to expand and continuously grow the capacities of this airport.

**Energy**

The production of electric energy in the country is provided by Kosovo Energetic Corporation (KEK) which consists in two thermo centrals (Kosovo A and Kosovo B) and the Coal Mines. Producers of energy are also 5 small hydro centrals (one is part of the Public Enterprise Iber Lepenc and four are managed by private companies). The installed capacities of thermo centrals are 1478 MW, but because they are old, their current operating capacity is about 915 MW. The hydro capacities installed are 45.84 MW.

The transmission system is managed by the Transmission and Market System Operator (KOSTT). The system is linked to all neighbouring systems on 400 kV levels, except with Albania, where the connection level is just 220 kV. Activities on building a new line of tension of 400 kV with Albania are being developed and the construction of this line started at the end of 2014 and it is predicted to finish within 24 months from the period of beginning of project implementation. This will affect the increase of the transmitting capacities between the two countries in the region, increase of the safety and trust of Kosovo and Albania systems of energy and electricity, and also the optimism of operation of both systems. The total length of transmission lines (400 kV, 220 kV and 110 kV) is 1,223km.

The Kosovo Company of Distribution of Electric Energy – KEDS, manages the System Operator of Distribution of electric energy in Kosovo. The System Operator of Distribution (OSSH) owns 624.5 km of network 35 kV, 1259.2 km of network 10(20) kV, 5743.5 km length of network 10 kV, about 50.1 km of network 6 kV and 11635.9 km length of network 0.4 kV. OSSH also owns 7863 power stations of 35/10 kV to 6/0.4 kV and 7610 substations of 35/10 kV to 6/0.4 kV level.

Despite the progress in increasing capacities of transmission and distribution, electric energy supply, increase of the efficiency in using the mineral resources, there is still need for more efforts to improve the current situation. The electric energy sector as one of the key factors for economic development and social wellbeing is still associated with commercial and technical losses and old technology that has no enough capacity for a stable supply with energy.

The heating sector consists in four heating plants in Kosovo (Prishtinë, Gjakovë, Mitrovicë and Zveçan). At the end of 2014 the Prishtina heating plant, Termokos engaged into the system of cogeneration in TC Kosovo B and has affected significantly the increase of performance in supplying the Prishtina citizens with heating. There are considerable energetic potentials for development of the heating system. The development of the heating system impacts significantly the growth of safety in electric energy supply especially during the winter season where there are overloads on the electro energetic system.

Kosovo has no natural gas network. But the recent developments in the region, regarding the international projects, present an opportunity that should be taken, but firstly technical and financial studies and analysis are required.

Although the identification of potentials from different resources of energy has been done, the use of those potentials is quite low. This situation must be altered with policies and concrete actions so the energy resources are diverse and the safety in supply is grown. Consumers should be enabled as many alternatives to fulfill their energetic needs with affordable products and costs.
As far as the institutional and regulative framework is concerned, there are some important steps taken to create the base to open the market and trigger the competition on the energy sector. The Regulatory Office of Energy has the legal authority to oblige the parties to offer on the free market a certain quantity of energy (currently there is only one supplier operating). According to the design of the electric energy market, Kosovo has a bilateral market where the licensed participants buy and sell energy to enable a balanced energetic system. This market is associated with a balancing mechanism where the System Operator of Transmission KOSTT accepts offers for buying and selling energy from the licensed, to manage the differences of the circumstances that are not covered with bilateral contracts. The legal division between the distribution and supply is done and both functions are privatized. Whereas management with the coal mining and generation of the electric energy from thermo centrals is done by the public company KEC.

Policy making, organization, regulation and management of energy sector is done through the legal infrastructure that generally is well equipped and approximated to acquis of European Union (EU).

Moreover since 2004 governmental institutions are founded, so are regulators and operators capable to successfully manage the energy sector. The main institutions that manage the energy sector are:

- The Ministry of Economic Development (MED) that is responsible for making the policies in the energy sector and for monitoring their implementation;
- The Energy Regulator Office (ORE), that acts as an independent regulatory agency and is responsible for energy market regulation (electric energy, natural gas and heating energy);
- The Independent Commission for Mines and Minerals (ICMM) – that acts as an independent regulating agency for regulation of the mining activities where coal takes place.
- The Kosovo Operator System for Transmission and Electric Energy Market (KOSTT) that is a public cooperation that manages the transmission network and has the role of the System Operator of Transmission and Market Operator of electric energy;

Other governmental Institutions like the Ministry of Environment and Spatial Planning (MESP), the Ministry of Labor and Social Welfare (MLSW), the Ministry of Trade and Industry (MTI), the Ministry of Finances (MF), and Kosovo Commission of Competition, have an important role on monitoring the social, economic and spatial responsibilities in the sector of energy.

**Electronic communications market**

In Kosovo the sector of MEC has a great importance towards the economy considering that in the last ten years it participates in GDP of Kosovo with about 10%. Except for economic importance this sector has a great impact in the social cohesion, education, healthcare, and increase of human capacities in general and the increase of general competitiveness of Kosovo on the global level.

Concerning the market developments, landline telephony historically has a low development in our country. With the liberalization of its market is enabled the access of the alternative operator (IPKO) competing thus with the operator that was monopoly until then. Now Kujtesa is another authorized provider of landline telephony. Still, penetration into the landline telephony has not shown any growth though it varies up to 5%. KPT has about 97.6% of the incomes of this market whereas the private distributor IPKO has only 2.33% of the incomes. For the penetration procedure through years, please look Figure below.

A trend like that of the low development of landline telephony can be seen on the global level. The low penetration rate depends on the continuous evolution of other services that substitute landline telephony services offering at the same time additional values in the realization of electronic communication. Normally, the investments are oriented towards offering more attractive services where there are many more demands and the payback of the investments expected. New telecommunication networks are an
additional value for the society and a satisfactory alternative compared the traditional network of landline telephony.

The market of mobile telephony has the widest spread on the entire electronic communications. The recent data show that the total number of mobile telephony users in our country at the end of the first trimester of 2015 has reached figure 1,676,287. The incomes of the mobile operators constitute about 77% of the total income from the electronic communication market. Currently there are only two licensed operators in supplying mobile telephony services and the network coverage amongst population is almost 100%. In the mobile telephony market are two other Virtual Mobile operators (MVNO) that have reached contracts with VALA and IPKO operators. Relying on the recent data on registration of the population is turns out that the penetration of the mobile telephony reaches 92.33% which means a high involvement of population in these services. This growing trend has continued in the recent years. According to the incomes, Vala has about 56.2% of the market whereas IPKO about 37.9% (data of the first three month period in 2015).

Penetration of the mobile telephony 2007-2014

The costs of the calls per minute are amongst the lowest in the region and Europe with different attractive packages offered for consumers. Despite that, the costs of calls per minute in roaming with the countries of the region are still very high and unsatisfactory.

Internet supply for the citizens of our country is relatively satisfactory. More than 50 authorized operators from ARKEP offer this service in the entire territory whereas 5 of them have access in the international junctures of communication. Officially the penetration per families has reached the figure of 65.15% or 10.66% per citizen, whereas the speed and quality are on a quite high level. Practically the penetration is higher than the normal official rate (over 70%).

Except the internet – with landline access, now it is offered also and quickly spread – mobile access to the internet. Mobile Broadband or the wide internet access via mobiles for mobile phone users in Kosovo is enabled since December 2013 (3G- technology) and now since the beginning of 2015 through the latest technology LTE or 4G. According to the data reported in ARKEP, 24 the number of active users through this technology is continuously in growth, this number on the period TM1 2015 reached 358,184 users indicating growth of 26.12% compared to TM4 2014. Penetration of mobile access to the internet via 3G and 4G for period TM1 2015 reached 19.74%. Concerning the division of the market based on the incomes, KTP takes part with 22.27%, IPKO with 40.31%, Kujtesa with 24.48% others with 12.48%. Whereas if we rely on division of the market based on the user’s KPT has 17.7% of the market, IPKO 47.1%, Kujtesa 24% and others 11.2%.

24 Mobile Virtual Network Operator.
Investments made from the operators of telecommunication services for 2014 in the telecommunication sector (landline telephony, mobile, internet) reach the sum of 52,265,346 € that notes a considerable growth compared to 2013 where the investments were of 27,906,383.39 €. The biggest part of the investments in the electronic communication market in 2014 makes the mobile telephony with about 59.4%, landline telephony 45.6% and internet 36.05%.

Concerning the regulative framework and policies, Law for Electronic Communications and other applicable legislation determine an overall legal framework in compliance with EU Directives (Package of Directives of 2009, as amendment-completion of 2002 Package for Electronic Communication sector).

Law on Electronic Communications amongst others has made a legal base for transition from the License regime to General Authorization (General Authorization) to offer the services and electronic communication networks. This implies increase of opportunities and quality improvements of the environment for new investments and fair competition, what is also a main objective (priority) of the Government.

The vision with the strategic objectives of the Kosovo Government for the information technology sector, consequently for the Electronic Communication sector are expressed in the document “Policies of the Sector of Electronic Communications – Digital Agenda for Kosovo 2013-2020”. The document of policies is compliant with the set objectives in the Communiqué of European Commission of 19 May 2010 for the European Parliament, Council of Europe, European Economic and Social Committee and the Regions Committee “Digital Agenda for Europe” (COM (2010) 245 final). The Midterm priorities based on the policies document for Electronic Communications are: development of ICT infrastructure, development of services and electronic contents and promotion and their use, advancements in skills of Kosovo citizens in using ICT.

In this document are transposed the ideas and strategic objectives planned in the Digital Agenda for Europe but considering and adjusting the reality of the state of the ICT sector in Kosovo.

**Sectorial and enterprises structure**

The Kosovo economy continues to be dominated by the service sector of 2014 with about 57% of the value added as percentage of GDP. The industry constitutes about 29% and agriculture about 14.5% of the value added as percentage of GDP. This structure has maintained quite stable during the last five years with the exception of agriculture, whose sector participation has lowered. (Look table below).
The Statistics Agency data on the structure of GDP according to economic activities show that services dominate the contribution on GDP (approximately half of the total participation of activities in BVP, look table 2 in the annexes). Only the wholesale and retail market takes part with 12.4% in GDP. Whereas agriculture in GDP has dropped from 14.8% in 2008, to 11.9% in 2014. A sectorial structure dominated by the services could be noted also by the number of registered businesses according to the economic sectors (look table 3 in the annexes). After services, sectors with the highest number of businesses are production and construction. The number of businesses on all sectors has had an approximately similar growth during the period 2010-2014. So, based on these indicators, the sectorial structure is moving toward services.

An active cooperation is defined as cooperation that has declared turnover or employees in the tax organs of Kosovo for the referring year. It is obvious that using the population and the active enterprises during a period there are two effects to be noticed adding also an element of insecurity. The first effect will be the real variation of the number enterprises of a certain category by time. The second effect is the variety in registration, closure and survival on the same category of enterprises. So if there is a relatively high number of openings and closing downs on a certain period, the number of active enterprises during this period can be relatively high as of the periods before. But this may reflect not only the growth in instability, not a real growth on the economic importance of this category.

Since 2014, the number of active businesses has grown by 15% since 2010 and by 7% since 2013. Since 2010, the size structure of active businesses has been relatively invariable with individual ownership constituting about 56% of all the active enterprises, micro enterprises constitute 40%, small, medium, and big enterprises constitute about 4% altogether. Just in 2012, enterprises under individual ownership had a growth of 10%.

State influence in competitiveness/competition
Large public enterprises: currently in Kosovo operate 8 large central enterprises (including Trepca). 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 – Prishtina. 25 The value of the assets that these enterprises own is 911 million euro, whereas the number of people employed is 9,800.

In financial year 2014 results that these 8 enterprises, have finalized the year with financial profits 5 enterprises whereas the Enterprises: “Posta e Kosovës”, “Ibër-Lepenci” and “InfraKos” have ended the year with financial losses.

**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 System Operator on Transmission and Market of Electric Energy (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, establishing the new legal entity: Kosovo Company for Electricity Distribution and Supply (KEDS) and later the same company were 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. In the legislation being prepared are included all the demands of Third Package of EU for the sector of energetic meaning a fully open market, independence of the regulator, and complete legal emerging of the activities within the sector.

Except for sector of energy, enterprise restructuring has taken place in other sectors too. Since 2008 have we have restructured Post Telecommunication PTK (Vala and Telecom emerged from Kosovo Post Office) and the Kosovo railways emerging into special business entities InfraKos and TrainKos.

Trepça as one of the biggest enterprises in Kosovo is administered by KTA. It is an entity of several businesses determined as crucial and non-crucial assets placed into different regions of Kosovo. The main activities that the enterprise is focused on and constitute active units of the business are: (1) Mines and flotation, Stantërg, (2) Mine and flotation Kishnica and Novo Bërdo, Prishtinë, and (3) Mine and flotation Trepça Kopaonik, Leposaviq.

At this stage the enterprise employs about 2,500 employees that are paid on regular basis. In terms of its basic business, this enterprise has currently four active mines and three operating flotations, with relatively good production capacities during recent years.

Trepça is under moratorium for reorganization and on the basis of Verdict of the Special Room of the Supreme Court, the deadline for submitting the reorganization plan is 1 November 2016. Meanwhile the Government has been mandated by the Parliament to prepare options for this important cooperation for the economy of the country before the end of moratorium.

**State aid**

Law no. 04/L-024 for the state aid set the base for the development of the system of the state aid, principles and procedures for providing state aid. The law contains basic definitions including the one for

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25 In the water sector there are 6 regional water companies active, while in irrigation there are two.
state aid; it sets the mechanism and framework for control of the state aid. It also makes the base for the foundation of the entire inventory of the state aid and the report system. The law currently is undergoing amendment, and is expected to result on further compliance with the basic legislation of EU on this area. The draft law for state aid is expected to be approved on the first half of 2016. The law transposes the `basic principles of the primary legislation of Acquis (the articles of the Treaty on Functionality of EU). The Law also will regulate the institutional framework for control and monitoring of the assistance, creation of the inventory and reporting the state aid. The acquis in this field will be transposed through the subsidiary legislation after its approval.

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 organ regarding the state aid. The Commission acts on “Ad hoc” basis and is independent on decision making and practicing its functions, the Commission consists of 5 members, three ministers, a representative of civil society and the president of the Association of Municipalities of Kosovo.

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 five of them, but actually there are only two officials employed. For more details about the measures on this field, please look Chapter 8 Policies of Competitiveness.

Currently from the state aid, benefit the sector of railways, the sector of post, energy and water. State aid in 2013 was 26.5 million euro, from which for capital investments were dedicated 5.0 million euro and for subsidies 21.5 million euro. In 2014 the state aid was 17.4 million euro from which for capital investments were dedicated 12.0 million euro and for subsidies 5.4 million euro. State aid compared to the GDP is 0.005% of the GDP in 2013 and 0.003% of GDP- in 2014. Also some other sectors in agriculture are supported through subsidies as direct payments. In 2014, these direct payments were 19, 2 million euro (sectors of plants, horticulture and farming) that is less than 0.5% of GDP. In 2015, subsidies in agriculture were 23 million. In 2015 from the state aid benefit the sector of energetic, post, railways, heating and water. The total value of this aid for all sectors is 13.9 million euro or 0.0025% of GDP. So state aid has continually decreased since 2013.

**Trade integration**

Trade opening measured by the export of a country in goods and services in relation to GDP shows the relative importance of international transactions towards the internal transactions. In 2014, the trade opening increased by 74.2% compared to 69.1% in the previous year. Goods trade constitutes less than 1% on increase, while the services trade about 4% of this increase.

In 2014 the trade deficit for goods and services jointly increased to 1.88 billion euro, from 1.85 billion euro in 2013. The general trade deficit reflects the goods deficit which also increased in 2014 to 2.21 billion euro from 2.16 billion euro in 2013. Trade in services on the other side, shows a trade surplus with an increase of 0.34 billion in 2014 compared to 0.31 billion in 2013.

In 2014, exports in goods covered 13% of imports, with an increase of 1% from 2013. In 2014 exports achieved 324 million euro, an increase of 10% from 2013. In 2014, the imports had an amount of 2.5 billion, an increase of 3.6% from 2013. Kosovo imports from more than 130 countries and exports in more than 60 countries. EU and CEFTA states are the most important trade regions of Kosovo and jointly constitute around 71% of trade in goods in 2014. European Union constitutes 41.2% and CEFTA 29.6% of all the trade in goods. Even though the EU was the main trade partner in 2014, its participation decreased by almost 3% of its share of 43.8% in 2013. This decrease comes from 1% participation of EU imports and decrease of 10% in EU export participation on the total of exports. Trade in goods with EU in 2014 has decreased with around 2% from 2013 due to a decrease of 17% in the export value in 2013. This decrease
comes due to the decrease of one third of the most significant exporter ferronickel of Kosovo at the most significant destination, Italy.

### Main EU export countries

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<tbody>
<tr>
<td>Italy</td>
<td>74,363</td>
<td>49,660</td>
<td>25.3</td>
<td>15.3</td>
<td>62.8</td>
<td>50.6</td>
</tr>
<tr>
<td>Germany</td>
<td>10,985</td>
<td>11,339</td>
<td>3.7</td>
<td>3.5</td>
<td>9.3</td>
<td>11.6</td>
</tr>
<tr>
<td>Austria</td>
<td>6,327</td>
<td>6,416</td>
<td>2.2</td>
<td>2</td>
<td>5.3</td>
<td>6.5</td>
</tr>
<tr>
<td>Poland</td>
<td>3,870</td>
<td>5,782</td>
<td>1.3</td>
<td>1.8</td>
<td>3.3</td>
<td>5.9</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>1,026</td>
<td>3,820</td>
<td>0.4</td>
<td>1.2</td>
<td>0.9</td>
<td>3.9</td>
</tr>
<tr>
<td>Total</td>
<td>96,571</td>
<td>77,016</td>
<td>32.9</td>
<td>23.7</td>
<td>81.6</td>
<td>78.5</td>
</tr>
</tbody>
</table>

Source: Kosovo Statistics Agency

Top five countries for export in EU were Italy, followed by Germany, Austria, Poland and Bulgaria. These countries constitute 78.5% of the total export value of the EU and 23.7% of total import value. Italy is the only EU country to receive more than 5% of Kosovo Exports, making it the most important country for exporting in EU. The below table gives more details of Kosovo exports in these countries.

In 2014 imports from EU were around 1 billion Euros, a decrease of 0.2% from 2013. Five most significant importing EU countries are Germany, followed by Italy, Greece, Slovenia and Poland. Serbia imports more in Kosovo than Germany. These five EU countries constitute 68% of total value of EU import and 29% of total import value. The table below gives more details in this regard.

### Main importing EU countries

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Germany</td>
<td>252,594</td>
<td>273,029</td>
<td>10.3</td>
<td>10.8</td>
<td>23.3</td>
<td>25.3</td>
</tr>
<tr>
<td>Italy</td>
<td>228,519</td>
<td>202,866</td>
<td>9.3</td>
<td>8</td>
<td>21.1</td>
<td>18.8</td>
</tr>
<tr>
<td>Greece</td>
<td>145,546</td>
<td>137,551</td>
<td>5.9</td>
<td>5.4</td>
<td>13.4</td>
<td>12.7</td>
</tr>
<tr>
<td>Slovenia</td>
<td>61,314</td>
<td>66,708</td>
<td>2.5</td>
<td>2.6</td>
<td>5.7</td>
<td>6.2</td>
</tr>
<tr>
<td>Poland</td>
<td>36,595</td>
<td>55,820</td>
<td>1.5</td>
<td>2.2</td>
<td>3.4</td>
<td>5.2</td>
</tr>
<tr>
<td>Total</td>
<td>724,568</td>
<td>735,973</td>
<td>29.6</td>
<td>29</td>
<td>66.9</td>
<td>68</td>
</tr>
</tbody>
</table>

Source: Kosovo Statistics Agency

In 2014, CEFTA countries participated by 39.2% of exports and 28.4% imports in Kosovo. In 2014, exports in the CEFTA region were around 127 million Euros, an increase of 21.7% from 2013. Top export destinations within CEFTA were Albania, Macedonia and Serbia. These countries are ranked as second, fourth and sixth respectively from all the export destinations. The most important CEFTA countries regarding the import are Serbia, in the first place and Macedonia in the sixth.

Regarding the export structure of Kosovo, it is dominated by metals. These products continuously constitute more than half of exports. The most important products include ferronickel, unprocessed minerals and iron scrap. While the Kosovo imports do vary, the main products include oil derivative, vehicles and machinery and transport equipment.
In 2014 the exports of services covered 177% of imports, with an increase of 20% from 2013. Exports of services reached 771 million euro, an increase of 24% from 2013. Imports reached 434.5 million euro, an increase of 39% from 2013. This resulted in a positive trade balance of 336.5 million euro which is an increase of 9% compared to 2013. The main sectors of services were travelling with 379 million euro, which is mainly attributed to Kosovo Diaspora; communication services with 19.5 million euro; and governmental services with 14 million euro, which is attributed mainly to EULEX and KFOR, diplomatic missions and NGOs.

Regarding Direct Foreign Investments (FDI) in Kosovo, the FDI balance has decreased during 2010-2014. Approximately half of these investments come from EU and European Countries, and others from USA, Turkey, countries of the region, etc. Regarding FDI, the main EU countries include Austria, Germany, United Kingdom, Slovenia, Italy, etc.

### Incoming FDI as per countries, in million euro

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>368.5</td>
<td>384.4</td>
<td>229.1</td>
<td>280.2</td>
<td>151.2</td>
</tr>
<tr>
<td>Austria</td>
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</table>

Source: Central Bank of Kosovo

Regarding the FDI structure, based on economic activity, the real estate sector dominates in 2012-2013 with about half of investments. In 2014 this sector has received more than 90% of FDI. Other important sectors for foreign direct investments in 2010-2014 were financial services, construction, transport, industry etc. For more details on FDI, based on economic activities, see Annex, table 4.

The FDI balance is characterized with deterioration in 2014, with a decrease of 151.3 million euro from 280.2 million euro in 2013. The FDI balance until June 2015 reached 163.6 million euro which is a considerable increase compared to the amount of 39.1 million euro in the same period of the previous year. Within the FDI, two forms of FDI had an increase, including capital and share investment funds and investments in debt instruments (figure 4). Sectors which benefitted most from the FDI increase were the real estate, renting and other business activities and the sector of financial services.

*Short-term measures*

- Continue with the process of licensing of teachers,
• Within the quality management of pre-university education it is aimed to:
  o Prepare the basic program for comprehensive education for all the teachers,
  o Draft profession standards and curricula based on the market trends and review of all existing curricula and their connection to the labour market.
• Continue the development of road infrastructure
• In the energy sector, besides developing the Legal and Policy Framework, the transmission system will be developed;
  o Installation of second transformations 300MVA in NS 400/110kv Ferizaj and in NS 400/110kv Peje 3;
  o Implementation of a number of projects in the transmission network which improve the security in energy supply (NS Mitrovica, NS Drenas, NS Fushe Kosove, NS Prishtina 6, NS Dragash, etc.)
• Development of the legal basis for the establishment of the Loans Guarantee Fund, to improve access to finances;
• Functionalization of the Employment Agency;
• Further development and harmonization of the legal framework regarding state aid with the EU acquis;
• Development of options and offering of solutions for ownership and organization of Trepca before expiration of the reorganization moratorium;
• Approval of legislation for customs protection of intellectual property

Midterm priorities26
• In the midterm, regarding higher education, the focus will be in profilisation of higher education institutions in order to address the labour market requests. In the pre-university education, the new curricula will be implemented and new professional standards will be drafted;
• Continue with licensing of teachers,
• It is planned that in municipalities which currently do not have public pre-school institutions, to built the same and integrate the professional education and enhancement of capacities;
• Development of road infrastructure;
• Modernization of rail network;
• Energy efficiency, in line with Action Plan on Energy Efficiency (2010-2018) through implementation of specific projects in the area of energy efficiency;
• Improvement of RER energy access, in line with National Action Plan on RER (2011-2020) through implementation of specific projects in the area of renewable energy resources;
• Implementation and functionalisation of Project Interconnection Line 400kV NS Kosova B – NS Tirana 2;
• Installation of third transformator in NS 110/10kV Prishtina 2;
• Reallocation of line 110kV, no, 1806 NS 110/35kV Gjakova 1 – NS 110/10 kV Gjakova 2. (for further details please see chapter 15 on energy);
• Continue the reform in doing business in order to improve and facilitate the development of NVM;
• Functionalization and development of the Loans Guarantee Fund;
• In the industry sector, increase of internal competition through clusters development and support of clusters development through establishment of an institutional infrastructure.

26 Mid-term measures can be supplemented following the finalization of the Economic Reform Programme.
## Statistics on Economic Criteria

### Revenues and expenditure during 2015

<table>
<thead>
<tr>
<th>Description</th>
<th>Jan In mil. EUR</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
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<td><strong>432.3</strong></td>
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<td><strong>651.1</strong></td>
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<td><strong>Total payment (Payment-expenditure)</strong></td>
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<td><strong>301.1</strong></td>
<td><strong>427.7</strong></td>
<td><strong>551.6</strong></td>
<td><strong>685.0</strong></td>
<td><strong>812.8</strong></td>
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Source: Daly Treasury Reports, MoF

*The first IMF tranche accepted after the negotiation of Stand By Arrangement for this year
## GDP by economic activity 2008-2014

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<th>Nace Rev.2</th>
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<td>B</td>
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<td>C</td>
<td>Processing industry</td>
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<td>D</td>
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<td>E</td>
<td>Water supply</td>
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<tr>
<td>F</td>
<td>Construction</td>
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<tr>
<td>G</td>
<td>Retail and wholesale trade; vehicles reparations</td>
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<tr>
<td>H</td>
<td>Transport and warehouse</td>
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<td>I</td>
<td>Hotels and restaurants</td>
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<tr>
<td>J</td>
<td>Information and Communication</td>
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</tr>
<tr>
<td>K</td>
<td>Financial and insurance activities</td>
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<tr>
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<td>M</td>
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<tr>
<td>N</td>
<td>Auxiliary and administrative activities</td>
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<tr>
<td>O</td>
<td>Public administration and defence: social security</td>
<td>11.1</td>
</tr>
<tr>
<td>P</td>
<td>Education</td>
<td>2.6</td>
</tr>
<tr>
<td>Q</td>
<td>Health and social activities</td>
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</tr>
<tr>
<td>R</td>
<td>Arts, entertainment and recreation</td>
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<tr>
<td>S</td>
<td>Other services</td>
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<tr>
<td>T</td>
<td>Household economies: goods and services for own use</td>
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<td><strong>GNP with base prices</strong></td>
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<td>Product taxes</td>
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<td></td>
<td><strong>GDP</strong></td>
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</table>
Number of active businesses per economic activity

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<th>2012</th>
<th>2013</th>
<th>2014</th>
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<tr>
<td>Retail and wholesale trade; vehicles reparations</td>
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<td>18445</td>
<td>19549</td>
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<td>4641</td>
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<td>Accommodation and food services</td>
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<td>3862</td>
<td>4183</td>
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<td>2998</td>
<td>3333</td>
<td>3646</td>
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<td>Services</td>
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<td>2930</td>
<td>3210</td>
<td>3086</td>
<td>3543</td>
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<td>2261</td>
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<td>2563</td>
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<td>695</td>
<td>740</td>
<td>863</td>
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<td>453</td>
<td>517</td>
<td>605</td>
<td>678</td>
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<td>508</td>
<td>559</td>
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<td>344</td>
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<td>160</td>
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<td>212</td>
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<td>157</td>
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<td>173</td>
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<td>Public administration and defence; social security</td>
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<td>94</td>
<td>112</td>
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<td>132</td>
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<td>68</td>
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<tr>
<td>Other</td>
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<td>2690</td>
<td>1357</td>
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<td>43527</td>
<td>43581</td>
<td>45911</td>
<td>46938</td>
<td>50219</td>
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</table>

Communication market
Chart: Fix telephony penetration per year

---

27 Source: RAEPC, *Communications market review Q1 2015* (in Albanian).
### Foreign Direct Investment

**FDI per economic activity (%)**

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
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<tr>
<td>Agriculture</td>
<td>0.2%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Mines</td>
<td>4.8%</td>
<td>-1.4%</td>
<td>-10.9%</td>
<td>-5.0%</td>
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<tr>
<td>Industry</td>
<td>27.4%</td>
<td>12.2%</td>
<td>12.0%</td>
<td>4.1%</td>
<td>-22.5%</td>
</tr>
<tr>
<td>Energy</td>
<td>0.0%</td>
<td>1.0%</td>
<td>17.4%</td>
<td></td>
<td>8.9%</td>
</tr>
<tr>
<td>Construction</td>
<td>14.7%</td>
<td>34.6%</td>
<td>13.6%</td>
<td>6.2%</td>
<td>-13.1%</td>
</tr>
<tr>
<td>Trade Services</td>
<td>1.8%</td>
<td>3.0%</td>
<td>4.1%</td>
<td>5.2%</td>
<td>5.5%</td>
</tr>
<tr>
<td>Hotels and Restaurants</td>
<td>0.1%</td>
<td>0.2%</td>
<td>0.3%</td>
<td>0.3%</td>
<td></td>
</tr>
<tr>
<td>Transport and communication</td>
<td>-4.3%</td>
<td>7.5%</td>
<td>14.1%</td>
<td>18.2%</td>
<td>-6.0%</td>
</tr>
<tr>
<td>Financial services</td>
<td>10.7%</td>
<td>8.6%</td>
<td>9.8%</td>
<td>1.6%</td>
<td>27.7%</td>
</tr>
<tr>
<td>Real estate</td>
<td>20.5%</td>
<td>15.7%</td>
<td>50.5%</td>
<td>48.6%</td>
<td>94.0%</td>
</tr>
<tr>
<td>Other services /1</td>
<td>0.4%</td>
<td>2.9%</td>
<td>0.8%</td>
<td>1.2%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Other activities unclassified</td>
<td>23.8%</td>
<td>16.4%</td>
<td>4.8%</td>
<td>2.2%</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

Source: KCB
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 Acquis**

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 Acquis.

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 serves 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 bill 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 the draft law and then sent it for approval.

In terms of developments in the future with regards to capacity building for legal harmonization with the EU acquis, we will continue with the training cycles for civil servants in public administration, who deal with legal drafting and approximation with EU acquis. Professional training in the area of legal approximation with EU acquis will be delivered in cooperation with Kosovo Institute of Public Administration.

Part of enhancements in the area of legal approximation will be the creation of an electronic platform aiming at preservation of ToC and SoC, ToC completion and linking national acts with acquis, definition of level of approximation related to this Programme. This platform will support the implementation of SAA provisions, implemented through the transposition of EU acts into national legislation.

It is worth to mention that Kosovo is gradually approximating with the legal requirements deriving from the conventions, treaties and obligations for accession into other organizations as envisaged by the SAA.

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28 This chapter does not contain a matrix of short-term measures.
At the same time, translation of EU legislation is an integral part of the process of approximation of national legislation with the EU *Acquis*. One of the responsibilities of the Ministry of European Integration, which derives from the Decision no. 6/121 dated 22.04.2010 on the mandate 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 translation of European Union legislation is regulated by the “Regulation on the translation process of the European Union Legislation Official Languages of the Republic of Kosovo, no. 02/2015” which defines translation procedures, coordination of the translation process, as well as the unification of terminology of the EU *Acquis* in the official languages of the Republic of Kosovo.

Due to the professional capacity building and cooperation in this field, on 26 March 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 a technical commission for the translation of EU legislation in Albanian language, as well as cooperation in the area of legislation approximation, coordination of joint translation agenda of EU acts based on relevant acts specified in the SAA approach and exchange of EU legal documents translated from both countries. Also, the Ministry of European Integration and the University of Prishtina “Hasan Prishtina”, on 13 March 2015, have signed the agreement of cooperation for translation of European Union legislation.

In order to implement the midterm measures, we aim at translating the EU *acquis* into Albanian, which will be planned through the Annual Government Legislative Programme, as well as in line with the priorities and transition period as defined by the SAA. Also, in order to ensure professional translation of *acquis* into national languages, we will seek various modalities of cooperation, including at regional level.

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 equipment 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.29

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 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.

Article 80 defines that Kosovo needs to gradually achieve compliance with the horizontal and sectorial legislation for product safety, and to bring about the quality infrastructure, as is the case with the European procedures of standardisation, metrology, accreditation and conformity assessment.

The EC 2015 Kosovo Report assesses that in general Kosovo needs to improve inter-institutional cooperation so as to ensure the implementation of legislation in the area of free movement of goods. In such a context, it was stated that there is no evidence on approximation of the Regulation on Registration, Assessment, Authorizing and Restriction of Chemicals. This report also points out that quality infrastructure needs to be further strengthened.

More specifically, with regards to standardization, the report points out that the Kosovo Standardization Agency needs to consolidate as one institution, and to expand the electronic sale of standards (e-commerce function).

With regards to conformity assessment, it was assessed that there is a need to further harmonize national legislation with EU regulations, as well as to further strengthen the use of conformity assessment.

29 Pharmaceuticals and cosmetics are covered in Chapter 28.
On metrology, it was pointed out that the operational capability of laboratories needs to increase so as to meet the necessary quality standards.

As regards market surveillance, there is a need to improve the communication and coordination mechanisms amongst responsible authorities on market surveillance as well we further enforce it.

**Current Situation**

**Legal Framework**

**Horizontal issues**

Legislation on *standardization* is regulated by the Law No. 03/L-14, which is partly aligned with Directive 98/34/EC (as amended by Directive 98/48/EC). So far, 8,000 European standards (EN) and international standards have been adopted in Kosovo. Standards usually are purchased by Standards Body of the Albanian National DPS and approved through the cover method of (front page).

The legal framework in the field on *accreditation* is regulated by the Law No. 03/L-069 on Accreditation. This law regulates functioning of the accreditation system of the competent body for conformity assessment. This law partially transposes Regulation (EC) No. 765/2008 which defines 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 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.
- AI no. 16/2011 on the Mode for Authorization of Conformity Assessment Bodies, which partially transposes Decision no. 768/2008/EC.

As regards *notification procedures*, Law no. 04/L-039 on Technical Requirements for Products and Conformity Assessment has also created the legal basis for the transposition of Directive 98/34/EC and Amendment 98/48/EC into national legislation. Based on this law, Regulation no. 08/2014 on the Method of Sharing Information and Notification of Technical Regulations, Procedures for Assessment of Conformity and Standards has been approved, which concerns the obligation of Member States to notify each other of planning to adopt regulations in order to avoiding the creation of unnecessary barriers to trade. Currently this regulation represents a base to notify and inform CEFTA member countries regarding the regulatory work and the 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 legal framework for enforcement of security and compliance of products is provided by the Law on Technical Requirements for Products and Conformity Assessment which defines the horizontal framework for market surveillance. It is partly aligned with 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 Law no. 04/L-039 on Technical Requirements for Products and Conformity Assessment which partially transposes Regulation 765/2008 (EC) and Decision 768/2008 (EC). This law provides for direct cooperation and communication between market surveillance authorities and the Customs Directorate, who can inform the market surveillance authorities concerning blocked imports. If the Customs Directorate is not aware of the activities undertaken by market surveillance authorities within three days, blocked imports would be released if there are no other restrictions for their release. If market surveillance authorities establish that the product is dangerous, they can stop its movement in the Kosovo market.

**New and Gobal 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 for Regulation no. 02/2012 on Electrical Equipment designed for use within certain limits of voltage, which partially transposes Directive 2006/95/EC.

Kosovo has a small number of producers who sell products in the 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 sell products in the market covered by Directive 2004/108/EC.

**Toy security**
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.

Kosovo has a small number of producers who sell products in the market are covered by 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/EEC. 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.

In Kosovo, there is no manufacturer of equipments covered by the Directive 97/23/EC. Obligations for economic operators apply to 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.

Dispensible aerosols
Law No. 04/L-039 on Technical Requirements for Products and Conformity Assessment is the basis for the Regulation no. 13/2014 on dispensive 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 2000/9/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 subsidiary 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/EC on eco-design has not yet been transposed (including vertical or relevant legal acts).

In Kosovo, there are a small number of manufacturers of equipments covered by the Directive 2009/125/EC and the related legal acts. The same applies for the Horizontal Directive 2010/30/EU on Labelling of Energy Related Products and its supporting sublegal acts. Obligations for economic operators apply to 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

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,
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.

**Cosmetics**
Kosovo’s legislation is not yet fully aligned with the acquis. The legal basis can be partially found in the Law No.04-L-190 amended by the Law No.2010/03-L-188 on Medicinal Products and Medicinal Devices.

The Ministry of Health is the Government body in charge. Market oversight activities are carried out by the Health Inspectorate.

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

There are no manufacturers of the products (vehicles) in Kosovo covered by the above directives. Obligations for economic operators apply to 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**

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 (TRA) 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.

**Short-term measures**

**Horizontal measures**

**Legal Framework**

In the short term, the following activities are planned for implementation:

- Adoption of the Law on Standardization, which will partially transpose the Regulation (EU) 1025/2012 for European Standardisation;
- Adoption of the Law no. 03/L-069 on Accreditation, which will fully transpose the Regulation (EC) no. 765/2008 which defines the requirements for accreditation and market surveillance and EC Regulation 764/2008 and Decision no. 768/2008;
- Approval of the Regulation on Non-automatic Instruments of Weighing, which has to fully transpose Directive 2014/31 / EU on Non-automatic Weighing Instruments (NAWI);
- Approval of the Regulation on Measuring Instruments (MID) which will fully transpose Directive 2014/32 / EU on Measuring Instruments;
- Issuance of an AI for the Management of Conformity Assessment Bodies which will partially transpose Decision 768/2008/EC on a Common Framework for the Marketing of Products;
- Issuance of an AI for the Recognition of Foreign Documents of Conformity, which will partially transpose Decision 768/2008/EC on a Common Framework for the Marketing of Products;
- Issuance of the AI on the Modality of Authorization Conformity Assessment Bodies.

**Policy Framework**

- Adoption of the Strategy for Quality Infrastructure as part of the Private Sector Strategy for 2016-2020;
- Improvement of the policy framework aiming to create a sustainable system of national standardization, in this case a Business Plan for Kosovo Standardization Agency to be approved;
- Cooperation with European and international mechanisms in the area of accreditation to be improved, to sign the agreement with EA / MLA (BLA);
- To continue the work in applying at European and international mechanisms in the area of Standardization and Metrology;
- To develop capacity building activities for staff of the Quality Infrastructure;
- Further work to increase the number of accredited bodies for conformity assessment;
- New European and International Standards to be adapted;
- Market Inspectorate will inspect businesses according to the plan and according to customer demand;
- Gaps analysis will be carried out as regards the transposition of the Acquis in the area of conformity

**New and global approach**

In short-term period, the following activities will be taken:

**Low tension equipments (LVD)**,

- Approval of the Regulation on Low Voltage Equipment which will fully transpose Directive 2014/35 / EU on Low Voltage Equipment

**Electro-magnetic compatibility (EMC)**

- Approval of the Regulation on Electromagnetic Compatibility which will fully transpose Directive 2014/30 / EU on Electromagnetic Compatibility.

**Elevators**
• Approval of the Regulation on Elevator Safety which will fully transpose Directive 2014/33 / EU on Elevator Safety.

**Household gas and hot water boilers**

• Approval of the Regulation on requirements for efficiency requirements for new hot-water boilers fired with liquid or gaseous fuels which will partially transpose Directive 92/42/EEC on the requirements for efficiency requirements for new hot-water boilers fired with liquid or gaseous fuels
• Approval of the Regulation on Gas Equipment, which will fully transpose Directive 2009/142/EC on gas appliances.

**Pressure equipment**

• Approval of the Regulation on Pressure Equipment which will partially transpose the Directive no. 2014/68 / EU on Pressure Equipment.

**Simple pressure vessels (SPVD)**

• Approval of the Regulation on simple pressure vessels, which will partially transpose the Directive no. 2014/29 / EU on Simple Pressure Tools.

**Old approach**

In short-term period, the following activities will be taken:

**Drug precursors**

• Amendment of the Law no. 2007/02-L-128 for Precursor Narcotic Drugs and Psychotropic Substances, which will partially transpose Regulation (EC) No 1920/2006, Decision 2001/419 on the Transmission of Samples of Controlled Substances and Decision 2005/387 on Information Exchange, Risk Assessment and Control of New Psychoactive Substances.

**Midterm 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.

Donor support
Currently, an IPA project supports free movement of goods, starting from October 2014 and which will be completed by October 2016. It focuses on three sections: approximation of legislation, increased awareness and institutional capacity building. In addition, there is request for a similar project in sectoral planning document for IPA 2 (2016-2017). This chapter also indirectly is supported by GIZ and the regional project of Sida on quality infrastructure, where MTI is part of the Steering Committee.

3.3. Acquis Chapter 2: Free Movement of Workers

Acquis in this chapter requires that 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. With regard to employment and movement of workers linked to the fulfilment of public contracts, Article 79, paragraph 9, the EU Acquis related to third country nationals shall apply as regards 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.

Based on the Feasibility Study, Kosovo needs to ensure equal treatment as regards working conditions, remuneration and dismissal of workers who are legally established in its territory. Husband / wife and children of lawful residents of a worker legally employed in Kosovo will have access to the labour market during the period of authorized stay of the employees. Kosovo should establish rules for limited coordination of social security systems to EU nationals legally employed in Kosovo and their family members residing with them.

Referring to the recent conclusions of SAPD 2015 Kosovo is encouraged to continue with the negotiation, signing and implementation of bilateral agreements in the area of social security, with EU countries.

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. Also it recommended the finalization of the Sector Strategy 2014-2016 and its Action Plan.

Current Situation

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:

- 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 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;
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:


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:


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 is needs for recruitment of workers from third countries.
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.


**Short-term measures**

The Ministry of Labour and Welfare, in collaboration with the Ministry of Foreign Affairs is working to strengthen the coordination of social security with several European Union countries. The Action Plan of the Sector Strategy 2014-2016 foresees starting of negotiations for new agreements in the area of social insurance with five European countries such as Switzerland, Austria, Germany, Croatia and Slovenia. It should be noted that the progress of these negotiations doesn’t depend entirely on the Kosovo side, therefore, there is no know time table for reaching agreements.

**Midterm priorities**

Kosovo Government has focused its efforts in negotiating and reaching agreements on social security for its 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 system\(^{30}\) for the information exchange and cooperation in the supervision of services between Member States.

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\(^{30}\) Internal Market Information System.
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.

The conclusions and the recommendations of the Feasibility Study of the European Commission in 2012 for the SAA between the EU and Kosovo, state that, in order to meet the obligations of the SAA, Kosovo needs to implement framework legislation in the area of the internal market and trade, including the improvement of business statistics.

The EC 2015 Kosovo Report, with regards to freedom to provide services, states that Kosovo is at an early stage of legal approximation with the Service Directive. As a result there is still a need to work on this direction in the next years.
In relation to post services, the Kosovo Report highlights that the universal provision of services is mitigated by political issues with majority Serb municipalities. In this context, it is obvious that the international post services are provided in all post administrations, except in Serbia, as a result of lack of bilateral agreements. In the technical aspect, it is assessed that despite reductions as regards the weight limit with regards to reserved services in the previous years, they are still not in line with *acquis*.

In the area of mutual recognition of professional qualifications, the report highlights that Kosovo needs to multiply its efforts in aligning its legislation with the Directive on Professional Qualifications. To achieve this, Kosovo needs to draft a list of minimal requirements for the regulated professions to be included into the national legislation and an action plan for harmonization with *acquis*. Further, the report requires that a framework is adopted in all Kosovo on the regulated professions.

**Current Situation**

**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 companies 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 Agency for Registration of Businesses in Kosovo. 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:


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 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 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, as well as the Regulation No. 004/B/14 on “Quality Standards of performance of universal postal services” issued by RAEPc, Administrative Instruction (MED) No/01/2015 on the Rules for the Exercise of Control of Postal Operators” and the Administrative Instruction No.02/2015 on “Postal Stamps”.

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. 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 Ombudsman 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 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. 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 A1 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.

**Short-term measures**

**Freedom of establishment and freedom for provision of services**

In short-term period, the following activities will be implemented:

- The adoption of the Law on Services which will fully transpose Directive 2006/123/EC on Services in the Internal Market of the EU;
- Adoption of the Law on Tourism which will partially transpose Directive 93/13/EC on unfair terms in consumer contracts, Directive 2008/122/EC on the protection of consumers in respect of certain aspects of timeshare, long-term holiday product, resale and exchange contracts as well as Directive 2011/14/EC on patients' rights in cross-border healthcare;
- The Law on Foreigners will be amended in order to transpose directive 2014/66/EC on conditions of entry and residence of third-country nationals in the framework of an intra-corporate transfer;
- A gap analysis will be conducted to assess horizontal legislation related to the further harmonization with the Services Directive;
- Participation in negotiations within the CEFTA to negotiate Financial, Transport and Audiovisual Services
- In order to improve the statistical services, MTI will functionalize and populate the information database regarding services in Kosovo.

**Postal services**
In the short term period, in the area of postal services the following activities will be implemented, as part of the action plan of the strategic document “Strategic Policies of the Postal Service in the Republic of Kosovo 2013-2017”:

- Finalize the concept paper for amendment of the existing Law on Postal Services;
- Further work to change the Postal Code and the apply the electronic system;
- Gradual reduction of the reserved postal service from 500 gr to 100 gr, which will partially transpose the Directive 97/67/EC on Common rules for the development of postal services internal market in the Community and improvement of the quality of services.

**Mutual recognition of professional qualifications**

In the short-term period, the following activities will be implemented:

- Adoption of the Law for Regulated Professions, which will regulate the following professions: physicians, dentists, pharmacists, nurses, midwife, physiotherapists, veterinarians, architects, engineers, teachers at all levels of pre-university education, psychologists and social workers. This law will partially transpose Directive 2005/36/EC on the Recognition of Professional Qualifications and Directive 2013/55 / EC on the Recognition of Professional Qualifications, which amends Directive 2005/36/EC;
- ACA will do accreditation of providers which will assess candidates’ prior knowledge. Implementation of the AI for Recognition of Prior Learning for the first time in the country will begin. This means that the VET providers will have the opportunity to be accredited by the ACA to do the assessment of prior learning;
- ACA will continue with the process of accreditation of the level 5 of the NQA, a level indicating that the candidates are prepared for the labour market, they are professionals in their field;
- ACA will begin the process of monitoring of institutions accredited by ACA, and through this process it will ensure and even increase further the quality of education and training.

**Midterm priorities**

**Freedom of establishment and freedom for provision of services**

In the midterm period, priority will be given to the following activities:

- 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. 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**

In midterm period, priority will be given to the following activities:

- 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**

In midterm period, priority will be given to the following activities:

- Adoption of subsidiary legislation in order to implement the Law on Regulated Professions;
- 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.

**Donor support**

Technical assistance was provided by the further development of Kosovo’s trade policy project in the area of the right to establish and freedom to provide services. This project started in 2011 and ended in 2015, funded in an amount of 2.8 million Euros by the European Union. The project concerned was not intended for services only, but in the meantime several activities in the area of services were developed.

The project on the Directive of Services is expected to start in 2016. The purpose of this project is to build capacities within the MTI in order to transpose and implement the EU Directive on Services in the internal market of Kosovo. This is an EU funded project.

**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. 19831 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.

With regards to requirements deriving from the EC 2015 Kosovo Report, it was pointed out that in relation to liberalization of Movement of Capital, with regards to real estate purchase by foreign citizens; the relevant provisions are still an obstacle for equal treatment. Other difficulties, edit, in property registration need to be addressed.

As regards the payment system, it was pointed out that farther efforts are needed so as to continue *acquis* approximation.

As regards prevention of money laundering and financing of terrorism, the report highlights the need for further efforts in reaching tangible results in fighting economic and financial crime.

**Current Situation**

*Legal Framework*

31 This complements convention 141 and is ratified by the EU.
Liberalisation of capital movement
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 provide 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 transpose 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 03/L-196, on Prevention of Money Laundering and Financing of Terrorism, which was adopted in October 2010. The law define the measures, the competent authorities and procedures for effective detecting and preventing money laundering and financing of terrorism, fight against money laundering and financing of terrorism in Kosovo. This law establishes the Financial Intelligence Unit as a central independent national institution responsible for receiving, analyzing and disseminating information relating to money laundering and terrorist financing.

The law was amended in 2013 by the Law No. 04/L-178 which is aligned with international standards of Financial Action Task Force (FATF) and Directive 2005/60/EC of the European Parliament and the Council for on the prevention of the use of the financial system for the purpose of money laundering and financing of terrorism.

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 continue to grow and improvement 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.


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.

**Short-term measures**

**Liberalisation of capital movement**

The National Strategy on Property Rights is planned for adoption and its purpose is to clarify the ownership, identify areas of intervention within Kosovo substantive and procedural laws, but also to propose measures for improvement of the effectiveness of institutional mechanisms responsible for property rights. This strategy will also include the foreigners’ rights on immobile property.

**Payment system**

The following activities will be implemented in the short-term period:

- Adoption of the Regulation on Standard Bank Account Number System which will transpose Directive 2007/64/EC on Payment System;
- Adoption of the Regulation on Electronic Payment Instruments which will transpose Directive 2009/110/EC;
Adoption of the Rules of Interbank Payments System for KIPS (Kosovo Interbank Payment System).

Implementation of IBAN standards for bank accounts and national payment transactions such as:
- Implementation of adequate algorithm and verification of account accuracy.
- Introduction of IBAN control
- Adaptation of “core” systems in commercial banks
- Approximation with ATS standard

The new payment system (ATS / RTGS + ACH), will be implemented according to ISO 20022 with the support of the World Bank. Consequently bank accounts in commercial banks' systems and KCB systems will be adjusted technically and legally. The new “ATS” system will completely replace the existing “EICS” system as the sole clearing system for payments in the country, up to this time.

**Prevention of money laundering and financing of terrorism**

The following activities will be implemented in short-term period:

- Adoption of the Law on Prevention of Money Laundering and Combating the Financing of Terrorism;
- Adoption of the new Regulation on Prevention of Money Laundering and Financing of Terrorism for Financial Institutions;
- Conducting of a risk assessment of the sector for the most sensitive sectors to money laundering and terrorist financing;
- Creation of a working group to draft a decision regarding the consolidated list of individuals and entities belonging to or associated with the Taliban and the Al-Qaida, in line with the list created and maintained by the UN Security Council (Resolution 1267 of the United Nations Security Council);
- Approval of the decision by the Government of the consolidated list of individuals and entities belonging to or associated with the Taliban and the Al-Qaida, in line with the list created and maintained by the UN Security Council (Resolution 1267 of the United Nations Security Council);
- Increasing the operational cooperation of FIU’s partners and local and foreign counterparts aiming to prevent and detecting money laundering and, to confiscate incomes from crime.
- Implementation of the activities of the National Strategy and Action Plan of the Republic of Kosovo for Prevention and Combating of the Informal Economy, Money Laundering, Financing of Terrorism and Financial Crimes 2014-2018, where FIU has primary responsibility or support role;
- Provide training to banks, municipal cadastral offices and notaries;
- To strengthen the capacity of the Financial Intelligence Unit through special training of staff, with a particular focus on the fight against organized crime, operational and strategic analysis, etc. Through this way they will gain knowledge from experts of the countries with experience in fighting organized crime;
- FIU in collaboration with sectoral supervisors on a regular basis will follow the updated indicators to reporting entities and will issue and follow international list of countries, persons and organizations that could potentially be subject to money laundering and terrorist financing;
- Campaign to raise awareness for the declaration of cash above the threshold set by law at entry / exit border points;
- Implementation of compliance oversight activities to assess compliance of subjects with the Law on Prevention of Money Laundering and Financing of Terrorism.
Midterm 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 will be regulated.

**Payment system**

In midterm period, within the Strategic Plan 2015-2019, KCB has planned the following for the payment system:

- Improvement of regulations and reporting methodology of the payment system instruments (2017);
- Harmonization of Policies and Standards for Oversight of Payment Systems, under the principle of CPSS-IOSCO, ECB Regulation on oversight requirements for systemically important payment systems and Revised oversight framework for retail payment systems (2019);
- Implementation of Directive 2007/64/EC on Payment System (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 strengthened 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.

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.

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.

Payment system
Kosovo Central Bank is beneficiary of the project for the development of the new interbank payment “ATS / ACH + RTGS” supported technically and financially by the World Bank. The purpose of the project is implementation of a new system of interbank payments, called ATS (Automatic Transfer System that contains two modules: 1. Real Time Gross Settlement System (RTGS) and Automatic Clearing House (ACH)). This system will minimize risks of payment system, increase efficiency and security in the payment system and will be in accordance with international standards. The total budget for the implementation of this project is 1,870, million USD, of which 1,270 million EUR for software and hardware, and the rest for interconnecting systems at KCB and outside KCB (the participating institutions, 10 commercial banks, Treasury / MF, Kosovo Pensions, etc.).

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 2015 Kosovo Report requires the legal framework to be amended in order to be in line with European Union standards. Concretely, the law on public procurement still favours national bidders, which needs to change. Kosovo needs to further strengthen the capacities to ensure proper functioning of the public procurement bodies, especially through timely nomination of relevant board members. It is required that the implementation of procurement processes is improved, through appropriate use of tendering procedures, centralized purchase, and electronic procurement development. In the context of policies, the strategy and action plan 2015-20 need to be adopted.

The report still considers as concerning the capacity limitations, corruption investigation as well as nomination to the Board of OSHP. Currently, only three out of five members are nominated, which seriously limits the functioning of this institution, including the review of high value and complex procurements. Hence, it is required that the implementing capacity is strengthened at all levels so as to ensure implementation and enforcement.

**Current Situation**

**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.

Regarding the subsidiary legislation for the implementation of the Law on Public Procurement, it consists of a total of 81 acts under the law, including A01 Regulation on Public Procurement and A02 Operational Guidelines for Public Procurement and standard documents to be used for development of public procurement activities.

Law on Public Procurement is currently in the process of change. The main changes consist in removing the preference in the price included in the amendment of 2014, basic provisions for security and creation of the legal basis for electronic procurement. Relevant directives in the area of public procurement which will be partially transposed with the amendment of the law are:


The legal framework is generally in line with EU standards, and is not discriminatory, exempt for the preference to local bidders in tenders where the criterion of the most economically advantageous bid and lowest price offer is applied. These preferences constitute violations of the Acquis and EU standards in this area but will be eliminated by the changes to the law which are being made at the time of preparing this program.

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 staff skills and competencies.

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.

**Short-term measures**

In the short term period, the focus will be mainly on the legislative measures by undertaking the necessary preparatory steps and institutional in line with the SAA provisions.

EU legislation which will be transposed partially by amending the Law on Public Procurement No. 04/L-042, are:
- Directive 2007/66/EC on legal remedies,
- Directive 2009/81/EC on defense,

The focus during the short-term period will also be on reforms of institutional capacity, policy framework and implementation and enforcement including:
- Approval of the National Public Procurement Strategy (2015-2020),
- Adoption and implementation of the Action Plan (2016), issued by the PPRC to monitor procurement activities.
- Application of the platform for e-procurement system,
- Issuance of the operational guidelines for e-procurement,  
- Training for e-procurement for all public officials,
- Integration of e-procurement system on the website of the PPRC,
- Administrative capacity building, basic and advanced level training.

**Midterm 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 subsidiary 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 National Public Procurement Strategy (2015-2020),
- Drafting of subsidiary legislation in accordance with the changes after the amendment of LPP,
- Increase of the quality of training for Public Procurement.

**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 activites:
• 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).

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.


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 requirements of the EC 2015 Kosovo Report, it points 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.

In the area of financial reporting and auditing, it is required that the law on accounting, financial reporting and auditing is adopted. As regards the audit structures capacity, they need 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 also the issue of Kosovo legislation with the international standards in accounting and financial reporting.

**Current Situation**

**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 current Law on Business Organizations defines the types of businesses which can develop commercial activities in Kosovo, establishes the conditions applicable to 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 dissolution of the regular and effective business organizations.

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.


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 KCFR, 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.


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 integration\(^{32}\), 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.

**Short-term measures**

In order to fulfil the obligations deriving from the SAA and other documents and mechanisms of EU accession within the areas of Chapter 6, the Law on Commercial Companies will be amended, aiming to transpose the *Acquis* of these acts:

- Directive no. 2011/35/EC on merger of public companies with limited liability;
- Recommendation of the Committee for amending the recommendation no. 2004/913/EC and Recommendation no. 2005/162/EC on the regime for the remuneration of directors of listed companies; and

Also during this year, the Law on Bankruptcy is being drafted. This law will regulate framework that deals with bankruptcy and insolvency of companies, provisions for protection, liquidation and distribution of the bankrupted debtor’s assets to creditors and provisions for restructuring and debt relief for commercial companies.

As regards the Law on Accounting, Financial Reporting and Auditing, it will be harmonized completely with the Directive 4 (on the annual accounts of certain types of companies) Directive 7 (on consolidated accounts) and Directive 8 (on the approval of persons responsible for carrying statutory audits) of the European Council.

Three one-stop shops in municipalities with Serbian majority will be established. Training of staff will be organised to functionalise these one-stop shops, in order to strengthen their capacity.

\(^{32}\) For further details, see chapter 20 on policies of entrepreneurship and industry.
In order to improve the business environment, it is anticipated that in 2016, business registration number will be unified into a single ID, which will eliminate the current four numbers from Kosovo Customs, TAK and KBRA and in this way the business number will be the primary number.

Midterm priorities

In order to fulfil the obligations deriving from the SAA and other documents of accession mechanisms in the EU within the scope of Chapter 6, the focus during the period 2017-2020 will be in following priorities:

- Development and full functioning of online business registration.
- Full functioning of the one stop shops (including opening and functioning of the one-stop shop services in the north).
- Upon approval of the Basic Law on Accounting, Financial Reporting and Auditing, transposition of the EU directives relating to financial reporting.

Donor support

Kosovo Business Registration Agency receives support by USAID, as part of the project Partnership for Development on terms of reference for analysis of work processes and analysis how to unify the number. A budget of 10,000.00 Euros is foreseen. This project aims to increase and improve business environment for private sector development in order to increase employment opportunities in Kosovo.

KBRA is also supported in the preparation of the new law on commercial companies from IFC. A budget of 10,000.00 Euros is foreseen. The IFC project for investment climate in Kosovo and the advisory project for reform based on indicators provide advisory services to help strengthen private sector development in Kosovo and are managed by the Department of IFC for Europe and Central Asia.

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 and designs (Directive 2008/95/EC) and partially harmonized rules for patents (conditions for obligatory licensing of trade patents). For the patent system in the EU it 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 regulates 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 certificates offering the invention authors additional protection in the events the patent is covered by the administratively authorized marketing that does not allow for full benefits from the use of patent (particularly in the area of pharmaceutics, plant production, 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

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33 Supplementary protection certificates (SPCs).
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 Rights 34.

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 regulations of the EU, and secondly, 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 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.

34 TRIPS
The EC 2015 Kosovo Report, highlights that Kosovo needs to develop its legal framework in order to implement the SAA obligations. The law on customs measures needs to be adopted and be in line with the EU regulation. With regards to institutional capacity, it is needed to appoint the Director of the Agency on Industrial Property Rights and to address the backlog of cases for application in the Agency. The cooperation among institutions for law enforcement needs to further be strengthened.

Efforts to ensure the implementation of the intellectual property rights need to be multiplied. Specifically, there needs to be greater efforts in ensuring enforcement, by including legal measures which are realistic and effective undertaken by copyright holders and better coordination among involved institutions. There needs to be implementing provisions in the private schemes on author rights from digital piracy, which are essential for legal enforcement. There need to be efforts in awareness-raising. Police needs to establish a separate unit on intellectual property rights.

Current Situation

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 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,

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:


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:

Law on Geographical Indications and Designations 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 is 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;

Law on Copyrights and Related Rights no. 04/L – 065 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 2001/84/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;

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;
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.


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 (IPA)** 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.

**Short-term measures**

In order to fulfil the SAA obligations and other EU accession related documents and mechanisms within the areas of Chapter 7, the following short-term measures that address the institutional reforms and institutional capacities, policy framework and implementation in practice will be implemented:

- Approval of amendments to the Law on Customs Measures that will harmonize the law with Regulation (EU) No. 608/2013 of the European Parliament and the Council, which deals with customs enforcement of intellectual property rights
- Development of Intellectual Property Strategy for 2016-2020,
- Meetings of the State Intellectual Property Council;
- Task Force actions and meetings;
- Drafting legislation for implementation (AI) deriving from basic laws
- Provision of regular recommendations to the government of IPR through regular meetings of the Intellectual Property Council;
- Increasing the capacities of the IPRA, through the recruitment of the Agency Head;
- Awareness activities for intellectual property;
- Training in the area of industrial property, digital piracy, for the authorized representatives of industrial property, for the representatives of collective associations, officials for the promotion of industrial property rights, training for new representatives for the representatives of the Task Force against Piracy;
- Continuous customs activity;
- Actions undertaken by the taskforce against piracy;
- Reviewing API decision appeals.

**Midterm 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 2017-2020 will be in the following midterm priorities:

- Capacity-building of intellectual property institutions;
- 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;

Donor support

Technical support project "Strengthening the system of IPR in Kosovo, funded by the EU and managed by the EU Office in Kosovo and implemented by Pohl Consulting and Associates in cooperation with the Danish Patent and Trademark Office has started 5 in February 2013 and after a prolonged period of 6 months it ended finally on 04 November 2015.

- Support in this area is expected to continue in the following period within the Sectoral Planning Document "Competitiveness".

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.

The 2015 EC 2015 Kosovo Report considers that the Competition Authority is not operational. From the perspective of SAA implementation, priorities for the Competition Authority should be human capacities and adequate working space that will provide the functionality of this institution. The document notes that despite further approximation of some articles of the Law on Protection of Competition with the EU legislation, implementation of legal framework for competition is weak. 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 hamonised 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 2015 EC Kosovo Report assesses that the Kosovo Competition Authority is not functional. It is required that the members of the Kosovo Competition Authority are appointed. The document highlights that the staff, premises and training for the Authority are adequate, and to restart the implementation as soon as possible. Cooperation between KCA and other regulatory bodies needs to be strengthened.

As regards anti-trust and merger policies, still there is no implementation of the subsidiary legislation as part of the Law on Competition.

With regards to state aid, it is required that the law on state aid be amended, especially to ensure independence and impartiality for the State Aid Commission. Also, it is required that the law starts being
implemented without further delay. The office of state aid needs to be complete with staff and have capacity to review current aid schemes.

**Current Situation**

**Legal Framework**

**Competition**

The basic legislation the area of competition consists in the Law No. 03/L-229 for Protection of Competition as amended/supplemented in 2014. This law defines rules and measures for the protection of free and effective competition in the market, competence, organization of the Authority for the Protection of Competition and the procedures for implementing 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 Competition Law 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 carries out its activities through the work of 11 civil servants. Lack of workspace prevents the hiring of six more civil servants, which undermines and limits the functional capacity of the Authority.

**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 for receiving, analyzing and monitoring of notifications and other data on aid schemes. Since its establishment, the Office operates with limits 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 are only two officers with contractual relationship. One of the main causes of three 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 competition policy.

While, within the development of the Sector Competitiveness Planning Document, which also involves the field of competition, the support to the ACA is planned through the technical assistance support. This support will encourage the approximation and implementation of legislation, as well as issues related to administrative capacity and human resources. Furthermore, and in order to address some of the immediate needs for the year 2016, discussions with the EU Office are underway aiming to launch a so-called “twinning light” project for this year. This is still an initial idea which remains to be further developed in coordination with the EUO and local institutions. An essential precondition to receive further Donor support is the functionality of the ACA, namely the completion of the Competition Commission with commissioners.

**Short-term measures**

**Competition**

In the short term span, the focus will be on a limited number of legislative and administrative measures necessary for the functioning of the activities of ACA. In legal terms, prohibited agreements are regulated by competition law (Article 4) including group exemptions (Article 5). Consequently, it is natural and a priority that the group exemptions be regulated by special regulations as quickly as possible and in line with EU rules. This consists in transposing the following Council and Commission Regulations:

- On the group exemptions for horizontal agreements, transposing the Council Regulation (EEC) No. 2821/71 of 20 December 1971 on the application of Article 81(3) (formerly Article 85(3)) of the EC Treaty to categories of agreements, decisions and concerted practices; and
- On the group exemptions for vertical agreements, transposing the 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

Regarding the institutional capacity in the short term, the focus will be on improving the functional capacity of the Competition Authority. This involves firstly providing adequate working space and employment of professional staff as foreseen by the organizational chart and budget. Furthermore, the development of a vocational training program for staff is needed, but this issue will be a priority over the medium term. In 2016, the focus of the training will be in the area of market surveillance, more precisely, a specialization in the area of agreements, concentrations and dominant position, as well as investigation and analysis of the market as one of the key areas of activity of the Authority. Because of the limited budget, training is projected to be provided under the assumption that resources will be made available by donor projects.

**State aid**

The overall objective of the priority measures in the short and medium term is the development of an effective system of state aid by taking the necessary preparatory steps in the legislative and institutional fields, in accordance with the provisions of the SAA.

In the short term, the priority is the harmonization of the legal framework with the *Acquis* based on the provisions of the SAA, the development of administrative capacities and taking initial steps towards
establishing a system of state aid monitoring. The law is currently under the amendment procedures, which among others, will result in a better approximation with the EU’s basic legislation in this particular field. The draft law on state aid is expected to be approved during 2015. The law transposes basic principles of the primary legislation of Acquis (articles of the Treaty for the Functioning of the EU). The law will also regulate the institutional framework for the control and monitoring of aid, creating the inventory and reporting of state aid. Since the basic law contains neither the substance of the state aid rules nor the criteria for evaluating the compatibility of certain aid categories, it is necessary to develop and approve a subsidiary legislation for implementation of the basic law. Such a subsidiary legislation shall transpose some of the principal elements of the EU’s legislation of horizontal and vertical aid, block exemption, and some of specific instruments of aid, which are required for the implementation of the Kosovo’s primary law. Similarly, after adopting the law it will be necessary to review current regulations in order to be harmonized with primary law and to define as well as develop the procedural aspects (Regulation No 1/2012/MF for procedures and format of notification of state aid).

Apart from the regulatory aspect, it is a priority to take measures to improve the administrative capacity to ensure effective functioning of the state aid. In the short term it is necessary to ensure the necessary staff for the Office of State Aid. This staff must be trained in 2016, first of all in basic principles, procedures and functioning of the state aid. Because of the limited budget, training is projected to be provided under the assumption that resources will be made by donor projects.

In order to implement the legislation, OSA in 2016 will begin the creation of the list of the state aid granting institutions (established before the entry into force of the Law) that would then serve for the development of existing aid schemes in line with the terms defined in the SAA. Establishment of an inventory represents the basis for subsequent review and monitoring of state aid. Another important step for the implementation of the legislation is the collection of data on state aid granted currently, including new initiatives that have elements of aid. To kick off with this process it is important to establish a standard form for collecting data and start the notification procedures. This information, among others, will also serve to prepare the annual report on state aid.

Midterm priorities

Competition
From the legislation point of view the 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 the law enforcement procedures, “fair”, “open” and “predictable”. 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
- Adoption of specific rules for the sectors of the EU,
- Transposition of the “Directives for mergers” and the implementing regulations into the national legislation.

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,
- 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:

- Development and further approximation of legislation with that of the EU, and effective implementation
- Development of the state aid monitoring mechanisms
- Zhvillimiisistemitinformativpërmonitorimin e ndihmështetëtore
- 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 2015 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. Moreover, the report points out that the market of financial services is still at an early phase of development.

**Current Situation**

**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;
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.

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 asLaw on Motor Liability Insurance)
- Regulation No. 2001/25 on Licencing, Supervision and Regulation of Insurance Companies and Insurance Intermediaries (hereinafter referred to asRegulation 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.

Regulation No.2001/25 was promulgated in 2001 by the United Nations Interim Administration Mission in Kosovo (UNMIK), establishing a legal regime for the licensing, supervision and regulation of insurance companies and insurance intermediaries by the Banking and Payments Authority of Kosovo (legal predecessor of the CBK). The said Regulation has set the criteria and deadlines for licencing of insurance companies and insurance intermediaries; it established the prohibition that no one can be engaged in insurance company business or of the insurance intermediaries business in Kosovo if no licence was issued by the supervisory authority.
In order to harmonize and approximate the legislation in the area of insurances with that of the European directives, the Draft Law on Insurance was drafted, which is now at the final stage of approval by the Assembly of the Republic of Kosovo. This draft law is partially harmonized with the European Directive 2009/138 EC of the European Parliament and the Council dated 25 November 2009 on establishing and continuing of the insurance and re-insurance business activities (Solvency II) and the European Directive 2002/92/EC of the European Parliament and the Council dated 9 December 2002 on insurance intermediaries. The Draft Law sets the basis for further approximation with the Acquis of the EU. This draft law regulates principles and basis regulations for licencing, supervision of insurers, re-insurers, insurance intermediaries and other relevant subject, 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 policyholders.

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.

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.

Adopted regulations based on Law on CBK and Law on Pension Funds on Definition of the Conditions and the Criteria for Withdrawal of Funds from KPST

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;

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.
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 and 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 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 Kosovo 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 centers 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 Center 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.

Pursuant to the Strategic Plan 2015-2019, KCB, among others, aims the following:

- Development of supervisory functions in accordance with modern practices and standards;
- Development of modern interbank systems in the Republic of Kosovo;
- Promote the development of sound financial system in the Republic of Kosovo; and
- Contribution to the process of the EU integration and the cooperation with other international institutions.

Short-term legal measures for approximation of the legislation 2016

**Regarding the banking sector the following are planned:**

- Approval of the Regulation for recognition of external credit ratings agencies;
- Approval of the regulation for the interest rate risk management in the banking books;
- Approval of amending the regulation on large exposures;
- Approval of amending the regulation on credit risk management;
- Amend the regulation for emergent support with liquidity.

These regulations are foreseen as short-term legal measures in view of approximation of the legislation with CRD IV and CRR. Some of these legal measures are presented as priorities in the 2014 Progress
Report for Kosovo, and are part of the actions deriving from SAPD. One of them is the adoption of the Law on Microfinance institutions and nonbank financial institutions, which is currently under review by the Committee on Budget and Finance of the Kosovo Assembly.

**Regarding the insurance sector the following is foreseen:**

- Issuance of regulation on Solvency I;
- Amendment of regulation on reporting of insurers;
- Amendment of the regulations relating to the licensing of insurers and insurance intermediaries.

During the drafting of amendments to regulations for the licensing of insurers and insurance intermediaries the basis will be on the principles set by the European Directive (2009/138 EC and 2002/92/EC) dealing specifically with suitability of shareholders, board members directors and senior managers and verification of the origin of share capital.

**Regarding the pension sector the following is foreseen:**

Since the entry into force of the Law on Pension Funds, KCB is continuously engaged in developing a regulatory framework conforming to the requirements of this law. At the same time, it is planned that in the short term some of the rules will be amended in order to harmonize the requirements of the law with the *Acquis* in the area of pensions. The following regulations are foreseen to be amended in 2016:

- Regulation on Pension Assets and Valuation of Pension Assets
- Regulation on the Custody of Pension Assets
- Regulation on Investment of Pension Assets
- Regulation on the Amount of Pension Contribution

Midterm legal measures for approximation of the legislation 2017-2020

**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.

Short-term implementation measures for 2016 - as regards the banking sector, the following are foreseen:
• **Improving the reporting framework for banks, MFI's and NBFI's**

On March 16, 2015, the build up of the “Off-Site Regulatory Reporting Software (ORSS)” software has started, which will ensure bank reporting to the KCB. This project is supported by the World Bank. This project is expected to be completed within six months and it also includes staff training for KCB, banks, MFI's, NBFI's on how to use the software for reporting to the KCB. Further, the KCB established a new reporting framework (new reporting formats) adopted in compliance with International Financing Reporting Standards (IFRS) and in compliance with regulatory requirements, including the reporting manuals. The new reporting framework is expected to be implemented in line with progress stages of software building, while it is planned that the complete new reporting will take place during 2016. This will help the CBK to improve internal analysis of early warning mechanisms that will have an impact in a more appropriate oversight of all financial institutions supervised by the CBK.

• **Amending the Manual for Bank Liquidations**

In order to prepare the necessary procedures for implementation of the requirements deriving from the Law on Banks concerning the resolution of troubled banks, including the administration and liquidation of banks, KCB plans in 2016 to finalize the completion of the manual for the liquidation of banks, aiming to clarify operational actions by appointing responsible persons and definition of procedures in the event of crises that may arise from troubled banks.

Regarding the **Deposit Insurance Fund**, the strategic goals of the DFIK for 2016 are outlined below:

- Activities planned for 2016: Implementation of Compensation System for depositors (software) and simulation testing with member banks to full operational readiness in case of an insured event.
- Activities planned for 2016: Advancing the framework of cooperation and coordination with KCB in the areas necessary for the fulfilment of the institution's mandate: 1) Review of current cooperation framework and the development of a new framework of cooperation; 2) Technical amendments and supplements to the Memorandum of Understanding with the KCB for the inclusion of other areas of cooperation; 3) Creating an annual screening program "onsite" (on deposit insurance topics); 4) Finalization of contingency plan in accordance with the recommendations of the technical assistance mission to the IMF.
- Activities planned for 2016: Implementation of the provisions of the DIFK Rule to inform the member clients: On 01.01. 2016 deposit insurance limit will be raised from 3,000 euros to 4,000 euros; DIFK will supply the banks with leaflets with basic information for depositors.

Regarding the insurance sector the following is foreseen:

• **Application of supervision for risk-based insurers.**

In order to apply an effective supervision of insurers with proactive approach during the examination of insurers the draft manual for an on-site supervision was prepared, by which the KCB will apply a risk-based supervision approach. The On-Site supervision manual represents a new approach on supervising insurers with key focus on greatest risks the insurers are exposed to, reinsurance coverage, etc. As part of examination procedures the manual includes part before, during and after the examination.

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• **Enhancement of the reporting framework for Insurers**

On March 16, 2015, the build up of the “Off-Site Regulatory Reporting Software (ORSS)” software has started, which will ensure bank reporting to the KCB. This project was supported by the World Bank. Initially, the KCB in cooperation with PricewaterhouseCoopers company established a new reporting framework (new reporting formats) adopted in compliance with International Financing Reporting Standards (IFRS) and in compliance with regulatory requirements, including the reporting manuals.

The new reporting framework is expected to be implemented in line with progress stages of software building. At this stage the insurers were asked to commence with preparations by adapting their software towards information generation against the new reporting formats.

**Regarding the pension sector the following is foreseen:**

• **Manual on supervision of pension funds**

In order to enhance the supervision of pension funds and in order to increase efficiency in surveillance activities of pensions the draft manual on supervision of pension funds was prepared. The draft Manual presents a new approach to the supervision of pension funds with main focus on the major risks to which the pension funds are exposed, by allocating thus the human resources and time. Main objective of the On-Site pension supervision is to guarantee security of funds collected in pension accounts and to guarantee compliance of the pension fund activities with laws regulating the pension activities. The manual comprises with all procedural stages of examination, such as preparatory examination period, during examination and final stage, which is the Final report. The draft manual is expected to be implemented during 2016.

• **Reporting software for Financial Institutions**

On March 16, 2015, the build up of the “Off-Site Regulatory Reporting Software (ORSS)” software has started, which is supported by the World Bank. This project is expected to be completed within 2016 and it also includes staff training in terms of software use and reporting to KCB.

**Midterm implementation measures**

**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 for 2015-2017 are outlined below:

- Enhance organizational and technical capabilities to achieve full operational preparedness and readiness to fulfil efficiently deposit insurance mandate – This involves Development and implementation of the depositor compensation system, which will ensure a prompt and accurate compensation of insured depositors. Data submission by the members banks to the DFIK on the determination of insured deposits will be set by the rule which is expected to be drafted and finalized in 2016.
• 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 fulfillment of the mandate.

• Increase of public awareness through continued and effective communication - The European DGSD requires that the institution’s name and coverage level are included in the depositor account statement for existing customers. Whereas for new customers, there is the requirement that this information is provided in writing where the customer is obliged to sign a receipt as an acknowledgement. All these requirements are set by the Information Regulation which is still in force.

• Advance differential premium system and reporting by banks – By LDI DIFK implements differential premium system which enables to assess the risk exposure to the DIF and is based on KCB’s examination rating. The European Directive and EBA’s Technical Guidelines will be the basis for advancing differential premium system.

• Achieve compliance with the Revised Core Principles - In May 2015, DFIK carried out an assessment on compliance with Core Principles in cooperation with IAIDI and the final report is expected. Recommendations from the assessment will be the basis for further advance of the secondary legislation on deposit insurance.

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;

• **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;

• Training of staff in the area of pension consolidated supervision;

• Analyse 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 Acquis 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 Progress Report, concerning the area of electronic communications, information society services, and audio-visual policies, the challenge remains that Kosovo still does not have its own country code and continues to use three different codes for fixed and mobile telephony. Overall, as stated in the Progress Report, Kosovo needs to continue efforts to complete the legal framework in this area. It is still at a very early stage of harmonisation with the information society and media acquis. Regulatory bodies need to be strengthened. The independence and capacity of both the telecoms regulator and the media regulator have been challenged by political interference and lack of resources. In addition, the Independent Media Commission needs to demonstrate it can carry out its tasks. As a matter of urgency, Kosovo needs to implement the digital switchover and to develop a solution for sustainable funding of the public service broadcaster, RTK.

SAPD requirements
As regards the requirements of SAPD concerning the area of electronic communications, information society services, and audio-visual policies, it is planned to supplement the subsidiary legislation in accordance with Law on Electronic Communications. In this context, it is required to complete the legal and strategic framework further, to adopt and ensure the effective implementation of the Strategy and the Law on digitalization, and further harmonization of legislation in the area of audio-visual policy with the Directive on Audio-Visual Services (AVMSD). Moreover, the SAPD also requires ensuring that the channel of RTK in Serbian language is broadcasted off cable platform with the launch of digital terrestrial broadcasting by RTK. Also, the SAPD requires exploring possibilities to develop compatible statistics with Eurostat in the area of ICT and information society. In addition, among other requirements of the SAPD is also the creation of the Coordinating Committee for the ICT sector under the Economic Development Council; adoption of the Kosovo Strategy for Information Technology (IT Strategy Kosovo);
continuing with implementation of protective mechanisms of competition in the area of electronic communications; reporting the number of decisions taken to resolve disputes; and providing prescribed number of staff for Computer Emergency Response Team (CERT). And in terms of building the institutional and professional capacities, the SAPD drew the recommendation to ensure adequate staff and continue strengthening administrative capacity in the area of information society and the Digital Agenda policy, and to ensure effective cooperation between the relevant government bodies (MED MAP, RAEP).

Electronic Communications

Legal and Policy Framework


As regards the completion and approximation of the secondary legal framework with the EU acquis, RAEP 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 no376/2002/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 Electronic Communications;
communications networks and services (Framework Directive), as amended by Directive No. 2009/140/EC, dated 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.

**Short-term measures**

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).

In connection with subsidiary legislation, RAEPc plans to finalize all regulations for implementation of the Law on Electronic Communications by the end of 2016, respectively, to approve following regulations:

- AI on conditions needed to be met by electronic trade service providers;
- Preparation and approval of regulation for net neutrality;
- Preparation and approval of regulation for determination of minimum requirements for quality services (USO);
- Amend and Supplement the Regulation on National Numbering Plan (which will be made after receiving the state telephone code);
- Preparation and approval of regulation for Transferability of Numbers; and
• Preparation and approval of regulation for internet code, ccTLD.

As part of the implementing measures aiming to increase technical and professional capacities in the area of electronic communications, it is planned during 2016 to strengthen the capacities through advanced training in the following areas: development of broadband infrastructure, analysis and the market regulation, managing limited resources, and digital frequency. In addition, the independence from the government interference and capacity of RAEPC shall be strengthened, while the challenge remains concerning the low wages and the low budget.

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 $.

Midterm 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 project for the establishment of fixed monitoring stations with radio frequency spectrum at the national level, the project for monitoring the quality parameters of internet access; and the project for an on-line access to the database of RAEPC in order to compare fees between providers of electronic communications services. According to the MTEF 2016 - 2018, the total budget planned for RAEPC is significantly lower than the planned and approved by the Board of TRA, 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.

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,

Regarding the role and institutional responsibilities in the area of information society, the Ministry of Economic Development proposes, prepares and ensures the implementation of legislative documents, policies, strategies. Moreover, it identifies, proposes and sets the standard for information technology at the national level as well as information technology and innovation support.

On the other hand, the Ministry of Public Administration (MPA), respectively Agency for Information Society proposes and coordinates all policies related to information technology and communication in the institutions of Republic of Kosovo, prepares and ensures the implementation of the strategy of e-government and relevant action plan and implements a range of important activities related to the information society.

**Short-term measures**

Within the framework of the implementation activities for 2016 in the area of information society, MED is scheduled to begin in 2016 with a pilot project for data collection: Statistics on the use of ICT and electronic commerce (e-Commerce) by the enterprises based on standardized questionnaires to Eurostat.

Meanwhile, the Agency for Information Society 2016 plans to adopt Electronic Governance Strategy 2016-2020, which aims to provide guidelines and instructions necessary to facilitate the efficient and secure management of the application of Information Technology in state institutions in order to improve the delivery of public services and to achieve the development objectives. It is also planned to develop a framework for information security based on ISO - ISMS; development of project management methodology based on the standard PRINCE2; and the creation of government sector CERT (computer emergency response team). The standards outlined above will be realized in cooperation and coordination with the World Bank.

In addition, within the framework of institutional capacity building the establishment of the Coordinating Committee for the ICT sector under the Economic Development Council is planned, and the adoption of the Kosovo Strategy for Information Technology (IT Kosovo Strategy).

Regarding the technical and professional capacity building in the area of information society, it is planned to strengthen the capacities through advanced training in the following areas: broadband infrastructure development, e-commerce (e-commerce), e-Skills (e-Skills), analysis and market regulation, management of scarce resources and digital frequency.

**Midterm priorities**
Regarding the implementation of planned activities within the medium-term priorities 2017-2020, in the context of drafting the strategic documents, programmes and plans in the area of information society the following documents are expected to be adopted:

- Drafting and approval of the National Strategy for Information Technology; and
- Drafting the Strategy for Cyber Security.

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 Center.

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.

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.

**Short-term measures**
In the context of planning legislative acts in order to approximate further the legislative framework with EU legislation (AMSD), namely the transition from analogue to digital terrestrial broadcasting, the IMC plans to draft following regulations:

- Regulation for licensing;
- Drafting the documentation package for licensing of the media content providers;
- Regulation for categorization of content providers and MUX;
- Drafting the documentation package for licensing of the multiplex operator
- Drafting the regulation for determination of a must-carry rule;
- Regulation on the level and payment of license fees for program content providers and MUX operators;
- Regulation of media ownership and prevention of media concentration;
- Regulation for the evaluation of applications for licensing of content providers;
- Regulation for evaluation of applications for MUX licensing;
- Regulation on setting the criteria for the program contents in a Multiplex;
- Regulation on the establishment of a fund for incentive programmes;
- Regulation for Logical Numbering of Channels (LNC);
- Regulation on Electronic Program Guide (EPG) and Interactive Program Guide (IPG); and
- Regulation for defining standards and parameters for the digital television signal receiver (setupbox).

As regards the adoption of strategic documents in order to effectively implement the EU Acquis in the area of audio-visual policy, IMC has submitted to the Government for approval the Strategy for transition to digital terrestrial broadcasting, which will set out, in a comprehensive manner, the process of transition of analogue terrestrial television broadcasting in digital terrestrial broadcasting in full compliance with the standards of the International Telecommunication Union (ITU) and the European Commission.

In the context of taking steps to increase technical and professional capacities in the area of audio-visual policy, IMC plans, through the TAIEX instrument, to prepare its officials to the new challenges that are expected to arise due to digital broadcasting. Meanwhile, strengthening the independence and capacity of the IMC from government interference remain crucial issues, including wage increase, currently assessed to be low, and increase of financial viability.

**Midterm 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.

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.
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, particularly 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*.

Obligations deriving from communication with the EC in the process of the meetings of Stabilization and Association Dialogue include the continuation of amending the primary and secondary legal framework within the sector. During recent meetings, special emphasis has been given to the protection of land and a further strengthening of cooperation with municipal authorities to clarify the implementation of legislation on land use, protection and consolidation. Reducing pollution of land and the establishment of a system for regular monitoring and measures taken in this regard should be considered. Also, increasing the grant scheme, the review of the payment scheme (delays in reimbursement) and cooperation with civil society are some of the key requirements outlined in SAPD meetings.

The 2015 EC Kosovo Report, point 5.2.2, the EC has identified a number of challenges. A challenge remains the insufficient staff in the Agency for Agriculture Development (AAD) so as to ensure adequate monitoring and swift payment proceedings. Also, an audit unit needs to be established as part of the AAD. Aiming at preserving the arable land, continuous efforts are needed so as to stop the illegal change of destination, which is an obstacle to the implementation of the Law on spatial planning. During next year, Kosovo will need to improve land consolidation so as to ensure arable land rationalization, creation of a transparent land market and enforcement of sanctions. With regards to trade exchange, there is still discrepancy in the agriculture statistics, between Eurostat and national statistics. Kosovo lacks the minimal cross-compliance measures in the food safety, animal welfare and health as well as environment.

*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. Through its mandate, the MAFRD with particular emphasis on creating conditions for the development of the agricultural sector has made progress in the approximation of national legislation with the *Acquis*, mainly in the area of Agriculture, Forestry and Rural Development as the national legislation was approximated with a large number of directives and regulations of the EU:


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

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 supersedesthe regulations (EC) Nr.1290 / 2005, (EC) Nr.247 / 2006 (EC) Nr.378 / 2007 and repealsthe 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.

Ministry of Agriculture, Forestry and Rural Development is the main institution which deals with the formulation of policies and legislation in the area of agriculture including plant production, animal husbandry, use of agricultural land in its protection, and rural development, food security and forestry. Within the MAFRD are two agencies: Forestry Agency of Kosovo (PAK) and the Agency for the Development of Agriculture (ADA), eight departments (Department of Finance and Common 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 the Department for European Integration and Policy Coordination), as well as Kosovo Agricultural Institute in Peja. MAFRD employs in total 353 employees.

**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.

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 2007-2013 remains the main one 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 and support of less favoured areas. The strategy stipulates safe methods of sustainable agricultural production that generate employment and job opportunities, as well as preservation of natural resources and heritage. This strategy is based on: Council Regulation 1698/2005, the European Agricultural Fund for Rural Development (EAFRD), and consists in 4 pillars and 8 columns.

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.

An important role in Chapter 11 to develop the sector still has Strategy Advisory Service for Agriculture and Rural Development from 2012 to 2016. The aim of the strategy is to advance the Advisory Service for Agriculture and Rural Development, identification of requests for advisory services and their selection through the network advisory services, and consulting services, as well the organization of consulting services in central and local levels.

Budget spent under the support measures through ARDP 2007-2013 was EUR 82,642,382.86. For rural development projects / capital investments in total 48,017,257.86 million were provided, while direct payments amounted to 34,625,124.90 million (or 58% was spent on rural development projects and 42% was spent on direct payments / subsidies). While in 2014, the share of the agricultural budget to the general budget has been increased to 1.71%.

The European Union is the largest donor for Agriculture and Rural Development in Kosovo. Support by the EU covers the construction of institutions, grant schemes for farmers and the food processing industry and support to the NGO sector. For the period 2007-2012 under the IPA 2008, IPA 2009, IPA 2010 and IPA 2011 implemented 45 projects in the area of Agriculture and Rural Development. In 2009 based on the grant scheme funded under IPA, followed by projects IPA 2011, IPA 2012 and IPA 2013 and IPA II with about 50 million budget. World Bank through the Project for Agriculture and Rural Development has helped the Government of Kosovo to promote competitiveness and growth in livestock and horticulture sub-sectors over the next decade through implementation of measures selected from agricultural and institutional development strategy.

Agriculture and rural development sector has been also supported by other donors such as the Austrian Development Agency (ADA) through the Project to Support Development of Agriculture in Kosovo (2011-2016) with approximately 2,000,000.00 Euros; Danish International Development Agency (DANIDA), in 2013-2014 has supported the agricultural and rural development with € 6,170,801.00. Additionally, the USAID through the project - New Opportunities for Agriculture (NOA), during the period from 2011 to 2015, has supported the agricultural sector with a total of EUR 15,900,000.00. The German Government (GIZ) Project "Competitive Fund for Horticulture" has supported the horticultural sector with 1,000,000.00 Euro.

Short-term measures

MAFRD through the legislative program for 2016 plans the following draft laws to be designed:


**Midterm priorities**

MAFRD through policies and development strategies in the medium term will be directed to support the factors of production, stimulate farmers and creating a more favourable development environment. These policies and strategies will provide the opportunity to achieve a sustainable development of agricultural resources, increasing the areas under crops and productivity in all sectors of agriculture. MAFRD in the medium term intends to implement measures in the framework of sectoral strategies and institutional 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.

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.

Regarding the management of land there is Department Agricultural Policy and Markets at MAFRD, within which is the Agricultural Land Division. The main function of this department is the development of agricultural and trade policies, the drafting of the most appropriate provisions for the application of agricultural policy through the setting of the support scheme for farmers and markets as well as the relevant legal framework. The department is responsible for setting the technical framework for animal and plant production and quality standards related to agricultural production.

Consolidation of agricultural land has been traditionally financed by the Kosovo budget, while the value of the actual amount of agricultural land consolidation is 500,000.00 Euros. This particular area was also supported by the IPA 2008 assistance through the “Further Support of Land Use” project in the amount of 1.8 million Euro.
At the same time, and in order to protect agricultural land from unplanned urban constructions the "Implementation of Spatial Planning Rural Development" project funded by the EU in the amount of 2 million euros is being implemented, which will contribute to the sustainable development of the sector agriculture in Kosovo, improving procedures and methodology Rural Spatial Planning.

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 AI for the Protection of Land – are the conclusions of the meeting SAPD. According to the 2014 Progress Report, a challenge that remains is the 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.

Short-term measures

- Preservation of agricultural land against the change of the destination use from agricultural land into construction land;
- Continuation of the project to complete the un-finished consolidation of agricultural land and consolidation on a voluntary basis in other municipalities;
- Extension of areas for the monitoring of contamination; and
- Establish a system for regular monitoring of soil pollution.

Midterm priorities

- Amendment of the Law No. 02/L-26 on Agricultural Land;
- Amendment of the Law on Plant Protection Products; and
- Continuation of the project to complete the un-finished consolidation of agricultural land and consolidation on a voluntary basis in other municipalities.

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 04.09.20154 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 farmers and the administration with the aim of encouraging farmers to develop business in agriculture.

Short-term measures

Direct payment program intends to provide direct support to agricultural and livestock production for three main sectors: cereals, horticulture and livestock sub sectors with 16 others. Short-term priority is:

- Preparation of the Direct Payment Program, taking into account measures and standards conditioning the direct payment, chiefly in terms of environment impact in the food safety, animal health and environment.
While, based on conclusions of SAPD on subsidies (direct payments) it shall be noted that this process will further strengthen cooperation with civil society and review the payment schemes and reducing delays in the reimbursement of investments made in agricultural holdings.

Midterm 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.

For the implementation of the Organic Agriculture Law the AI no. 10/2013 on the duties, responsibilities, the composition of the Committee for Organic Agriculture was issued, which defines the duties and responsibilities to support the development, promotion and coordination of organic production in Kosovo.

Organic farming in Kosovo is at the initial stage of its development. Area under organic conversion is 85 hectares (16 kinds), mainly medicinal plants, which are exported as certified organic products. In recent years, some farmers are moving to organic production with support from the Organic Association of Agriculture in Kosovo (OAAK).

Awareness of the real benefits of organic production is still limited and currently there is no significant production out of the market. To stimulate organic producers, the Program for Development of Agriculture and Rural Development 2014-2020 contains also the organic farming scheme. Until now there has been a special scheme Support Facility, but preference is given to organic farmers in the framework of investment support schemes. Pilot implementation of the Organic Farming scheme will contribute to the development of organic agriculture in Kosovo.

MAFRD has created database for organic producers in Kosovo and has created a list of potential farmers that are interested in that part of their production spend in organic products. Based on statistical data, in Kosovo there are 58 hectares of medicinal plant certified as organic products. Organic farming is a process that begins with conversion in the first year and then continues with production. Therefore organic products should be tracked and certified annually. According to data from the Association of Organic Agriculture as organic products are 4 hectares with trees, 1 ha of vineyards, and 0.10 ha of vegetables in the greenhouse.

Department of Agricultural Policy and Markets is responsible for policy making and legislation in this sector. Within the Department an Organic Farming Unit is located which was established on the basis of AI no. 01/2010. MAFRD, and the latter based on AI no. 10/2013 dated. 22.07.2013 has established the Committee on Organic Agriculture with the tasks, responsibilities and composition of the committee for organic farming and Control Authority, which in this case is the FVA. Pursuant to law and based on the Regulation No. 834/2007 of the EU, there are two bodies operating in Kosovo until now in terms of control of the organic products: “Bioinspecta” (Switzerland) in cooperation with Albinspect (Albania) and Procert (Macedonia). Organic Farming has been consistently supported by the TAIEX assistance.
In addition to the establishment of a functional Control Authority for Organic Farming another challenge remains the implementation of the Law on Organic Farming (SPDA Conclusion).

**Short-term measures**
- Approval of the AI on the Control System, the Audit Authority, Control Authorities and the Rules for Implementing the Control;
- Approval of the AI for livestock production;
- Approval of the AI for production plant;
- Approval of the AI Amending the AI no. 10/2013 on Duties, Responsibilities, and Composition of the Committee on Organic Farming;
- Approval of the AI for packaging, storage and transport of organic products;
- Approval of the AI - Standard Criteria and conditions for the import of organic products in Kosovo;
- Approval of the AI which contains specific criteria for Logo;
- Approval of the AI on specific labeling rules and its content; and

**Mid-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.

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.

Department of Economic Analysis and Agricultural Statistics does the 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 is 15,370 euro, FADN has been supported by the EU through the TAIEX assistance.

**Short-term measures**
Employment of 4 persons.

Midterm priorities
- Issuance of by-laws implementing the Law on FADN;
- 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
- Regular annual and periodical publications.

Vineyards

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. 03/2009 on the viticultural territory of Kosovo; AI, No.11/2009 to establish criteria for the import, export and domestic trade of wine and other grape and wine products; AI, No.15/2009 for setting the parameters of physico-chemical analysis of wine; AI, No.16/2009 for setting criteria on labeling; AI, No.02/2013 for 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 and wine products; AI, No.01/2014 for setting 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 Suhereka represent 90% of the vineyards areas in the entire territory of the Republic of Kosovo viticulture.

MAFRD has established viticulture cadastral system that enables the identification of parcels of farmers and collection of other data relevant to the sector. The system integrates all data in a single data base on "Postgre SQL" that enables the display of textual and graphical data transmitted to the forms, reports and other statistics. Cadastre System of vineyards and wine quality control is a national system that operates based on Law No. 04/L-019 on Amending the Law No. 02/L-8 on Wines.
For the purposes of management and quality control of wines, MAFRD in 2014 has made operational the management and the quality control system for the wine, which is aimed at maintaining, updating and completing the data for the operation of sustainable and qualitative sector Viticulture and Enology.

Responsible for viticulture and wine production sector, physico-chemical and organoleptic analyses, is the Department of Viticulture and Winery, within which operates the Enology Laboratory, accredited with the of ISO / IEC 17025 standards as a wine testing laboratory.

**Short-term measures**
- Approval of Draft Law on Strong Alcoholic Beverages. This draft law is partially approximated with Regulation no. 110/2008 of the European Parliament and the Council on definitions, description, presentation, labelling and protection of geographical indications for strong alcoholic drinks, which repeals Council Regulation (EEC) No. 1576/89;
- Approval of the AI for determining the registration criteria and procedures for importers, domestic, traders, exporters of alcoholic beverages; and
- Approval of the AI for setting the cost fee on registration procedures.

**Midterm 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.

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.
Determination and treatment of objectives is made through the implementation of measures for the rural development projects:

- Measure: 101 Investments on physical assets in agricultural economy;
- Measure: 103 Investments on physical assets in the processing and trading of agricultural products;
- Measure: 202 Agro-environment and organic agriculture;
- Measure: 203 Forestry maintenance and protection;
- Measure: 302 Farm diversification and business development;
- Measure: 303 Preparation and implementation of local development strategies – LEADER approach;
- Measure for irrigation of agricultural land;
- Measure: 401 Training upgrade;
- Measure: 402 Consulting services; and
- Measure: 501 Technical assistance.

For the purpose of designing the Rural Development Programme 2014-2020 the EU strategic objectives in rural development were considered, focusing on six priorities for the next programming period: promotion of innovative transfer of knowledge in agriculture, forestry and rural areas; increasing competitiveness in all sectors of agriculture and increase the sustainability of farms; promoting food chain organization and risk management in agriculture; recovery, conservation and improvement of ecosystems dependent on agriculture and forestry; promoting efficient use of resources and support the transition to a low carbon economy; and promoting social inclusion, poverty reduction and economic development in rural areas.

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.

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.

Short-term measures

- Amendment of the Law on Agriculture and Rural Development;
- Approval of the Program for Agriculture and Rural Development (2014-2020);
- Preparation for the accreditation of the Agricultural Development Agency and of the Managing Authority;
• Approval of the internal procedures of the Managing Authority, according to the obligations stemming from Sector Framework Agreement; and
• Functionality of the Monitoring Committee for ARDP.

Midterm 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.

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 has established 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, data on animals, data on the mechanism and the place and date of registration.

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 application has been filed for 27 crops in 2014 and now the MAFRD possesses orthophotos of 2012.

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 fulfillment 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; and Direct Payment Module which performs the administrative control of applications, sample selection for control, payment calculation, 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.

Software programmes developed so far are a good basis for the creation of the Integrated System of Administration and Control System (SACS) during the period 2016 to 2018 by developing the control system modules, integrated management rights module and module of accounting as well as their
connection to each other. The programmes described are being advanced, especially Grant Management, 
adding new modules such as module on documentation electronic scanning, documentation 
management, debt management, risk analysis, etc. All this work to develop the capacity of IT is being 
done through the support of the EC project "Further Support to the Ministry of Agriculture, Forestry and 
Rural Development in strengthening the administrative structure, implementation and monitoring of 
national and EU funds in the future". The budget for this project is EUR 990,860.00, which will support 
the AAD until October 2016. So AAD is supported by EC projects (IPA I) and other donors like the World 
Bank, DANIDA, Agro Konsulting European. There are 6 divisions within the AAD with 50 employees.

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 fulfillment of the accreditation criteria.

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.

**Short-term measures**

- Establishment of the Internal Audit Unit within the Payments Agency;
- Development of IT capacities through the EC project "Further Support to the Ministry of 
  Agriculture, Forestry and Rural Development in strengthening the administrative structure, 
  implementation and monitoring of national and EU funds;
- Implementation of minimum standards for operators that will benefit from payment schemes;
- Enhancement, management and financial control of direct payments and rural development 
  measures by building and updating the farm, livestock and vineyards registers;
- Establishment of 7 directorates: Rural Development Project Approval Directorate, Payment 
  Authorization Directorate, Direct Payment Directorate, Technical Inspectorate Directorate, 
  Registry Directorate, Finance Directorate and General Administration Directorate, as well 20 
  sectors for implementation of Program for Direct Payment and for Rural Development 
  (measures:101,103,302,303,501 and irrigation of agricultural lands);
- Recruitment of 19 officials from the World Bank project in the framework of AAD.

**Midterm priorities**

- Recruitment of 61 officers for the implementation of measures under the IPA II;
- Permanent training regarding the implementation procedures and the use of software 
  programmes;
- Module development of the integrated control system;
- Module on the management rights; and
- Accounting module and their connection.

**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 

For the implementation of the Law, the MAFRD has issued these AIs: AI no. 05/2013 on the organization, 
responsibilities, rights and duties of consulting services to central and local level, form and manner of 
reporting, and AI No.07 / 2014 amending the AI no. 05/2013 on the organization, responsibilities, rights
and obligations of Advisory Services of Central and local level as well as the form and manner of reporting.

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 2012 - 2016, no. 02/87 dated 17.08.2012.

Based on this strategy, advisory services for agriculture and rural development are provided by two main channels (sources):

- Advisors from the public sector (MAFRD and municipalities); and
- NGOs, local and international advisors, cooperatives, input suppliers, veterinarians and farmers associations.

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.

The challenge still remains in further consolidation of advisory services and the completion of the subsidiary legislation.

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.

**Short-term measures**

- Update of the consulting services strategy for agriculture and rural development for the years 2016 - 2020;
- Further strengthening of 34 municipal advisory information centers for agriculture and rural development;
- Increasing the number of farmers and other interested parties up to 4,500 receiving training for agriculture and rural development; and
- Promotion and implementation of national and international development policies to support agriculture and rural development.

**Midterm 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.
- 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

Agriculture products

- Customs tariffs will be removed entirely for agriculture products, except for meat, vine and sugar products.
- EU removes customs tariffs upon entry into force of the agreement for all meat products (fresh and ground) except for baby beef. For animal products in the Combined Nomenclature chapters 7 and 8, where the customs tariff ad valorem (20%) and specific customs tariff (20%) elimination covers only 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.
- EU removes the customs tariffs for coffee containing caffeine upon entry into force of the agreement.
- Potatoes and dairy products are part of the goods for which EU removes customs tariffs.
- Export of vines and sparkling vines into EU is exempt from customs tariffs, in accordance with export quotas.
- Trout and carp: quota applies, 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.

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.
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.

Besides the SAA, Kosovo must also meet the requirements deriving from Progress Report, the Feasibility Studies, and conclusions from the Stabilisation and Association Dialogue. These documents emphasize some of the key areas of Kosovo for improvement, such as the construction of a factory for the processing of animal by-products and accompanying measures; the fight against illegal animal trade, especially with Serbia, and further improvement of the database for the identification, registration and movement of animals; harmonization of veterinary health certificates with Serbia and Bosnia-Herzegovina; upgrade of food establishments; transfer of municipal inspectors in FVA; adoption of the legislative package; more systematic implementation and enforcement of existing legislation; multi-year development plan for the control of animal diseases; expansion of the scope of accreditation of the FVA laboratory, and signing of the contract for the maintenance, calibration and servicing of laboratory equipment.

**Legal and policy framework in the area 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 enforcing 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.

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 deseases. 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.

Directorate 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
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.

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.

**Short-term measures**

In the area of food safety, in 2016 the adoption of the following legislation is planned, which will partially transpose EU legislation:

- Amendment of Law No. 03/L-016 on Food, which sets general rules and requirements of food hygiene and safe food for people and feed, 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 in primary production, preparation, handling and storage of food in households that is not intended for sale on the market. Law will be partly approximated with Regulation no. 178/2002 of the European Parliament and Council dated 28 January 2002;
- Regulation on Approval and Registration of Food Business Operators, in order to transpose partially the Regulation no. 882/2004 of the European Parliament and the Council;
- Regulation on Determining the health rules for animal by-products and their derivatives not intended for human consumption, which will be partly approximated with Regulation (EC) no. 1069/2009 and Regulation (EC) no. 142/2011;
- Regulation on materials and articles that are intended to be in contact with food, which will be partly approximated with Regulation (EC) No 1935/2004;
- Strategy on the Upgrade of Establishments, which will be based on actions that should be taken by operators in order to reach EU standards;
- National Annual Audit Plan, including the plan for waste monitoring;
- Training plan for food safety issues for inspectors and operators of food businesses, whereby such training will also enable information dissemination on the application of technical knowledge about food safety standards, practices, good manufacturing and hygiene conditions, preconditions for approval and sampling practices.
With regard to building human and institutional capacities the following activities are planned for 2016:

- Transfer of food safety inspectors from municipalities to FVA;
- Training on the development and use of new methods for laboratory staff, funded by the EU’s Technical Assistance projects;
- Educational and training activities for food business operators and officials in charge to perform the duties for the implementation of hygiene rules;
- The application for extension of the scope of accreditation with new methods for food safety and quality, as well as to diagnose animal diseases;
- Preparation of technical specifications for the tender for the maintenance, servicing and calibration of laboratory equipment;
- Recruitment of two (2) experts in the Public Health Department;
- Upgrade and functionality of information technology systems and technical capacity building through EU-funded project within the IPA 2015 in the amount of EUR 2,000,000.00;
- The request for expertise from TAIEX program for the purpose of performing a legal gap analysis at the national level in terms of sanitary policies, which will also provide an overview of the level of the EU legislation transposition into national level, and will identify steps that need to be taken to proceed further with approximation of national legislation with the Acquis.

**Midterm 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 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.

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.

**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 any 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:


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:

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.

**Animal welfare**

Animal welfare in Kosovo is regulated by Law No. 02/L-10 on Animal Welfare, accompanied by subsidiary legislation as follows:

- 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;

**Feed**

Feed is regulated by Law No. 03/L-016 on Food, as well as by the:


Feed is also regulated by other national subsidiary legislation, namely:


**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;

Currently, checks are carried out in nine (9) border control points, respectively Vërmica, Hani 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.

**Laboratory**

See “Laboratory” in sub-chapter “Food Safety”.

**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.

**Short-term measures**

In addition to planning for disease control and traceability programmes, the legal framework in 2016 will be supplemented by legislation in the area of feed and animal welfare. Some of the laws and regulations to be adopted in 2016 include:


• AI concerning the Prohibition of the Use in Farm of certain substances that have hormonal effect or Tireostatic and β-agonists, partly based on Council Directive 96/22/EC and repealing Directives 81/602/EEC, 88/146/EEC and 88/299/EEC;
• Regulation on pharmacologically active substances and their classification according to the maximum waste limit in foodstuffs of animal origin, partly based on the Commission Regulation (EU) No. 37/2010;
• AI concerning the placing on the market and administration of bovine somatotrophin, based partly on the Council Decision 1999/879/EC and repealing Decision 90/218/EEC;
• AI concerning the performance of analytical methods and interpretation of the results, partly based on Commission Decision 2002/657/EC Council implementing Directive 96/23/EC;
• Conduct a survey to identify the diseases in the territory of Kosovo, which help to perform the monitoring the epidemiologic situation in the country and the region and take appropriate action, and be prepared to prevent, minimize and combat endemic and exotic diseases in the country;
• Preparation of contingency plans and multiyear plan for animal diseases;
• Preparation of annual national plan based on the epidemiological situation from previous years.

The following activities are also planned to be performed in 2016:
• Vaccination of sheep and goats throughout the territory of Kosovo against the brucellosis disease (Brucellamelitensis);
• Vaccination of pigs in the whole territory of Kosovo against classical swine fever;
• Vaccination against rabies, echinococcus and poisonous dogs throughout Kosovo;
• Vaccination of chickens against Newcastle disease;
• Supply with medicines for animals against disease due to Crimean Congo haemorrhagic fever in Malishevë, Suhareka, Rahovec and Kline Municipalities.
• Research by the blood on infectious bovine diseases such as brucellosis, leucosis and bluetongue;
• Tracking the TB disease and mastitis in bovine; and
• Identification and registration of pets.

In relation to the human and institutional capacity building, the following is planned:
• Creation of feed animal sector;
• Recruitment of three persons in the feed animal sector;
• Purchase of accompanying materials and payment of veterinarians activities planned through the budget approved in the amount of EUR 1,274,000.00;
• Professional training of officials from the Laboratory Department and the Department of animal health and welfare through the TA project;
• Purchase of biological material for carrying out immunization activities for the years 2016-2017, which will be implemented through a project funded by the EU.

Midterm 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:
In order to improve the veterinary sector, some of the activities to be undertaken during the period 2017-2020 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.

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-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. 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 Pristina.

**Local Governance**

In addition to the inspectors at the FVA, official controls are carried out by municipal inspectors of sanitary, veterinary and agricultural fields. See "Local Governance" in the subsection "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.

**Short-term measures**

As part of the planned activities for 2016 and with the aim of completing the legal framework in the phytosanitary field, the following will be approved:

- UA on plant passports, which will be partially based on Directives 92/90/EEC, 92/105/EEC, 92/90/EEC dhe 93/50/EEC.

In 2016, the Phytosanitary sector also plans to:

- Strengthen phytosanitary control measures taking additional measures to increase controls in all entities involved in the production, processing, trade and import of plants and plant products;
- Increase the sampling number;
- Apply the use of checklists;
- Further strengthen border control by inspecting each consignment imported materials;
• Continuously update the list of plants and products for plant protection.

In relation to the human and institutional capacity building, the following is planned for 2016:
• Transfer of phytosanitary inspectors from municipal level to FVA;
• Purchase of additional equipment for inspectors in the field;
• Training of inspectors on the use of new equipment supported by Kosovo budget, as well as Twinning project within the IPA 2015 “Support to Strengthening Kosovo’s plant protection and production system and capacities”.

Midterm 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;
• 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;
• 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.


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 capacity is around 50%. Of the overall total about 60/t is obtained from recreational sport fishing.

In terms of assistance, the fishing sector is also supported by GIZ technical assistance in the amount of 1,200,000.00 Euro

**Short-term measures**

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 overview of how much of the EU legislation was transposed to the national level and what are the steps to be taken to in order to move further the approximation of national legislation with the Acquis.

**Midterm priorities**

- Promotion of legal base in the area of fisheries and aquaculture; and
- 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 user-friendly 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.

In the area of transport, the feasibility study identifies the SAA as a strategic document which will contribute to the restructuring and modernization of Kosovo's transport systems and improving infrastructure, enhancing free movement of goods and passengers, by achieving standards comparable to those prevailing in the EU. Also, the feasibility study identifies the process of approximation of transport legislation with that of the EU, as an opportunity that will contribute positively ensuring thus Kosovo will have a progressive access and facilitations in the transport markets of the EU and vice versa.

In the context of the 2015 EC Kosovo Report requirements in the area of road transport, Kosovo will approximate the legal framework with the EU acquis, by adopting: Law on Driving License, Law on Vehicles and Law on Road Transport Rules. With regards to regional cooperation, Kosovo will ensure the list of light priorities as agreed in the Vienna Summit, which will be implemented entirely before the next WB6 Summit, which is expected to be held in June 2016. Moreover, the KR assesses that the current budget is not sufficient for maintaining the R7 highway. Other requirements involve the approximation of Kosovo legislation with the EU, with regards to market access, profession of transport operators and digital tachographs.

In the sector of railways, KR assesses that the professional capacities of the RRA need to strengthen and to ensure the independence of the licensing process for new operators. The KR points out that although the RRA decision to license a new operator, later on it withdrew the license, with the case ending up in courts. Moreover, KR requires the appointment of the railway accident and incident investigator. In addition, the KR assesses that Kosovo needs to intensify efforts towards improving the railway infrastructure in Kosovo.

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. Another challenge is the implementation of the Law on Air Navigation Services, and adoption of legislation ensuring air navigation and professional service safety.

**Requirements deriving from SAPD**

As regards the requirements deriving from SAPD – infrastructure, in the area of road transport, it is required from Kosovo to continuously approximate its legislation with the EU acquis. Also, Kosovo needs to inform the European Commission about the controls of vehicles on the road; frequency; the number of tests and results; provide information about inspections of vehicles and what happens to vehicles that do not pass inspection. Moreover, Kosovo needs to ensure, through TAIEX, a study regarding the qualifications of technicians for the inspection of vehicles. Also requires the approval of the Law on Road Traffic Safety, as well as informing the EC on the application of international methodology concerning statistics on road accidents.
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.

With regards to railway transport, based on the SAPD conclusions, Kosovo needs to inform the Commission regularly on the below listed items:

- Developments in cases when licenses are withdrawn;
- Appointment of RRA board;
- Access to Trainkos railway premises for maintenance purposes for new operators;
- Subsidies for Infrakos and Trainkos;
- Agreement for cross border point with Macedonia, and
- Appointment of railway accident and incident investigation commission – RAIIC.

In the area of civil aviation, the SAPD meeting required to inform the EC on the implementation of the Law on Air Navigation, transposition of EU Regulation 1070/2009 as well as provide information on the process of air navigation operators’ certification.

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 fulfill in 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 drive 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 and 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 Nr.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;
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;

**Short-term measures**

In the context of advancing further the legislative framework in the area of road transport, the following laws are envisaged to be adopted and approximated with those of the EU:

- Law on driving license - aims to determine conditions and criteria for granting driving license, licensing of driving schools, professional lecturers, driving instructors, examiners, candidate
training for driver, passing the exam for driving license, training program for driving trainers, periodical training for professional drivers driving transport vehicles for goods and passengers, conditions to gain eligibility for driving the vehicle, categories of vehicles, health conditions, procedures for application, for granting, continuation and change of the driving license as well as other related issues. This law shall transpose the following Directives: Directive 2006/126/EC, Directive 2013/47/EC on amendments to the Directive 2006/126/EC, Directive 2012/36/EC amending Directive 2006/126/EC, and Directive 2003/59/EC;


- Law on vehicles – this law regulate conditions for placing the motor vehicles and its attached parts in the market, their registration, participation in the road traffic, for doing the job in agriculture and forestry, conditions for the operation of professional technical service and the registration authority, the management of the database for vehicles, monitoring and implementation of this law as well as access to information on vehicle repair and maintenance. This law shall transpose the directives as follows: Directive 2007/46/EC and amendments change of this Directive, Directive 2014/45/EC, Directive 2014/46/EC amending Directive 1999/37/EC Council Directive 1999/37/EC and Directive 2014/47/EC; and

- Amendments to the Law on Road Transport - the purpose of the law is to regulate the sector and to develop road transport of passengers and goods, open and non-discriminatory access to market, as well as providing providing market services in the passengers and goods sector. This law shall transpose the following directives: Directive 1071/2009/EC, Directive 1072/2009/EC and Directive 1073/2009/EC;

- AI on licensing of workshops/services and issuance of digital tachograph cards, which will fully transpose the EU Regulation no. 165/2014 and AETR agreement.

Regarding implementing activities planned within the road transport for 2016, it is expected to continue with the implementation of infrastructure strategic projects for R6 motorway, the finalization of the feasibility study for segment Besi – Merdare on the R7 motorway, and continuation of the extension of the N2 and N9 national roads. Similarly, it is expected to continue with regular maintenance program including the signalization of national and regional roads, and the rehabilitation of the secondary road network. As part of activities to improve safety in road traffic, the implementation of campaigns will continue along with recommendations from council meetings for road traffic safety. It is also foreseen to increase the quality of the vehicles, as participants in traffic, through inspections, and training of the responsible personnel. Moreover, it is expected to create an electronic system for driver testing candidates, candidate and driver databases, as well as creating a unique system of database for driving schools, professional lecturers, driving instructors, examiners and trainers.

Given the lack of financial resources, the work on building the technical and professional capacities in the road transport will be made by using mainly the TAIEX instrument or any other supporting instrument. Moreover, these professional capacities will mainly be raised in the audit and inspection of road traffic safety.

Midterm 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 Donor support.

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, 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.

**Short-term measures**


As for the implementing measures for 2016, the Civil Aviation Authority will certify the Agency for Provision of Navigation, subject to its transformation to the budget agency. But, within the area of civil aviation security there will be continuous implementation of audits, surveys, inspections, surveys and investigations.

In the context of amending the strategic framework, the MIA will make amendments to the three National Security Programmes of Civil Aviation to comply with the amendments of Regulation (EU) no. 185/2010 and amendments on the fulfilment of requirements set out in Regulation (EC) no. 300/2008.

On the other hand, under the framework of further development and reform of the institutional structure in the area of civil aviation, the Agency on Air Navigation Service Providers will be established. After the foundation the Director General is expected to be appointed and then full institutional functionality of the Agency, according to Law No. 04/L-250.

Also, concerning the establishment of professional and technical capacities in the area of civil aviation, the aviation security inspectors within the MIA will pursue advanced professional training. Meanwhile, the CAA will continue to apply detailed training plan on a yearly basis. In addition, the EC is expected to support a series of training under the program supported by the EC, ISIS II, for the implementation of the Single European Sky I and II legislation relating to schemes and performance fees. Regarding the increase in staff, the CAA plans to hire an officer for economic regulation of aviation, which among others will implement the EU Regulation no. 1794/2006, Directive no. 2009/12/EC and Regulation no. 390/2013 and an official for legal and regulatory issues of aviation, which will increase the capacity of the transposition of the Acquis.

**Midterm priorities**

Regarding the 2017-2020 medium-term priorities, the CAA will continue to implement progressively the requirements of Phase II of the ECAA Agreement. In cooperation with the ISISII 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 SES II and 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 airfract surveillance under SES. Certification of PIA Airport "AdemJashari" based on Regulation (EU) no. 139/2014 is scheduled to take place by the end of 2017.

Meanwhile, MIA will fully transpose into national law amendments of Regulation (EU) no. 185/2010 and amending Regulation (EC) no. 300/2008. Also, in the course of amending the basic regulations of civil aviation security, namely the EU Regulation no. 185/2010 and that of EU Regulation 300/2008, there will be amendments to the three National Security Programmes of Civil Aviation.

The budget for implementing the priorities will be planned within the MTEF including continued Donor support.

**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.

Short-term measures

In view of the legislation planning for 2016 in the context of further approximation of legal framework with the Acquis of the EU in the railway sector, RRA plans to approve the regulation on the rights of passengers in rail transport, which will partly transpose the EU Regulation 1370/2007 and Directive 2012/34. Similarly, AAIIC is planning to adopt the regulation on the investigation of railway incidents and accidents which will partly transpose the Directive 2004/49.

Meanwhile, in terms of implementation of activities planned for 2016 in railway transport the focus will be on safety inspections and recommendations for further improvement, and measures and activities to inform passengers of their rights and their protection. In addition, it is also foreseen to commence with realization of the technical project-design for general rehabilitation of the southern part of the Railway Line X (Fushë-Kosovë – Hani i Elezit – Border with Macedonia, and then to proceed with rehabilitation of this railway line at the northern part: Fushë-Kosovë – Mitrovicë – Leshak – Border with Serbia).

Regarding capacity building in order to effectively implement the legislation in the area of railways, the hiring of an investigator on railway accidents and incidents in AAIIC is planned, as well as continuous training activities through the TAIEX for the purpose of further approximation of legislation.

Midterm 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 - Fushë-Kosovë – Hani i Elezit - border with Macedonia)
- Project design for eastern line Fushë-Kosovë – Podujevë – Border with Serbia
- Project design for southwestern line Klinë – Prizren
- Explore options for funding the rehabilitation of both lines mentioned above.

The budget for the implementation of medium term priorities will be planned within the MTEF and with Donor support.

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.

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.
Under the SAA, **the Energy is covered by the Article 114**, which stresses that the Parties shall develop and strengthen their cooperation in the area of energy consistent with the principles of the market economy and the Treaty establishing the Energy Community. It also contains the possibility that such cooperation may include assistance to Kosovo as regards to improvement and diversification of supply and improvement of access to the energy market, in accordance with the EU Acquis on security of supply and the regional energy strategy of the Energy Community, and applying EU and European rules on transit, transmission and distribution and restoration of electricity interconnections of regional importance with its neighbours.

This will also include measure in terms of helping Kosovo implement the EU acquis on energy efficiency, renewable energy sources, and the environmental impact of the energy sector, therefore promoting energy saving, energy efficiency, renewable energy. It also provides for formulating of framework conditions for restructuring of energy companies and cooperation between undertakings in this sector, in line with the EU internal energy market rules on unbundling.

**Legal and policy framework in the area of energy market and supply security**
Policy-making, organization, regulation and management of the energy sector in the Republic of Kosovo is done through a set of laws that are generally in line with the 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, Kosovo A and Kosovo B. The rest of the energy produced is from the Hydro Power Plant Ujmani, and other small hydro plants, with about 3% of the total energy produced.

On 25 October 2005, Kosovo signed the Treaty establishing the Energy Community becoming thus the equal member of the Energy Community.

*The recent 2015 EC Kosovo Report* states that there was very little progress in approximation of legislation in the energy sector, and Kosovo is still at a preliminary stage of harmonisation with the Acquis in this area. Kosovo needs to start implementing the Acquis on security of supply. Kosovo needs to continue its approximation with and implementation of the electricity. Progress Report also recommends, as it was consistently recommended, that Kosovo needs to prepare more actively for the decommissioning of the Kosovo A Power Plant. In general, there is a need to strengthen its institutional capacity in the area of energy market regulation and nuclear security, in particular safeguarding the energy regulator’s independence and establishing transparent mechanisms for setting the energy prices. Kosovo has low chances in fulfilling the air quality obligations deriving from the Energy Community Treaty, as well as it has not prepared the plan for emission reduction. With regards to improving the energy supply, little progress has been made in opening of the market and in providing the options to consumers to choose the providers since January 2015. The report also mentions the technical and commercial losses in the distribution network at 28.48 percent. Moreover the inaction with regards to Energy Community procedure for dispute resolution in relation to customs fees on oil products imports. The report also mentioned the lack of the financial mechanism to facilitate vulnerable consumers as well as elimination of subsidies for various consumer categories.

*In the framework of the feasibility study (2012) point 3.7.8. (Energy, including nuclear security) involves cooperation and that under the SAA Kosovo shall consider principles of ECT and the trade economy. Cooperation will focus in particular on formulation and planning of energy policies, improved interconnections, modernization of infrastructure, the establishment of a competitive energy market, better management of services in the area of energy, the development of energy resources, promoting energy saving and energy efficiency. Kosovo needs to restructure the energy sector, including the tender of new generation capacity and the need to continue the completion of the unbundling process in conformity with the rules of the Energy Community. KOSTT is not yet a participant in regional*
mechanism for transit of electricity. As a result of the current situation, Kosovo loses revenue and the lack of control threatens the stability of Kosovo's power system.

In the framework of the Stabilization and Association Dialogue Process Infrastructure held in May 2015, it is stated that priority for the Republic of Kosovo is the adoption of the Third Energy Law Package. As to the oil sector Kosovo is expected to create the legal primary and secondary basis in the area of oil by adopting the law on trading with oil, oil products and renewable fuels, and law mandatory petroleum reserves, and petroleum products, and to issue the AI (AI) for bio fuels and bio liquids. Kosovo needs to continue fulfilling the strategic policy framework for the sector and therefore one of the requirements is the adoption of the Energy Strategy 2015-2024.

In the context of new generating capacity the follow-up action is to simplify the procedures for authorizing the micro-generators, the latest developments on the construction of Kosova e Re and preparation of the feasibility study for TPP Kosovo 'B', and the potential connection on the regional gas pipelines.

The energy sector in the Republic of Kosovo is regulated by a set of laws which are designed on the basis of Package II of the Acquis on energy.

Consequently, the field of electricity is regulated by Law No. 03/L-184 on energy, approved in November 2010, 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. The framework of this law also includes electricity, heating, natural gas and renewable energy sources. This law partly transposes Directive no. 2003/54/EC regulation no. 1228/2003/EC, Directive st. 2003/55 EC Regulation st. 1775/2005 / ka and directive no. 2004/8/EC.

The basic law in the energy sector is the Law on Electricity no. 03/L-201 approved in November 2010 by the Kosovo Assembl. establishes common rules for performing generation, transmission, distribution and supply of electricity, and for access to interconnections; for the organization of access to the transmission system and distribution system, and the operation of, and access to, the electricity market in Kosovo. This law partially transposes the directives no. 2003/54/KE in connection with common rules for th internal electricity market repealing the directive no. 96/92/KE and regulation 1228/2003/KE on the conditions for access to the network for interconnection electricity exchanges.

In the gas sector there is a law no. 03/L-133 for natural gas, adopted in November 2009 which aims to establish a legal framework for the transmission, distribution, supply, usage and storage of natural gas. This law defines the 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. 2003/55/EC concerning common rules for the internal market in natural gas and repealing Directive no. 98/30/EC and Regulation no. 1775/2005/EC on conditions for access natural gas transmission networks.

Another important law is the law no. 03/L-116 for central heating, adopted in 2008, establishes the conditions and standards for performing the activities of generation, distribution and supply of heat, the conditions of operation with central heating facilities and equipment, organizing the heating market and access to the distribution networks and the rights and obligations of entities that operate under this law. This law partly transposes Directive no. 2004/8/EC on the promotion of cogeneration based on a useful heat demand in the internal energy market and amending Directive no. 92/42/EC on fuel quality.
The Law no. 03/L-185 on the Energy Regulator regulates the functioning of the Energy Regulatory Office as an independent agency of the Republic of Kosovo, established by the Assembly of the Republic of Kosovo in accordance with Articles 119.5 and 142 of the Constitution of the Republic of Kosovo. The law defines the powers, duties and functions of the Energy Regulatory Office, including the conditions for issuing licences to carry out energy activities, procedures for granting authorisations for the construction of new generating capacity, the creation and efficient functioning of competitive energy markets, and the criteria for regulating tariffs and the conditions of energy supply. This law partly transposes Directive no. 2003/54/EC, regulation no.1228 / 2003/EC, Directive no. 2003/55/EC regulation no. 1775/2005/EC and Directive no. 2004/8/EC.

While in the oil sector there Law No.03/L-138 on Amending the Law No.2004/5 on Trade of Petroleum and Petroleum Products. The purpose of the present law is to regulate the Petroleum Sector in Kosovo which has to deal with trading, licensing and regular monitoring Petroleum and Petroleum Products through competition encouragement and elimination of unlawful trade practice.

The following rules are issued by the Energy Regulatory Office (ERO) in compliance with the Second Energy Law Package:
- Rule on Support Scheme;
- Rule on Authorization Procedure for Construction of new Generation Capacities;
- Rule on Public Electricity Supplier Pricing, Rule on Regulated Generator Pricing, Rule on Distribution System Operator Pricing, Rule on Transmission System Operator and Market Operator Pricing;
- Rule on Taxes
- Code of Conduct and Ethics
- Rule on Administrative Measures and Fines
- Rule on Licensing of Energy Activities in Kosovo
- Rule on General Conditions of Energy Supply;
- Rule on the Resolution of Complaints and Disputes in Energy Sector;
- Rule on the Organization and Operation of the Energy;
- Rule on Disconnection and Reconnection of Customers in Energy Sector;
- Manual on reporting for energy sector;
- Procedure for managing technical and operational codes; and
- Rule for the Establishment of a System of Certificates of Origin for Electricity Produced from RES.

In view of implementing the energy legislation, a number of strategic document from the energy policy field were prepared by now aiming at strategic orientation for sustainable development of the sector.

Thus, in April 2010 the Energy Strategy of the Republic of Kosovo from 2009 to 2018 was approved, as the main document directing the policies for the development of this sector. This strategy aims at creating conditions for the supply of electricity and provision of quality services, economically affordable to consumers in Kosovo and identify policies and key measures to be undertaken to advance reforms in the sector to enable attraction of private investment, environmental protection and a faster as well as full integration of the energy system Kosovo in the regional and Euorpan systems. Furthermore, in August 2011 the Heating Strategy for the Republic of Kosovo 2011-2018 was approved, which identifies policies and measures to be taken in order to develop the heating sector and to offer quality heat services for all consumers.

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 operating companies in the energy sector are: 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 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 tw companies: KEDS as distributor, and KESCO as supplier.

Short-term measures

In order to harmonize further Kosovo's legislation with the provisions of the package III of the Acquis for energy and at the request of the Secretariat of the Energy Community, MED, in cooperation with ERO, KOSTT, KEDS, KEK and other relevant institutions, is in the process of drafting the following draft laws:

Draft Law on Energy, mostly it remains the same in substance with the law in force in addition to creating the conditions for an open, transparent and competitive functioning market. Moreover, the main purpose of the amendments is related to the partial transposition of the Directive no. 2009/72/EC concerning common rules for the internal market in electricity, the Regulation 714/2009/EC on conditions for access to the network for cross-border electricity services, Directive no. 2009/73/EC concerning common rules for the internal market in natural gas, the Regulation no. 715/2009/EC on conditions for access to the networks of natural gas transmission and direktivësnr. 2009/28/EC on the promotion of the use of energy from renewable sources.

The draft law on electricity, sets common rules for the generation, transmission, distribution, supply, trading and organized markets in electricity, as part of the regional and European electricity market and define the rules dealing with the access of the parties to the network, public services obligations, consumer rights and the competition conditions. This draft law is partially approximated with the directive no. 2009/72/EC of the European Parliament and the Council on common rules for the internal market in electricity, which repeals Directive no. 2003/54/EC and Regulation 714/2009/EC on conditions for access to the network for cross-border electricity services.

Provisions of the draft law on the energy regulator, defines the powers, duties and functions of the ERO, including the conditions for the granting of licenses for carrying out activities in the area of energy, then certification of the activities of transmission system operators, the 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. ERO shall exercise the powers of an independent agency as part of the Republic of Kosovo institutions. This draft law is partially approximated with the directive no. 2009/72/EC on common rules for the internal market in electricity, the Regulation no. 714/2009/EC on conditions for access to the network for cross-border electricity services, Directive no. 2009/73/EC concerning common rules for the internal market in natural gas, the Regulation no. 715/2009/EC on conditions for access to the networks
of natural gas transmission, and directive no. 2009/28/EC on the promotion of the use of energy from renewable sources.

In the gas sub-field, the process of preparing the draft law on natural gas is underway, which contains a number of provisions defining the legal framework for the transmission, distribution, supply, use and storage of natural gas, organization and functioning of the natural gas sector, access to the market, the criteria and procedures for the granting of authorizations for transmission, distribution, supply, use, storage of natural gas and operation systems.

This draft law is partially approximated with the directive no. 2009/73/EC concerning common rules for the internal market in natural gas and Regulation no. 715/2009 / KE for conditions of access to natural gas transmission networks and Directive No. 2009/28/EC regarding the promotion of use of energy from renewable sources.

In view of sustainable development and competitive thermal energy market the draft law on thermal energy is being prepared and its purpose is to define the conditions for market development of sustainable and competitive thermal energy for concentrated heating / cooling, according to the free market economy, meeting the demand of consumer and environmental protection, secure, reliable and efficient thermal energy supply for heating / cooling of buildings, heating of sanitary water and industrial water for customers that enjoy the right to connect to energy and thermal systems and to be supplied with thermal energy according to the standards. This draft law is partially approximated with directive no. 2009/28/EC on the promotion of the use of energy from renewable sources.

In terms of meeting and further harmonization of the legal framework in the oil sector in the short term perspective (2016), a draft law for the mandatory oil and oil product stocks will be adopted. Under this law the institution responsible for the creation and management of oil stocks is the Ministry of Trade and Industry. This law partially transposes the directive no. 2009/119/KE which sets the obligations on the member states to store the minimum raw petroleum reserves and petroleum products. While in the draft law on trade of petroleum and petroleum products, the following directives will be partially transposed: directive no. 2009/30/EC, Directive no. 2009/28/EC and Directive no. 2005/33/EC). 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.

In this period the adoption of the Energy Strategy of the Republic of Kosovo's 2015-2024 is expected, which is the review of the Energy Strategy 2009-2018, and Implementation Programme of the Energy Strategy 2015-2017. The program contains key tools that will enable the MED to detail the policies, allocate tasks, to take specific actions and monitor the progress of implementation of the Energy Strategy.

In view of applying the EU rules on transit, transmission, distribution and restoration of energy interconnections of regional importance with neighboring countries, the following activities will be conducted during 2016:

- Implementation of the interim connection agreement with ENTSO-E;
- Implementation and functioning of 400kV interconnection line SS Kosovo B-SS Tirana 2;
- Implementation of secondary regulation Kosovo-Albania;
- Establishing the infrastructure for secondary regulation Kosovo and Albania; and
- Installation of metering groups in the new commercial border KOSTT KEDS / DSO.

While regarding the opening of the internal electricity market, ERO during 2016 will take action towards de-regulation of prices of electricity based on new energy laws approximated with Thid Energy Law.
Package. ERO will also take steps to eliminate cross-subsidies between tariff groups. Whereas, in the context of improving supply licenses will be issued for the new electricity supply companies.

In the context of decommissioning process of the TPP Kosovo A, (in accordance with Government Decision 137 nr. 04/156), the following activities will apply:

- Preparation of manual / guidelines on legal procedures for the decommissioning process;
- Training for members of the working group and decommissioning department at KEK;
- Defining procedures for the necessary permits for decommissioning; and
- Inventory of all waste materials and determine the location for non-hazardous waste.

Regarding the creation of new generating capacity, respectively construction of Kosova e Re, negotiations will be developed for the selection of the bidder. Then, through the international procurement the bidders will be selected for the engineering, design, construction, operation and maintenance.

Kosovo government allocates for MED a budget in the amount of 27.4 million Euro, of which 25.1 million from the state budget and 1.3 million from the loans.

Donor support is mainly concentrated in the project on the process of decommissioning, the Project for the rehabilitation of District Heating DH Gjakova and network extension of Termkos, and the project for construction of facilities for temporary storage of hazardous waste. All these financial investments come through the Instrument for Pre-Accession and are totaling approximately 33.5 million.

**Midterm priorities**

For the medium term 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 is planned:

- Harmonisation of KOSTT subsidiary legislation with that of the package III, including the harmonization of KOSTT technical codes with the provisions of the Grid Code of ENTSO-E;
- Harmonization of market rules and procedures of the market rules that will be done through regulation no. 543/2013/EC;
- Fulfillment of standards deriving from the catalog on measures in the framework of the connection agreement;
- KOSTT membership in ENTSO-E;
- Installation of the second 300 MVA transformers at SS 400/110 kV Ferizaj 2 and SS 400/110 kV Peja 3;
- Improvement and strengthening of substations-NS (Mitrovica, Drenas, FusheKosova, Pristina 6 and Dragash);
- Harmonization of secondary energy legislation of ERO in accordance with the third energy package of the EU.

Regarding the process of decommissioning activities to be performed are as follows:

- Preparation of the EIA Study, detailed plan for dismantling the buildings and the tender dossier;
- Separation of waste, preserving them in accordance with the relevant standards for the types of waste, the application of physical demolition of buildings, site cleaning and re cultivation.
- Construction of the facility for temporary storage of hazardous waste at the national level, which will also serve to dispose the hazardous waste deriving from the process of dismantling the facilities at the site of TPP Kosovo 'A'.
Another medium-term activity is overseeing the development of activities by the investor on power plant Kosova e Re and other measures necessary for assisting the preferred bidder in the realization of its demands by the public institutions in Kosovo.

**Legal and policy framework in the area of energy efficiency and renewable energy sources**

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 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 photovoltaics, solid biomass, wind, existing hydros, new hydro plant HC Zhuri. Currently in Kosovo, as renewable source usable for producing electricity are the water sources from hydropower (RadavcDikanci, Source and Ujmani), the energy produced by wind, with installed capacity of 1.35MW, and photovoltaic power project with 102 kW capacity.

Regarding power generation 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 geothermal energy, solar energy and 70 MW of electricity from wood biomass firewood of 264.5 ktoe.

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 Euro/MWh;
- Wind energy: 85 Euro/MWh;
- solid biomassEnergy: 71.3 Euro/MWhand
- Photovoltaic energy: 136,4 Euro/MWh.

While in terms of harmonization with standards of European Committee for Standardisation (CEN), in total 128 standards were adopted in the area of electricity and 76 standards in the area of natural gas. Whereas CEN standards in the area of energy efficiency in support of the directive for the performance of energy in buildings are: Article 9 (Buildings with almost zero energy consumption), Article 11 (certificates of energy performance), Article 12 (issue of certificates of energy performance), Article 13 (Issue of energy performance certificates), Article 14 (inspection of heating systems), Article 15 (inspection of air conditioning systems) and Article 16 (inspection of heating systems and air conditioning).
Challenges identified by the 2015 EC Kosovo Report in the sector of energy efficiency and RES include revising the law on energy efficiency in order to comply with recent directives of EU. Kosovo has yet to harmonize its legislation with the energy directive and it should enhance inter-institutional cooperation in the area of energy performance in buildings. Regarding capital investment in the area of energy efficiency, Kosovo faces many difficulties that hinder the implementation of the directive 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 creating the energy efficiency fund. Moreover, Kosovo should take concrete steps to improve the monitoring and reporting of statistics for energy efficiency. In the context of new generating capacities with regards to hydro centrals, the EU environment legislation needs to be respected.

*Based on the Feasibility Study for Kosovo (2012),* it becomes obvious that Kosovo needs to enhance its capacities in the energy efficiency sector. As a result, institutions working in this field need to be strengthened and the Kosovo Energy Efficiency Agency must be completed. Kosova shall also adopt bylaws to meet its target of 9% by 2018. RES are limited and framework regulatory development of renewable energy should also be improved if Kosovo will fulfill its plan to produce 25% of its energy from renewable sources up to 2020.

In relation to *challenges identified in the field of energy efficiency and renewable energy sources* by the Stabilization and Association Dialogue meeting on Infrastructure, includes the preparation of third energy efficiency action plan.

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 No. 04/L-016 on Energy Efficiency was adopted in July 2011.

This law regulates the issue of energy efficiency preparation and approval of energy efficiency plans and determining the roles, duties and responsibilities of the institutions as well as addressing the obligations deriving from the Treaty establishing the Energy Community relating to energy efficiency.

This law partly transposesthe Directive no. 2006/32/EC on the promotion of energy efficiency to end users and energy services and Directive nr.2010 / 30/EC and the amendment of direktivësnr.92 / 75/EC.

The existing subsidiary legislation in the area of energy efficiency and renewable energy is as follows:

- AI no. 01/2013 on renewable energy, which partially transposes Directive no. 2009/28/EC;
- AI no. 02/2013 to promote the use of energy from renewable sources; partially transposing Directive no. 2009/28/EC;
- AI No.14 / 2012 on the promotion of energy efficiency to end users and energy services; partially transposing Directive no. 2006/32/EC;
- AI no. 09/2012 on the labeling of electrical energy related products; that transposes partially Directive no. 2010/30/EC; and
- Administrative Instruction no. 01/2012 on energy auditing; partially transposing Directive no. 2010/31 / Casey and technical regulation no. 03/2009 on the thermal energy and thermal protection in buildings.

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, KAEE, 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.

**Short-term measures**

Within the primary legislation in the area of energy efficiency and RES the draft law on energy efficiency will be adopted which will implement the principles of EU policy and legislative framework on energy efficiency in partial compliance with the directive no. 2012/27/EC on energy efficiency which amends Directive nr.2009 / 125/EC and directive no. 2010/30/EC and repealing Directive no. 2004/8/EC and Directive no. 2006/32/EC. Also, the draft law will be adopted for the energy performance of buildings, which is the responsibility of MESP, and will partially transpose Directive no. 2010/31/EC on the energy performance in buildings.

Regarding subsidiary legislation deriving from the law on the energy performance of buildings the below mentioned regulations are foreseen to be adopted:

- Regulation on setting the minimum energy performance in new residential buildings, buildings under renovation and other types of housing buildings; that will partially transpose Directive st. 2010/31/EC on the energy performance of buildings;
- Regulation on the energy performance certificate for new buildings and other buildings, which will partially transpose the Directive no. 2010/31/EC for energy performance in buildings;
- Regulation on inspection of heating system and air conditioning equipment that will partially transpose Directive no. 2010/31/EC on the energy performance in buildings.

In the petroleum sector in terms of subsidiary legislation will be adopted:

- Al for the use of biofuels and bioliquids that will transpose the directive no. 2009/28/EC on the promotion of the use of energy from renewable sources;
Additional implementing activities planned for 2016 are:

- Completion of indicative targets for energy efficiency in line with the Action Plan for Energy Efficiency (2010-2018) through the implementation of EE measures;
- Meeting the targets of energy from renewable sources in accordance with the provisions in the National Action Plan for renewable energy through the implementation of concrete projects;
- Reparation of the Third Action Plan for Energy Efficiency 2016-2018; and

In the area of energy efficiency, the gap is the lack of funding for energy efficiency and transposition of the Directive no. 2010/31/EC through the Law on the energy performance of buildings. As regards the effective implementation of legislation, there is a need of building the technical and professional capacities of the KEEA staff, including increasing the number of staff.

Given the budget provided, including funding through technical assistance for entire measures to be implemented, the situation is as follows:

- Support for the implementation of the third energy package with a focus on energy efficiency and renewable energy within the IPA II in the amount of two million Euros;
- The World Bank Project for the financing of energy efficiency measures in buildings of institutions at the central level and the promotion of energy from RES through a soft loan worth $32 million;
- KfW project through loan amounting to 7.5 million euros for the financing of energy efficiency measures in buildings of public service at the municipal level.

**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);
- Review of the National Action Plan for Energy Efficiency (2010-2018) in accordance with the requirements of Directive no. 2012/27/EC; and
- 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.

Also, the procedures for HPP Zhur (2016-2020) will be developed, focusing mainly on planned activities, such as the decision to re-launch the process for Zhur HC, establishment of the unit for HC Zhur, contracting transaction advisor for HC Zhur, preparation of the tender dossier, finalization of the tendering procedures and the announcement of selection of investors.

Another activity is the pre-feasibility study for construction projects of central heating systems in cities Glogovc, Obiliq, Mitrovica and Zveçan for the period 2015-2018.

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.
Legal and policy framework in the area of radiation protection and nuclear safety

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, this Agency is an independent body within the Office of the Prime Minister.

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.

Progress Report 2014 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. Regulatory agency faces a combination of challenges related to limited capacity for licensing and inspection. Consequently there is no monitoring of radiation, and the radiological emergency plan does not exist. 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 the temporary site for radioactive waste, while work needs to continue in identifying a permanent site.

In the document Feasibility Study for Kosovo (2012) in relation to the nuclear security field it is stated that Kosovo has no nuclear facilities, and further work is needed to transpose the acquis in the area of radiation and nuclear security and to further strengthen the agency, particularly by increasing the number of staff.

As regards the legislative framework, requirements deriving as a result of the SAPD Infrastructure conclusions for 2015 are as follows: the approval of amendments to the law on radiation protection and nuclear security, preparation of the strategy and the action plan for radiation protection and nuclear security.

Concerning the capacity building of the agency, it is required to strengthen the staff dealing with licensing, and to redefine licensing priorities. The challenge is also an inventory of radioactive waste and establishment of technical service organizations (TSO). Furthermore, the Agency should adopt and ratify international conventions and should join the organizations in the area of radiation protection and nuclear security.

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 Euratom 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.

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 legislation in the area of radiation protection and nuclear security, the drafting the Strategy and Action Plan for Radiation Protection and Nuclear Security from 2015-2025 is underway. Basically, 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 material. Policy directions of this document are planned for the next ten years (2015-2025) and the Action Plan for the five year period 2015-2020. The focus in the next ten years will be the harmonization 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.

Short-term measures

In the context of further harmonization of national legislative framework with the EU Acquis in the area of radiation protection and nuclear security, Amendment of the Law on Radiation Protection and Nuclear Security will be approved. This law is partially approximated with the directives of Euratom, respectively, Directive No. 2013/59 / Euratom which defines basic security standards for protection against the dangers deriving from exposure to ionized radiation and the directive establishing a framework for Community on nuclear security of nuclear installations (2009/71 / Euratom) as amended in 2004 and directive no. 2011/70 / Euratom on the security of radioactive waste management, and Decision of 5 March 2008 for creation of standard document for surveillance and controlling of radioactive waste deliveries, referring to Council Directive no 2006/117/Euratom, as well as Council Recommendation no 1999/519/EC on limitation on public exposure to electromagnetic fields (0Hz to 300 GHz).

While in terms of completion and further harmonization of the secondary legal framework the Agency will draft these regulations:

- Rules 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 which defines basic safety standards for protection against the dangers deriving from exposure to ionized radiation and repealed directives 89/618 / Euratom, 90/641 / Euratom, 96/29 / Euratom, 97/43 / Euratom and 2003/122 / Euratom.
- Regulation on licensing activities with radioactive sources, which will fully transpose the Council Directive no. 2013/59 / Euratom;
- Regulation on inspections, whih will fully transpose the Council Directive 2013/59/Euratom;
• Regulation on authorization of technical services for professional activities in radiation protection, which will fully transpose the Council Directive no. 2013/59/Euratom;
• Regulation on the dose limits of professional exposure, including public exposure, which will fully transpose the Council Directive no. 2013/59/Euratom, setting of basic security standards against the risks deriving from exposure against the ionized radiation;
• Regulation on the transport of radioactive sources, which fully transposes the Directive no. 2006/117/Euratom on the supervision and control of shipments of radioactive waste and spent fuel and Regulation (Euratom) No 1493/93 on shipments of radioactive substances between Member States;

As a measure to implement Short-term measures, the reaction plan on radiological and nuclear emergencies will be drafted in this period. Further activities will be implemented by the 2015-2020 Action Plan.

In addition, and in relation to international cooperation in the area of radiation protection and nuclear security, in particular in 2016 it is planned to proceed with ratification of the treaty of non-proliferation of nuclear weapons and the Convention on the Physical Protection of Nuclear Material (CPPNM 2005). It is worth mentioning that Kosovo is not a UN member, treaties and conventions will therefore be ratified unilaterally.

**Midterm priorities**

Meanwhile, secondary legislative acts which are planned to be developed and approximated with the acquis of the EU over the medium term are:
• Regulation for categorization of radioactive sources (categorization of radioactive sources IAEA Tecdoc-1344);
• Regulation on monitoring of radionuclides in food, which will fully transpose Regulation (Euratom) No. 3954/87 that establishes the maximum permitted levels of radioactive contamination of food and animal feed following a nuclear accident or radiological emergency other case, Regulation (EC) no. 1635/2006 that sets out in detail the rules for the application of Regulation (EEC) No. 737/90 on the conditions governing imports of agricultural products originating from third countries after the nuclear accident in Chernobyl;
• Regulation for the import, export and transit of sources of radiation which will fully transpose the Directive no. 2013/59/Euratom which defines basic safety standards for protection against the dangers deriving from exposure to ionizing radiation and Regulation (Euratom) No. 1493/93 on shipments of radioactive substances between Member States;
• Regulation on health protection and safety requirements for employees working with ionizing radiation sources, which will fully transpose the Directive no. 2004/40/EC on minimum requirements of health and safety requirements regarding the exposure of workers to the risks deriving from physical agents (electromagnetic fields) and Directive no. 2006/25/EC on minimum requirements of health and safety requirements regarding the exposure of workers to the risks (lasers).

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 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
Regarding the gaps and deficiencies related to the effective implementation of legislation the limited budget of the Agency represents an obstacle, as well as the insufficient number of trained officers and the lack of logistical and technical means.

Another difficulty with which the Agency is facing today is the lack of communication with the International Atomic Energy Agency (IAEA) to achieve the objectives of AKMRRSB. Moreover, lack of licensing of professional and technical services in the area of radiation protection, as well as lack of regulation restricting the normal technical functioning of the agency. In the meantime, in view of implementing measures for legislation, respective actions deriving from the Strategy and Action Plan on Radiation Protection and Nuclear Security 2015-2012 will be applied.

The development of human and technical capacities within the agency will be done through these activities:

- Filling of planned positions according to the regulation for internal operation and organization;
- EU technical assistance for the design and implementation of legislation in the area of radiation protection and nuclear security;
- Implementation of the training plan for the staff KARPNS; and
- Equipment with necessary logistical and technical devices.

Regarding projects in the area of radiation protection and nuclear security over the next three years, the project will be implemented by the regional assistance program for cooperation in the Western Balkans, the purpose of which is to contribute to the improvement of radiation protection and nuclear security in Kosovo by strengthening the technical capacities of the nuclear regulatory agency and will contribute for further transposition of the EU Acquis in the area of nuclear security and membership of the KARPNS into the International Atomic Energy Agency (IAEA). This project will enable the regulatory body in the nuclear field to be strengthened further for a better control of radiological issues, respectively, for better institutional radioactive waste management, preventing and combating illegal trafficking of nuclear materials and radiation sources. By doing so, it will contribute further to the management of natural radionuclides (NORM) and technologically advanced natural radionuclide (TENORM), possible radioactive contamination of the environment, the installation of early warning system.

Midterm implementing activities that will be undertaken are as follows:

- Further approximation of legislation in the area of radiation protection and nuclear security;
- Review the plan for an emergency response to radiological and nuclear weapons;
- AKMRRSB membership in international organizations, with priority to the International Atomic Energy Agency-IAEA;
- Ratification of conventions, treaties and protocols in the area of radiation protection and nuclear security;
- Annual review of the implementation of the Action Plan for Radiation Protection and Nuclear Security;
- Raising the performance of the inspectorate through vocational training; and
- Continue the licensing process for users of radiation sources and continuous monitoring of the implementation of the criteria specified in the license.

On the other hand, regarding the establishment of new bodies and structures, those are set forth below:

- The operator of radioactive waste management;
- Development of the radiation monitoring system in the environment (air, land and water);
- Technical and professional service for performing radiation protection; and
Fund management for abandoned radioactive sources.

In the context of the financial position of the Agency, it shall be noted that its budget for 2015 is about 70,438 Euro from the Kosovo budget, of which 45,438 Euro wages and salaries and 25,500 Euro for goods and services Euro. 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 2016-2018.

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 2015 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.

Current Situation

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 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 regards to subsidiary legislation, the following pieces of legislation have been drafted and approved:

- 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, and
- Public explanatory decision no 02/2015 submission of fiscal coupons and reimbursement.

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.

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 fulfillment of the necessary criteria in the European integration process.

**Short-term measures**
- Continue work in replacing the IT system;
- Implementation of TAK Strategy 2015-20;
- Objective achievements in line with Government Annual Work Plan;
- Increasing the number of trainings related to effective implementation of legislation;
- Implementation of the Annual Work Plan 2016;
- Implementation of the Risk Assessment Plan 2016;
- Identification of areas for support by the EU, in relation to informal economy;

**Midterm 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;

- 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;
- 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.

Donor support

Kosovo Tax Administration, since its establishment, has been supported continuously by various international organizations.

The European Commission, through TAIEX has supported TAK in taxation legislation, especially in harmonizing it with the EU legislation. The results of the mission were included in the new draft-law, which is expected to be adopted soon. The next mission was for the Tax Intelligence and Investigation Unit, where after the mission, TAK implemented some of the recommendations as contained in the mission report. This had a positive impact, especially in increasing the knowledge of the staff and in reforming the responsible unit on tax investigations.

We had another mission in the area of IT, with the aim of assessing the taxation IT system, while recently TAK has been supported in the area of risk management. The results of the mission had a positive impact in staff capacity building, as they have been exposed to the experience and expertise of the mission experts.

More recently, IMF has also supported TAK in increasing the voluntary compliance and risk management, as well as in drafting the new strategy of the institution, covering the period of time for the next 5 years. Later, this was projected in compliance with international standards also into the Government Programme. In addition, TAK has been supported in the area of IT, namely in preparing the user requirements for the new IT system.

GIZ has provided technical assistance in capacity building of the staff, through training programmes in VAT, indirect calculation methods in construction and banking sectors. In addition, there is project on the international taxation law, especially in relation to the double taxation agreements, which is for a 2 year period. The project has had a positive result, whereby a unit dealing with Agreements on Elimination of Double Taxation has been created.

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 2015 EC Kosovo Report 2015, 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 risk. Being based on remittances and a broad informal economy, also lowers incentives for employment, which in turn leads to low participation in labour force, especially among women and young as well as unqualified workers. Also, the report mentions the need for Kosovo to reduce dependence on customs taxes, and to expand the national taxation basis, by also modernizing the revenue collection.

**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.

*Short-term measures*

- Regulation on Emergent Support for Liquidity;

*Midterm 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 Programmeme 2015-2018[^36], 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-046 on Amendment of Law No 05/L-001 on the Budget of Republic of Kosovo 2015
- Law no 05/L-001 on Budget of Republic of Kosovo 2015
- Law no 4/L-008 on Economic Social Council
- Regulation no 1/2015 on the work of the National Council on Kosovo Economic Development

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.

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 government\(^\text{37}\). 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.

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.

Also, within Ministry of Finance there is the Treasury Department. The responsibilities of the department are listed in the Law on management of public finances and responsibilities. The responsibilities consist in: management of the Kosovo consolidated fund; management of banking accounts, management of fund expenditure, setting up processes for public money collection, establishment and maintenance of accounting records; preparation of financial records and the oversight of financial rules. The Ministry of Finance has established the Divisions on management of public debt, as part of the Treasury, which function in coordination with the Department of Economic and Public Policies and the Department of Budget in the Ministry of Finances as well as the Central Bank of the Republic of Kosovo, as a fiscal agent of the Government. DMB is responsible on the area of risk assessment in state loans, negotiating financial conditions, management of loan strategies, reporting and recording public debt services.

The Department of Central and Municipal Budget are part of the Ministry of Finance. The 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 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-001 on Budget of Republic of Kosovo 2016.

**Midterm 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 environment 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 Feasibility Study of 2012 highlights the importance of statistics in the SAA process for Kosovo. The document lists the achievements in the statistical infrastructure, adoption of the law on official statistics which defines the responsibilities of the KSA, transfer of responsibility from MPA to OPM, establishment of statistics council, preparation of the 5 year programme, improvement of inter-institutional cooperation etc. Also the report mentions that the administrative capacity of the statistics agency remains weak, while the lack of qualified staff is a serious challenge in the development of the Agency. The strengthening of the Agency management remains a key challenge in the development of the institutions and the statistical system in Kosovo. The agency needs to improve the quality of statistics, in all statistics areas, but especially in the business statistics and macroeconomic statistics.

The Kosovo Report of 2015 concludes that Kosovo faces difficulties in implementing the statistics legislation. The agency needs to continue to produce accurate and timely data, which are compliant to European standards and international methodology. The agency faces considerable deficiencies in the administrative capacities, which then negatively influences accurate statistics and evidence based policy making. The availability of basic data for evidence based policymaking, needs to be considered as a priority, and the data needs to be better disseminated for use by the public and the investors.

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. Also, the conclusions state that we need to continue implementing the 5 year programme and to allocate sufficient financial resources. Also there is a need to further strengthen the capacities of the KSA, including allocation of the sufficient financial resources. Also, there is a need to further develop national accounts, business statistics and economic statistics, including the application of NACE rev 2 and ESA2010. We also need to continue preparations for the census for areas not covered in 2011.

**Current Situation**

**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, Pristina). 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 KSA.

Kosovo Statistics Agency - KSA, according to the Law on Official Statistics, coordinates the state statistical system and is responsible to harmonize official statistics data. KSA 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. KSA is the main coordinator amongst the statistics producers and ensures coherence and compliance with the statistical system and the agreed standards. Currently KSA is focused mainly on collection of information from real sectors as well as developing as much as possible statistics in relation to them.

KSA 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. KSA 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, KSA announces the publication of the calendar, providing information on the delivery of the statistical products for the next year.

KSA 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.

KSA 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, KSA continuously updates the procedures in the use of nomenclatures, data collection, data processing and their dissemination.


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 KSA – 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 KSA in particular periods of time to inform the public on the current situation in all the respective areas. However, KSA tries to combine the information received in this fashion with independent surveys it conducts.

As regards Strategic Framework, the sector of statistics has the following:

- Official Statistics Programmeme 2013-17;
- Strategic Plan 2015-19/KCB

As the main statistics policy document, the Official Statistics Programmeme (OSP) contains objectives for the statistical system as described in the Law on Official Statistics, Law 04/L-036 Articles 3 and 4 of the
law set up the principles and quality standards upon which the statistical system is based. Also, through the same law clearly determines the criteria and standards on which the 5 year statistics Programmememe is developed based on.

The general objective of the Programmememe is to achieve to build a sustainable and accurate statistical system in Kosovo. Such a system would respect the national and international standards, and would work towards the improvement of the quality of statistics production in the country.

The specific objectives of the statistical system, which follow the general objective, could be summarized in the following two areas:

**Organizational and productive effectiveness** where the main objectives for 2013-17 are as in the following:
- To reorganize KSA as a central agency of the system, so as to strengthen its planning processes;
- To achieve long term productivity of the 3-5% system in annual basis;
- To implement the Regulation on Reorganization of KSA, to increase the capacities of the human resources.

**Quality and production benefits** where the main objectives for 2013-17 are:
- To document methods and description of the annual planning process;
- To improve the production quality through interaction with the trainees and users;
- To improve the reliability and utilization of data production;
- To increase the number of productions in compliance to the OSP.

On the strategic goals of the Strategic Plan 2015-19 that is interrelated to the statistics is enriching statistical and research activities related to the situation of economic development and financial system. KCB will enrich the statistics and research activities related to economy at large and especially the financial system, through the following strategic activities:
- Further advancement of the monetary and financial statistics, as well as external sector statistics;
- Further development of the function of analysis and economic research, and
- Financial stability assessment and identification of systematic risks;

The Government Programmememe 2015-2018 highlights that the Government of Kosovo will continue to attach importance to the completion of the legal framework and the implementation of the official statistics programme, in compliance with international standards, important in analysing the situation and the planning orientation of the governmental policy.

As regards cooperation on statistics matters, KSA has managed to sign 15 memorandums of understanding with ministries, agencies, independent institutions and World Bank.

**Sectorial Statistics**

**Agriculture sstatistics**
The production of agriculture statistics is ensured by the KSA and Ministry of Agriculture, Forestry and Rural Development. KSA covers three main statistics areas: agriculture statistics, agromonetray statistics and environment statistics.

As regards forestry statistics, some indicators of forestry (areas and use of forestry in private sector) are produced through AESHB. While from the administrative sources we can ensure data on the forestry areas and the use of forestry for public sector. Such administrative data are ensured by the Kosovo Forestry Agency, which is attached to MAFRD.
The main objective of agriculture statistics is to produce comparative and reliable statistics in line with Eurostat standards. Agriculture statistics provide general and specific information on agriculture and livestock on annual basis for all of Kosovo, regions and sometimes at the level of some municipalities. This information is secured through statistics and administrative sources from the institutions maintaining such data, such as: Kosovo Statistics Agency and Ministry of Agriculture, Forestry and Rural Development. The implementation of the general registration of agriculture in 2014 has opened opportunities to build a statistics registry on agriculture farms, which will be used to conduct surveys in the future on agriculture statistics.

Such an objective is ensured through the proper and accurate presentation of the required variables in the statistics programme, the produced indexes, costs and statistics research.

KSA publishes data which is collected through the Agriculture Household Economy Survey (AHES), on the agriculture household economic demographics, the use of land and the farm structure, livestock, agriculture cultures (areas and production of grain, vegetables, fruits, vineyards, fodder and industrial plants) forestry, agriculture inputs, labour force and farm expenditures. Such a survey aims at supporting the assessment of the Kosovo agriculture sector development, and to provide a basis for monitoring the future trends in the sector. The survey is similar to the Farm Structure Survey conducted in the EU. AHES to a certain extent is also in compliance to the EC Regulation 543/2009, but there are still differences in the definitions, features, variables etc.

The completion of the agriculture registration 1-20 November 2014 is in compliance with the Law on Agriculture Census. The conduct of the post registration survey from 1-15 December 2014 in compliance with the Law on AC.

The technical instruments for Agriculture Census (Questionnaire and Guidelines) were drafted in line with the World Programme on Agriculture Census 2010 (FAO-UN) and the Eurostat methodology in conducting the Structured Farm Survey: EC Regulation no 1166/2008 and EC Regulation no 1200/2009. The preliminary results were published in February 2015. The publication of final results was planned for September 2015, while the rest of the results will be published monthly until December 2015.

The component of Prices and Agriculture Price Index has started being developed by KSA through support by SIDA and Swedish statistics experts since 2003. Currently the prices and price index in agriculture are produced in line with the guidelines and methodology used by Eurostat. In 2014 we changed the baseline index year from 2005 = 100 into 2010 = 100, through support by Swedish experts, and we improved the list of items for which we collect prices, which is something required also by the methodology guidelines from Eurostat. The methodology for calculating prices in agriculture consists in the EU guidelines on agriculture products price lists, version 2.0, from March 2008. The collection of such prices and index production of the agriculture prices in EU is based on gentlemen’s agreement.

Through support from the IPA 2008 project we prepared the Inventory of Prices and Price Index in Agriculture (methodological description). Through IPA 2011 project we started a testing study on the land and land leasing prices. This study started in 2014.

The completion of the Agriculture Economic Accounts started in 2010 and includes the period from 2005-2013 until currently. The frequency of publication is annual, including some years with time ranges. The data was sent to Eurostat for 2005-2008, while as part of IPA Project Multi-beneficiary project 2008 – Project 7 Economic Accounts for Agriculture and Prices, we prepared the inventory/report containing the detailed description of the used methodology for drafting this indicator and it was then sent to Eurostat for period 2005-2008. This report reflects the level of data harmonization with the Eurostat standards and recommendations.
We also prepared the report including information on the used methodology for assessment of the economic accounts in agriculture as part of IPA 2011, for 2009-13.

The data was compiled on the basis of the methodology as determined by Eurostat: Manual of Economic Accounts in Agriculture and Forestry EAA/EAF 97 (rev.1.1) and the Commission Regulation no 306/2005. Economic Accounts in Agriculture are satellite accounts to the European System of Integrated Economic Accounts (ESA).


As regards the **Agriculture Labour Input (ALI)**, such statistics are produced through AESH in yearly basis, together with other statistics of agriculture and livestock cultures. More recently, with the completion of the agriculture registration, such statistics are produced in line with the EU methodology.

With regards to **Environment Statistics**, KSA publishes data on various environmental indicators, such as: municipal waste, industrial waste, water statistics, and the brochure facts on environment (every two years). The development of such statistics is made possible through the continuous support by SIDA and the Swedish experts since 2006.

The data on waste is collected based on the regular annual surveys, such as: municipal waste survey and the industrial waste survey. The data is collected on the generation and processing of waste and such a process is based on the statistical classification of economic activities NACE Rev.2.

Waste surveys (AMK and AMI) are in line with the Regulation on Waste Statistics No 2150/200 9EC) from the Parliament and European Council of 25 November 2002, on waste statistics and Regulation 849/2010 (EC). The data is published in line with the Waste Statistics Nomenclature (EWC-stat), by using tables harmonized with the Regulation 574/2004 (EC) and the activity classification in accordance with the Regulation no 574/2004 (EC), List of European Waste (annex III of Regulation 2150/2002/EC) and the Law on Waste in Kosovo (no 02/L-30).

As regards **water statistics**, the data was collected through the Joint Questionnaire Inland Water, while the report was done partially in line with the Framework Directive on Water 2000/60/EC. The data was sent to Eurostat, based on the joint questionnaire by OECD/Eurostat.

**Social statistics**
The production of the social statistics is ensured by KSA, Ministry of Labour and Social Welfare, Ministry of Health and Ministry of Education, Science and Technology. The organizational chart consists in the Social Statistics Department in KSA. This department covers two main statistics areas: social statistics and population statistics. In total there are 22 employees in the mentioned department. Except for KSA, the contribution on social statistic is ensured by MH, MLSW, MIA, MPA, KTA, MCYS etc, who are responsible for collection of administrative data on social indicators.

The main objective of the social statistics is to produce comprehensive social data, which are sustainable and comparative to the European Union standards. The social statistics provide information on the jobs market, living standard, judiciary, culture and sports, population, natality, marriages, divorces, education, social welfare, health etc. The data is published annually at the level of the country and municipalities. The statistics are collected through primary and administrative sources.

KSA develops and publishes social statistics on expenditure, income, consumption as well as data on poverty, through the Household Economy Budget Survey (HEBS), which is developed based on the document LC/125/a/14/EN as well as by using COICOP, NACE Rev 2, ISCO 88, ISCED 97).
The development of the Survey of Labour Force has started being used by KSA in 2000. The purpose of such a survey is to collect comparative information on the employment and non-employment in Kosovo, and in order to make them available to national and international institutions. since 2012. The methodology of collecting data on LF has changed, whereby the collection of data is done through CAPI method. This survey is done by referring to Council Regulation no 577/98, EC Regulation 1575/200, Commission Regulation no 2257/2003, Commission Regulation no 1983/2003, document (PJ No L 228/18), EU Labour Force Survey – Regulations: Commission Regulation no 2104/2002, Commission regulation no 430/2005, Commission Regulation no 698/2006, Commission regulation no 377/2008, Commission Regulation no 823/2010, explanatory notes to AFP in EU from 2012 onwards; state codification from 2012 onwards; NUTS 2010 from 2012 onwards; NACE Rev.2., ISCO 88 (COM); ISCED 97, etc, as well as regional codes, municipalities and settlements as determined by KSA.

KSA developed judiciary statistics based on administrative sources, for adults and juveniles, as well as statistics on offences. Other social data produced by KSA are those of social welfare, health, education, culture and sports, natality, mortality, marriages, divorces etc. for production of vital statistics we use the document ECE/CES/2007?3, while to produce statistics on causes of death we use KNS-10. Education statistics are based on ISCED 97.

**Economic statistics**

Economic data are produced by the following institutions: KSA, Kosovo Central Bank and Ministry of Finance. The production of statistics in real sectors is a responsibility of KSA. The production of statistics in the monetary and financial sectors and the statistics of the external sector are under the responsibility of Kosovo Central Bank. The fiscal sector statistics are responsibility of the Ministry of Finances.

The main objective of such statistics is to provide a comprehensive overview on official and reliable statistics in a timely manner related to Kosovo economy in line with international standards.


The System of National Accounts presents a comprehensive overview on all transactions that have occurred within a particular time period and in this way a general overview of the Kosovo economy. It provides a systematic, sustainable and statistical description of the general economy and the mutual relation between various economic sectors, and between the general economy and the rest of the world. The most important aggregate that derives from national accounts is the GDP, which measures the economic performance of a country within a particular time period.

National accounts in Kosovo consist in annual and quarterly accounts (in line with the approach of production and expenditure, current and constant costs).

The GDP according to production approach was presented for the first time in 2003, for the reporting period 2002-2004. The latest results, based on the GDP according to production approach are from 2013, published in November 2014. KSA has calculated the GDP according to the expenditure approach in 2003 for 2002-2004. The latest results in line with this method are from 2013, published in September 2014. Since 2015, upon recommendation by the twinning expert, we have started publishing GDP in the two
approaches at the same time. The latest publication of GDP in the two approaches took place in November 2015.

The development of data sources has improved the quality of annual assessments and has enabled the designation of quarterly GDP (starting with the first quarter 2010). The data available are for the period of time: first quarter 2010-fourth quarter 2014. The latest publication of GDP in two approaches is for Q2 2015.

The GDP according to production in current and constant costs (previous year’s costs), is calculated in an independent manner, based on the economic activity classifications NACE Rev 2. The PRODCOM for compilation of Production Price Index (PPI), and according to the expenditure approach in current and constant prices (previous year’s prices), according to levels of utilization: final consumption expenditure from household economies based on the classification of the individual consumption of the 4 digit level COICOP, but published in 2 digit level; final government consumption classification according to government function classification (COFOG); calculation of the formation of fix gross capital based on product classification per activity (CPA); import and export of goods based on the Harmonized System (HS) an the Combined Nomenclature (CN).

In general, the implemented classifications in the statistical system used for purposes of national accounts are in line with international regulations.

In relation to Government accounts, they represent an overview of revenues and expenditure based on collection of administrative data and calculations by KSA. They aim at a maximal concordance of published amounts with the ESA 2010 standards and the IMF manual on Government Finances (2014). The data is provided by the Treasury Department in MoF and Pension Fund in Kosovo. The data available is for 2002-2014.

This year the national accounts have decided to work on a group of tables of Supply and Utilization in Kosovo for 2013.

The detailed update of ‘Description of methodology and source data’ for the calculation of GDP in line with the calculations based on ESA 2010 is carried out in regular basis.

As regards **Enterprise Statistics**, the main objective is to produce reliable, comparative and adequate statistics in the area of financial economic indicators.

As part of enterprise statistics, there are the following components:
- Statistics registry of enterprises;
- Business Structured Statistics;
- PRODCOM Statistics;
- Short term statistics – (STS-Industry, STS – retail trade, transport statistics, tourism statistics, construction statistics, services statistics etc.)

As regards **Business Registry Statistics**, the Kosovo Business Statistics Registry (BSR) was presented based on the national and EU legislation. BSR was established in 2005 based on Council Regulation no 2156/93 of 22 July 1993, on Communities coordination on drafting business registries for statistical purposes) and Council Regulation No 696/93 of 15 March 1993 on the statistics units for monitoring and analyzing the production system in the EU.

Currently we are reconstructing and improving the RSB, which is fully in line with the EU Regulation no 177/2008 of the European Parliament and Council of 20 February 2008, by creating a common framework for business registries for statistical purposes and abrogating Council Regulation no 2186/93. In addition,
we have also used the Eurostat Manual on Recommendations on Business Registries, which includes recommendation on the maintenance of the Eurostat business registries as a very important instrument for management, development and improvement. BRS has started the transmission of data from the Business research registry from 2012 into Eurostat through eDAMIS, while for 2015 it was based on a web based questionnaire (provided by Eurostat).

Through IPA Multi-beneficiary 2011, from 2013 to 2014 a range of activities have been implemented with a view to improving the Business Statistics Registry, with the following results:

- Implementation of NACE Rev 2 in BSR has been presented;
- Business Registry Questionnaire has been presented for updating the quality measurement in BSR;
- BSR quality indicators have been set;
- As part of the EU Twinning Project, from mid 2014 until 2015 we have been implementing a number of activities for reconstructing a data base on BSR;
- Design and development of a new data base system for maintaining information on statistical units, which in turn has enabled the automatic updating and easier maintenance.

As regards **Business Structured Statistics (BSS)**, this research started for the first time in 2006, with referring data for 2005. The data for such a research were based on the legal framework, or the Parliament and European Council Regulation no 0058/1997 and 0295/2008 and the later amendments, in relation to structured business statistics, definitions, timeframes for dissemination, and various elements of quality as specified in the implementing regulation.

The detailed separation of the required levels, starting from the referring year was defined in the Commission Regulation no 251/2009. While for the earlier referring years it has been included in the Commission regulation no 2701/1998 amended by no 1614/2002 and no 1669/2003.

ASN consists in a horizontal module (Annex I), by including a limited group of basic statistics for all activities. The seven annexes of the specific sectors cover an extended list of sectorial specific features. The specific sectors are as in the following: industry (annex II), trade (annex III), construction (annex IV), insurance services (annex V), finance credit institutions (annex VI), pension funds (annex VII) and business services (annex VIII).

Annex IX covers business demographic statistics for all activities. Currently we produce statistics as in annexes: I, II, III, IV, V and IX.

As regards short term statistics, they are developed based on the Council Regulation no 1165/98 of 19 May 1998, the so-called Regulation on STS.

In this sector, we included the following short term statistics:

- Industry (industrial production index, industry circulation index and the production prices index, as well as the industry employees index)
- Construction (Construction production index, labour indicators, construction licenses – number of requests for leasing and use of premises and floors)
- Retail trade (circulation index, labour indicators)
- Other services – Tourism (circulation index, labour indicators).

Currently we publish quarterly statistics as in the following: industry circulation index, production prices index, retail trade statistics (circulation index, labour index).

As regards **Energy Statistics**, as part of the energy statistics we prepare the publication on data including production and consumption of coal, production and consumption of energy, import and export of
energy and the export of other energy materials. The energy statistics are published in quarterly basis (t+70 days). This research is done in line with the Regulation no 1099/2008 by the European Parliament and European Council of 22 October 2008, on energy statistics.


**As regards tourism statistics**, since 2005 we started the publication of data on the number of hotels, number of employees, accommodation capacity (rooms, beds) number of visitors and number of staying nights, including visitors from abroad broken down by country of origin. Such statistics are published on quarterly basis (t+77 days). Such statistics are developed in line with Council Directive mo 95/57/EC and the Commission proposals for Amendments, COM (2010)117.

**Prices – macroeconomic aggregates**

**As regards the Consumption Price Index/Harmonized consumption price index**, the Consumption Price Index in Kosovo was created in May 2002. This Index is published in monthly basis (t+13 days) and annual basis (t+6months) and it is being improved continuously in line with the EU standards. Through the December 2014 Index, we presented new elements based on National Accounts data, by covering the Price Index in higher level of harmony with the European Harmonized Consumption Price Index. As such, the Price Index since December 2014 is published as a Harmonized Price Index. In order to reflect this, the Kosovo Price Index has been renamed into Harmonized Price Index since January 2015. Such an Index will be developed continuously with a view to advancing the implementation of all current and future regulations on HCPI (2495/95) and the instructions which are currently only partially implemented. HCPI is available in Kosovo since January 2015. The CPI (which mainly is ABF as a source and cover only households economies) are available since May 2002 until December 2014. The targeted population for Kosovo HCPI are all the household economies, which is also best international practice. Kosovo HCPI does not use population strata (which is totally adequate for a small country). ABF as well as LLK cover the population of 34 municipalities, over which government exerts control.

**With regards to external trade statistics**, the statistics in this area are based on Council Regulation no 1172/95 (consolidated version) and Commission Regulation no 1917/2000. Kosovo Customs provide processed data on monthly basis.

Currently the external trade statistics are published in monthly basis (as preliminary data) in a timeframe of t+30 days, and in annual basis with a timeframe of t+6 months. The external trade statistics calculate the goods export in accordance with the free on board (EOB) as well as the import according to the CIF (Cost, Insurance, Freight) values, in total as well as some more detailed indicators such as: export/import according to countries, groups of countries, groups of goods etc.

The data of external trade of goods is processed based on the special trade system and not on general trade system.

The used nomenclatures for calculating the trade statistics are as in the following:

- Combined Nomenclature of Goods (CN)
- Standard International Trade Classification SITC, rev.4,
- Country and territory classification ISO (International Standard Organization)

**Import price index**

The publication of the Import Price Index (IPI) has started in June 2009. The prices are collected and published in quarterly basis (t+75 days). They cover the most representative import companies who are
active in the majority of municipalities for the first quarter 2006-fourth quarter 2014. IPI is prepared in line with the European standards end methodology, and in close cooperation with the SIDA statistics experts. The results have been presented in accordance with the World Customs Organization Harmonized System, and the IPI is under further development.

**Production price index**
The KSA has started to publish the production price index (PPI) since May 2009. PPI is published on quarterly basis (t+78 days).

The prices and values of industrial production are collected from the production enterprises of importance in Kosovo. The production value and the average annual price is referred to 2007, while since the first quarter of 2009, the index is monitored and calculated continuously in quarterly and annual periods. The PPI is in line with the Standard Activity Classification, in accordance with NACE rev.2 based on Regulation 11/2013, Article 7 on the implementation of activity classification standard. PPI is under development, and it aims at including continuously economic activities, which are not active currently, but their start is expected gradually.

**Construction costs index**
The publication of the construction costs index (CCI) has started in the first quarter of 2014, based on 2013 (2013 basis =100).

This index for multi storey building is under development, and included all of the following costs: materials, wages, machinery, transport, energy, others.

**Purchasing power parity**
Kosovo has started a pilot project on Purchasing Power Parity (PPP) as part of the European programme for comparison, since January 2009. The project is supported under IPA. So far we have completed two phases, and now we are in the third phase.

**As regards the Information Systems**, KSA through the Danish statistics support, through a twinning project, has implemented the PX-Web, which is a modern platform for online data dissemination, which in KSA is known as ‘askdata’.

All of the servers have been installed based on best practice, and for the first time all of the servers are virtual. All of the databases have been transferred from the old servers into SQL 2012. We have ensured the documentation of all servers and IT systems in general. KSA has developed SIPK, a system that enables measuring the KSA performance, by providing hours – product ration, and working processes as per users.

The GIS system is of special importance in the registration activities. In terms of preparations for registrations we have purchased detailed satellite terrain images, which provide each constructed structure. These structures were then digitalised, which has rendered each building to be identified. During the field work, we updated the maps, which is a continues process, based on the GIS data.

The GIZ based approach in developing and disseminating the spatial statistical data, is also encouraged by the international recommendations with a view to ensuring standardized data in accordance with the INSPIRE (European Spatial Data Infrastructure) and GISCO (GIS Unit in Eurostat).

The main purposes of using GIZ In KSA are as in the following:
- Preparation of a cartographic databases needed for population and agriculture census
- Support to statistical research in the field based on maps
- Construction of the statistical data spatial infrastructure
• Analysis of spatial data through statistical products
• Distribution of statistical data through maps etc.

Through support by 2009 IPA, and the work put in by the KSA staff, we have managed to conduct a metadata description (ESMS) for 12 various statistical researches in the area of economic, social, population and agriculture statistics. Also, through the IPA 2009 project, KSA has established the centre for user support on European statistics ESDS, whose purpose is to support the users so as to have access in the European statistics, and to support the users in local languages.

The implementation of eDAMIS, the Eurostat system for data exchange and transmission was implemented through IPA 2007.

**Methodology, information technology and dissemination**

Through support by 2009 IPA, and the work put in by the KSA staff, we have managed to conduct a metadata description (ESMS) for 12 various statistical researches in the area of economic, social, population and agriculture statistics. During this year we have updated the metadata description for these 12 products, and we also did the description for two additional products, through the Swedish Statistics, based on the Eurostat regulation (on reference metadata for the European Statistical System, 2009/498/EC).

Through the support provided by the Denmark Statistics, through the Twinning Project we have created the document related to quality policy, while we also established the Quality Committee, consisted of 9 members from various statistical areas.

**Monetary and financial sector statistics**

The compilation of monetary and financial statistics (MFS) is an essential task for the Kosovo Republic Central Bank (KCB). As part of the MFS we include all financial data in the national and international context. KCB collects, compiles and publishes data on all financial corporations’ accounts in Kosovo, including the central bank, commercial banks, insurance companies, pension funds, other financial intermediaries and the financial assistance. An aggregated overview with data on all financial corporation’s is presented din the Financial Corporation Survey, which is available win the Monthly Statistical Bulletin. Other financial statistics prepared by KCB are surveys on financial corporations, balances, income records, deposits, credits, interest rates, exchange rates, payment systems etc. The financial sustainability indicators and the survey data on financial access are prepared and distributed through the Banking Oversight Department in KCB.

The responsibility to collect, process and disseminate MFS statistics is specified in the Law no 03?L-209, 22 July 2010, on Central Bank of the Republic of Kosovo, and the KCB Regulation on Monetary Financial and Financial Accounts Statistics, which vest the authority onto KCB to collect statistical data and other important information for statistical purposes. The revision of this regulation is necessary because of new international standards as well as European Union and ECB requirements.

The statistical data are exchanged on regular basis between KCB and other data producing agencies. This is regulated through the Law on KCB, Article 25, and point 1.3. All of the data processed by KCB are subject to the regime of confidentiality, which is regulate by the Law on KCB, Article 74. Human resources, premises and other resources are sufficient for producing monetary and financial statistics.

The independence and autonomy of KCB is regulated through the Law on KCB, and there is no internal governmental access to statistics before their publication. KCB has its own code of conduct. The staff of

the statistics directorate in KCB is involved actively in a number of international commissions, work groups and task forces.

In terms of methodology used in preparing MFS, KCB follows the newest international standards, such as: the Monetary and Financial Statistics Manual (IMF 2000), Manual on Preparation of Monetary and Financial Statistics (IMF 2008), National Accounts System 2008, European National and Regional Accounts (ESA 2010). MFS published by the KCB includes all of the MFS 2000 Manual standards, which are relevant for conditions of a country. The purpose is generally in line with the international standards, best practices and guidelines. The preparation of interest rate statistics is in line with the IMF Interest Rate Statistics Manual (European Central Bank 2003).

The main data sources for MFS are the regular monthly and quarterly reports by the financial institutions, the MFS data are prepared by using a local company prepared software through the MS Excel. The international code system is used for preparing the standard components. The banking statistics are prepared and published on monthly basis, with a deadline of 25 days after the end of the referring month. The financial corporation’s surveys and other financial corporation surveys are prepared on quarterly basis, with a deadline of three months after the referring quarter, the MFS data are in line or in compliance within the various groups of MFS data and the national accounts.

The MFS statistics are published in the Monthly Statistics Bulletins and the time series on the KCB webpage. A list of publications are available in the KCB webpage. The statistics are published according to the announced timetable. The methodology used for collection, processing and preparing the data for BP, are also published in the KCB webpage.

The latest improvements introduced to the MFS are as in the following:

- Approval of the Regulation on Monetary and financial Statistics as well as Financial Accounts;
- Implementation of new versions of the Bank Statistics Reports (version 2.0);
- Implementation of new version of the Report on Interest Rates (version 2.0);
- The development of the statistics software in monetary and financial sector;
- Publication of data in three languages (Albanian, Serbian and English. In the past the data was only published in English).

The short term enhancements in the MFS, as in the following:

- Improvement of coverage by including the insurance companies and pension funds in direct reporting;
- Increase of the number of statistics products on data related to interest rates, deposits, new credit, and financial records for micro financing institutions, insurance companies and pension funds;
- Development and activation of new statistics programmes in process, preparation and analysis of MFS;
- Further improvement of effectiveness in data exchange and strengthening of cooperation with local and international institutions in the area of statistics.
- Further improvement and maintenance of the National Data Summary System, for data distribution in the GDDS;
- Improvement of the KCB webpage.

Midterm improvements in the payment balance statistics and IIP, as in the following:

- Shortening of time to collect data without a determined deadline, for the depositing corporations survey from 15 to 10 days;
- Development of revision policies on MFS and ESS;
• Amendment of the Regulation on Monetary Financial Statistics and Financial Accounts Statistics, so as to bring it in line with the European Union and ECB.

External sector statistics
As part of the external sector statistics (ESS), KCB publishes payment balance statistics, international investment position, external debt, international trade in services and foreign direct investment. The responsibility for collection, processing and dissemination of ESS is clearly specified in the Law on KCB[39] and KCB Regulation on Balance of Payment Statistics and International Investment Position, which vest authority onto KCB to collect statistical data and other important information for statistical purposes.

In the midterm, the revision of this regulation is necessary so as to meet the new international standards as well as the requirements from the European Union and ECB.

As reported earlier, the statistical data are regularly exchanged between KCB and other data agencies; all KCB prepared statistics are subject to the same confidentiality regime. The human resources, premises and other resources are sufficient in order to prepare ESS, although there is still room for improvement.

As regards methodology, KCB follows the newest international standards, best practices and guidelines for preparing the ESS statistics. The preparation of the balance of payment (BP) and the data on international investment position (IIP) are done in line with the analytical and classification framework of the sixth edition Manual on Balance of Payment and International Investment Position (BPM6). The BP and IIP statistics contain the standard BPM6 components, which are relevant for the country in question. The objective is generally in line with the standards, guidelines and best international practice.

The preparation of the external debt statistics (EDS) is in line with the analytical and classification framework of the 2014 edition on External debt statistics: guidelines for drafters and users.

The main data sources for EDS are as in the following: International Transactions Reporting System (ITRS), monetary statistics, enterprise surveys, government institutions, international organizations, as well as various assessments. The EDS data are prepared by using locally developed MS Excel software. The international coding system is used for compilation of standard components. The data on balance of payment are compiled and published in monthly basis, with a deadline of two months after the referring month. IIP and EDS are prepared in quarterly basis, with a deadline of three months after the end of the referring quarter. The EDS data are in line with the various data groups on EDS and with the international trade in goods, national accounts, monetary and financial statistics. The temporary data, as revised and those are final are added a footnote, or are printed in bold.

The BP statistics in Kosovo have been published since 2006, in yearly basis, covering the period 2004-2005. Beginning in 2010, these statistics are prepared and published in quarterly basis, and from 2015 these data are published in monthly basis. The data on IIP and EDS are published since 2011, covering the time period 2007-11 on annual basis. Since 2012, the statistics are published in quarterly basis. Since 2012, Kosovo has started to participate in the Foreign Investment Coordinated Report and the Portfolio Investment Coordinated Report (CPIS) by IMF.

EDS are published in the Monthly Statistics Bulleting and Time Series on the BCB webpage, a list of publications is available in the KCB webpage. The statistics are prepared as per the announced timetable. The used methodology for collection, processing and compilation of BP data, is published in the KCB webpage.

[39] See Article 8, Duties (1.6), Article 25 Collection of statistics and information, Article 26 Securing information and statistics, Article 27 Dissemination of information and statistics and Article 28 Other publications.
The latest improvements in balance of payment and international investment position statistics are as in the following:

- Approval of the Regulation on Balance of Payment and International Investment Position;
- Full implementation of the BPM6 methodology;
- Frequency increase for the BP balance from quarter to monthly;
- Shortening of deadlines for publication of BP statistics from t+90 to t+60;
- Development of the external sector statistics software;
- Publication of data on ESS in three languages (Albanian, Serbian and English).

The short term improvements in the balance of payment and International Investment Position, as in the following:

- Full harmonization of the balance of payment, IIP and international trade in services with the EU acquis;
- Data codification in accordance with the Vademecum recommendations; installation of the e-exchange package for Statistical and Metadata on Macro Economic Statistics (SDMX);
- Dissemination of the balance of payment, IIP, and statistics on international service trade to Eurostat and ECB (upon request);
- Increase of number of IHD in the enterprises surveys;
- Development and presentation of the new statistical software for preparation and analysis of statistical series.

The midterm improvement in the balance of payment and International Investment Position, as in the following:

- Preparation and dissemination of reserve data template;
- Preparation and dissemination of OFATS data; presentation of the direct report, as a main source of data;
- Amendment of the Regulation on Monetary Financial Statistics and Financial Accounts Statistics, so as to bring it in line with the EU and ECB requirements.
- Amendment of Regulation on Balance of Payment and International Investment Position.

**With regards to Fiscal Sector Statistics** - the Law on Management of Public Finances and Responsibilities (03/L-048), amended through Law 03/L-221, Law 04/L-116 and Law 04/L/194, regulates the registration and processing of data related to accounting, as well as publication of quarterly and annual reports. The mentioned Law requires that the Ministry of Finance drafts and publishes regular reports, in line with the legal requirements as envisaged in the mentioned law. MoF also prepares other fiscal report in line with agreements concluded by the Government of Republic of Kosovo, namely Ministry of Finance with certain international organizations. The reports contain the general revenues, as in: budget revenues consisting of tax revenues and non-tax revenues, public enterprises dividends, concessionary tax, royalties, fines, tariffs, interest revenues, and financing acceptance, consisting of national and international loans, and revenues as donor grants and revenues from privatization. Also, the reports contain the general expenditure, including: current, capital, interest expenses on debts and payment for financing.

The Reporting Division as part of the Treasury prepares financial reports as in the following:

- Quarterly budget reports, linked to article 45 of the LPMFR, which are adopted by the government, and are then reviewed by the Assembly of the Republic of Kosovo;
- Annual financial report (financial records) for the Government of Republic of Kosovo, related to article 46 of LPMFR, which are adopted by the government, and are then reviewed by the Assembly of the Republic of Kosovo;
- Monthly reports to IMF, in accordance with the agreement between IMF and Government of Kosovo;
- Monthly reports on revenues and expenditure as per requirements of the European Commission.
- The preparation of such reports is in line with the LPMFR and SNKSP, based on cash – *Financial reporting according to the accounting principle based on cash.*
- The collection of data and preparation of financial reports is done through the Information System for Finance Management in Kosovo (ISFMK)\(^{40}\), Kosovo Central Bank and Budget Organizations\(^{41}\).

*Short-term measures*

Aiming at meeting the obligations deriving from the SAA and other accession documents, we will implement the following short term activities, within chapter 18:

- Implementation of the Law on Official Statistics, by strengthening the legal framework;
- Adoption of Law on official statistics in line with Eurostat recommendations;
- Adoption of Law on Census for 4 municipalities, which did not participate in the 2011 census.
- Continue implementing the Programme on official statistics 2013-2017 through the operational plan (annual plan 2016);
- Strengthening of capacities in KSA, including allocation of financial and human resources, especially in relation to increasing the technical and professional staff, highly qualified.
- Further development of national accounts and statistical sources, such as business structured survey, increasing the availability of short term indicators, necessary for preparation of quarterly accounts, as well as further implementation of ESA 2010 for all relevant areas.
- Population census in the municipalities to the north of the Republic of Kosovo, which did not participate into the census of 2011.

**Agriculture statistics**

- Conducting surveys on production of agriculture plant cultures fully in line with the Regulation EC no 543/2009.
- Conducting surveys on livestock production in line with the Regulation EC no 1200/2009 and meat production surveys, (slaughtering in and outside of slaughterhouses) according to regulation EC 1165/2008 and Council Directives 96/16/EC and Commission Decision 97/80/EC and diary production also in accordance with these regulations.

**Forestry statistics**

- Increase of the number of variables and indicators published on forestry based on administrative sources.

**Agromonetary statistics**

**Prices and Price index in agriculture**

- Continue the pilot study on land prices and leasing, as part of IPA 2012 project (referring document Inventory for EAA and API, IPA 2012). Identify the necessary sources for collection of such data.

**Economic calculations in agriculture**

- Inclusion and adaptation of Agriculture Registration results 2014 in Economic Accounts on Agriculture, as a main source for the data.
- Continue updating the inventory for the economic accounts in agriculture, as part of IPA 2012 project.

**Environment Statistics**

**Water statistics**

- Improve the quality of such statistics, increase the number of variables and statistical indicators, and also continue further harmonization of such statistics with the EU methodology.

\(^{40}\) On April 1, we updated the ISFMK from version 6.4 to 7.0.

\(^{41}\) A budget organization are all public institutions who are allocated budget through the Budget Law.
Social Statistics

- Develop, for the first time, a survey on measuring the income and living conditions (SILC), in accordance with SILC DOC065, 2004.
- Population census in the northern municipalities of the Republic of Kosovo, which did not participate in the census of 2011.
- Full digitalization of education statistics;
- Digitalization of vital statistics,
- Transfer from ISCO 88 to ISCO 08.
- Transfer from ISCED 97 to ISCED 2011.
- Development of LCI survey.

National accounts

- Further application of methodology to calculate GDP in line with ESA2010;
- Continue work on developing a supply-usage table;
- Shorten the deadline for publication of GDP results publication;
- Revision of data based on new methods and data;
- Transmission of data to Eurostat – ESA 2010 related to annual national accounts.

The above noted activities on national accounts refer to regulation aiming at approximating the EU Regulation no 549/2013 on European system of national and regional accounts in the EU.

Statistical registry of businesses

- Presentation of the Report on the Quality of Business Registry;
- Intensify activities in implementing the NACE Rev.2 in RSB and designing survey samples based on NACE Rev 2 for business based surveys.
- Intensify activities for automatic updating of RSB by including administrative and statistical data;
- Conduct Pilot Survey on Business Registry on medium and large enterprises.
- Conduct the real Business Registry Survey, based on predetermined criteria.
- Coordinate with the Agency for Business Registration and Kosovo Tax Administration as well as Kosovo Trust Agency, so as to include a broader range of indicators to be retained in the RSB.
- Implement a data transmission tool, so as to ensure receiving online data from Kosovo Tax Administration.

Structured Statistics on Business (SSB)

- Shorten the deadline for publication
- Produce statistics in accordance with annex VI.
- Shorten the deadline for publication.
- Produce tourism statistics (circulation index as well as labour index)
- Increase of quality.

Energy statistics

- Shorten the deadline for publication of energy statistics.
- Publication of efficiency statistics in accordance with international standards in yearly basis.

Transport and telecommunication statistics

- Shorten the deadline for publication of statistics on transport.

Tourism statistics

- Shorten publication deadline.

External Trade

- Shorten publication deadline, and
- Use PX web (format) for data dissemination.

Prices – Macroeconomic aggregates

Consumption Price Index/ Harmonized Consumption Price Index

- Shorten publication deadline.
- Quality improvement.
Import Price Index
- Apply product classification activity (CPA)
- Shorten publication deadline.
- Quality improvement.

Production Price Index
- Quality improvement.
- Publication deadline shortened.

Construction Cost Index
- Quality improvement.
- Publication deadline shortened.

Information systems
- Develop new KSA webpage using ASP.NET-SIDA.
- Implement of CMS.
- Synchronise SIPK users with the Working Hours observation management system.
- Develop Intranet using ShapePoint – SIDA.
- Develop data dissemination strategy – IPA 2012.
- Digital collection of population statistics data possessed by CRA.
- Develop application for Import Price Index.
- Develop a backup strategy – SIDA.
- Develop a module that will enable the update of askdata platform in a decentralized manner.
- Publication of the report ‘Urban and Rural classification in Kosovo.

Methodology
- Metadata description for statistical research.
- Expansion of statistics glossary.
- Calculation of sample errors (accuracy interval and sample error) for two statistical products (ABESH and AFP).

Fiscal sector
- Supplementation of the accounting plan with new economic codes, and including elements of Government Financial Statistics (GFS) for 2014.

Midterm priorities

Aiming at meeting the obligations deriving from the SAA, and other accession mechanisms, the focus for period 2017-20 will be on the following midterm priorities:

Agriculture statistics
- Strengthening of institutional relationship with the ministries and other government agencies.
- Strengthening of KSA capacities in producing and improving the existing statistics.
- Recruitment of additional staff.

Forestry statistics
- Increasing the number of forestry research in line with the Eurostat and EU legislation methodology.

Agromonetary statistics

Agriculture price index
- Producing statistics on land and leasing prices, in accordance with Eurostat methodology.

Agriculture economic forecast
- Develop forecast (assessment for next year) and publication of data for internal users, Eurostat and other EU MS.
- Improving the data sources and quality for economic forecasts in agriculture, by using administrative sources.

Agriculture Labour Input (ALI)
- Further development of such statistics and improving the quality.
• Further harmonization with Eurostat methodology.

**Environment statistics**

**Water statistics**
• Producing indicators for “Green House Gas Emission” (GHGE, in accordance with the EU regulation and UN on GHG: 2006 IPCC guidelines for inventory of national gas; UN Convention on Climate Change CLRTAP/UNFCCC.

**Social Statistics**
• Producing social statistics in line with the EU above mentioned regulations,
• Expanding research in social statistics.
• Expanding the range of administrative statistics.
• Collection of judicial statistics in digital form.
• Adding the AFP module, as required by the EU – LFS.
• Preparations for the next census in 2021 (the framework for the census will be based on Kosovo legislation, respecting recommendations by Eurostat and other instructions)
• Ece/ces/stat/none/2006/4: UN European Economic Commission, European statistics experts, statisticians recommendations on census for 2010, prepared in cooperation with Statistics Office of the European Communities.
• Emigration survey (Kosovo’s Law on Asylum (no 04-L-217 on emigration includes the EUROSTAT recommendation and international criteria on who is to be considered an emigrant).
• Vacancy jobs survey.
• Transition from school to employment survey.

**National accounts**
• Further improvement of methodology and results in annual and quarterly calculation of the GDP and Government Accounts.
• Result publication using Supply and Utilization Tables.
• Preparation data for drafting input-output tables.
• Increasing the number of tables from the Transmission Programeme.
• Assessment of Informal Economy.
• Further enhancement of the methodology and results in annual and quarterly calculation of macroeconomic aggregates.
• Supply table on basic prices, including the annual purchasing prices transformation.
• Usage of annual purchasing prices tables.
• Increasing the number of tables from the Transmission Programeme, including the quarterly GDP tables.
• Further improvement of the assessment of the Informal Economy.
• Improvement on the gross fix capital.
• Assessment of research and development based on ESA-2010, and its methodological requirements.
• Increasing the number of tables from the Transmission Programeme, including other GDP variables.
• Development and implementation of the new database system for automatic updating and easier maintenance of RSB, including administrative and statistical survey data.

The above listed activities refer to the regulation aiming at approximating the EU Regulation No 549/2012 on European national and regional accounts in the EU.

**Business registry statistics**
• Intensify cooperation with international sources, so as to ensure easier and more accurate information receiving from administrative sources for the purposes of BRS 2017.
• Development and implementation of the new database system for automatic updating and easier maintenance of BRS 2017, including administrative and statistical survey data.
• Design the current research/exploration instruction for the BRS units, 2017.
- Test and implement PX-WEB, for enterprise data dissemination, through the online statistics database 2017.
- Further improvement of the database for updating the statistics on BRS 2018.
- Complete activities related to developing research/exploration guidelines for BRS units 2018.
- Monitoring and updating regularly the BRS, using administrative and statistical data 2018.
- Start activities related to implementation of the Enterprise Group and profiling in BRS 2019.
- Monitor and update regularly the statistics units in BRS, 2019.
- Further enhancement of the database and the guidelines on monitoring and updating the regular BRS statistical units; 2019.
- Cooperation with administrative sources related to activities for maintenance and improvement of the statistical units on BRS, 2019.
- Full harmonization of BRS with the respective EU legislation, 2020.
- Further enhancement of the database on monitoring and updating all changes introduced to statistical units on BRS; 2020.

**Business Structured Statistics (BSS)**
- Shorten publication deadline.
- Producing statistics in accordance with annexes VII and VIII.
- Transfer to monthly basis.
- Produce short term statistics for construction and services.

**Energy Statistics**
- Transfer to monthly basis.
- Harmonizing with Eurostat requirements and recommendations.

**Telecommunication and transport statistics**
- Implement a pilot survey on road and railway transport.
- Transfer to monthly basis for transport statistics.
- Development and continuous improvement of this component, so as to ensure harmonization with the Eurostat regulations (2017-20).

**Tourism statistics**
- Implement a pilot survey related to tourism statistics.
- Improve the quality of responses by respondents.
- Expand the range of products and indicators, needed for such statistics, in line with Eurostat.

**External trade**
- Improve and expand the variables, ensuring always compliance with the latest developments and Eurostat and UN Statistics requirements.
- Shorten publication deadline.
- Increase number of PX web tables for data dissemination.

**Agromonetary statistics**
- **Consumption Price Index/Harmonized Consumption Price Index**
  - Monitoring through the advanced method.
  - Shorten publication deadline.
- **Import Price Index**
  - Increase observation of prices.
  - Quality improvement.
  - Shorten publication deadline.
- **Production Price Index**
  - Increase observation of prices.
  - Quality improvement.
  - Shorten publication deadline
- **Construction cost index**
  - Increase observation of prices.
  - Quality improvement.
• Shorten publication deadline

**Purchasing power**
• Continue all cycles if supported by IPA MB.
• Use of such indexes for GDP deflation in expenditure access.

**Information systems**
• Expansion of CAPI system, for collection of data 2017.
• Centralization of backup system of data and archives in a new platform 2017.
• Pilot project for implementation of SDMX infrastructure and statistics and metadata exchange in the current system of statistical information – 2020.
• Increase of number of data sent to Eurostat through eDAMIS – 2020.
• Continue documentation of the IT system – 2017.
• Creation of a system for data usage from administrative sources for statistical purposes 2020.
• Development of GIZ web – 2018.
• Continue updating the state geo-portal – 2019.
• Develop a system for archiving, management and distribution of Metadata – SIDA 2018.

**Methodology**
• Continuous improvement of the statistical methodology, especially in designing samples.
• Updating the sample framework to be used for sample design (the framework contains household economies to be selected for interviewing).
• Completion of the process of metadata description (ESMS) for statistical research.
• Developing a system of archiving, management and distribution of metadata – SIDA.
• Define software to be used for tables and analysis of the results.
• Continue documentation of the methodological process.
• Calculation of sample error for six statistical products.
• Bring statistics in line with the EU and ECB requirements.

**Fiscal sector**
• Continuous monitoring and observation of the accounting plan.
• Amendment of the regulation on annual report for budgetary organizations (MF-03/2013).

**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 SAPD conclusions 2015 concerning *social policy and employment*, it shall be ensured that the Labour Law is finalized and adopted through a consultation process. 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 funds for implementation of the Law establishing the Employment Agency, expected to start as of 2015, need to be committed. Concerning *social dialogue and social partners*, the Law on Social and Economic Council shall
define clear membership criteria. Kosovo shall adopt the amended Law on Social and Economic Council as well as the amended Law on Strikes which is currently facing serious problems in its implementation. In the area of social inclusion and social protection, Kosovo shall adopt the Law on Local Government Finances as well as take into consideration the proposal of MLSW on municipal grant for covering the expenses of municipalities for social services. In this context, the budget for social services at municipal level needs to be ensured therefore a financial formula for social services needs to be approved. While As regards health and safety at work, Kosovo needs to increase the number of labour inspectors, establish and make operational the Council on Health and Safety at Work as well as complete the ISLI database.

Based on the 2015 EC Kosovo Report, in the area of employment policies, it points out the increase of unemployment in 2014 at 35.5 percent in comparison to 30 percent in 2013. Also it sees as concerning the increase of unemployment among youth at 61 percent compared to 55.9 percent in 2013. In the area of social policy, the report recommends the adoption of the law on labour, in line with acquis, and to make efforts in its implementation. The labour inspectorate should further increase the number of staff, which in turn should reduce the number of deaths and injuries in working sites and to target informal economy in the country (especially in construction). In the area of social dialogue, the Law on Economic Social Council needs to be adopted, which should provide criteria for selection of council members, in line with acquis. Also the report concludes that the collective contract is not functional. In the area of social services, the report points out the insufficient provision of social services by the municipalities as a result of insufficient budget; while it also mentions that the lack of budget has postponed the launching of the new pension scheme. In the area of gender equality, the report asks for implementation of the relevant law, so as to address the high unemployment among women and the low participation of women in decision making. Also, Kosovo needs to prevent women discrimination in access to jobs as a result of pregnancies, especially in the private sector.

**Current Situation**

**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:
• 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;

Out of the above 10 directives, two have been partially transposed:

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:

These directives are addressed also in the Law on Gender Equality and the Law on Anti Discrimination. The consolidation of the legal framework that regulates the employment public services is ongoing. The Law No. 04/L-205 on Employment Agency is adopted in 2014, while the sub legal acts will be finalized in 2015.

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 such as:
• 2003/174/EC: Council Decision of 6 March 2003 establishing a Tripartite Social Summit for Growth and Employment, and
The Directive 2002/14/EC of the European Parliament and the Council of 11 March 2002 which establishes 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 amendments to the Labour Law.

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 16 approved standards.

The legal framework on licensing of social services’ 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 central pension system provides a minimal level assistance to retired persons. The pension system financed by the state is regulated by the Law No. 04/L-131 on Pension Scheme Financed by the State as a first Pillar of the pension system. The employees under the age of 55 are obliged to pay 10% of their salary to the Kosovo Pension Savings Trust.

In the area of safety and health at work, progress has been made in terms of starting the approximation of legislation. This field is considered as the most voluminous and complex one. The Law No. 04/L-161 on Safety and Health at Work adopted in 2013 and harmonized with Council Directive 89/391/EEC of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of at work (Framework Directive). This law enables the transposition of 19 individual directives deriving from the framework directive. So far two directives are transposed by specific regulations, the first and second directive in the meaning of the Article 16 (1) of the Directive 89/39/EEC.

The Labour Inspectorate faces with the lack of human capacities for effective implementation of legislation in this field, whereas it is the main responsible institution for implementation of the Law No. 03/L-212 on Safety and Health at Work but also other laws in its competence. The number of labour inspectors remains very low with only 50 inspectors.

Short-term measures

In terms of legislative priorities for 2016, MLSW will focus mainly in the area of labour and employment. MLSW will gradually continue to complete the legal framework in the area of safety and health at work. Having in mind that this area is very broad and voluminous, through the support from IPA project 2014 “Harmonization of national legislation on the employees rights with EU acquis”, expected to start as of 2016 and be completed at the end of 2017, at least the following 10 individual directives deriving from the Framework Directive No. 89/391 will be transposed:

Also, during this year we plan to supplement the Law no 04/L-008 on Socio Economic Council so as to transpose the following decisions:
• Council Decision (200/98/EC) of 24 January 2000 on creation of the employment council; and

Drafting and adoption of the Strategy on the Socio-Economic Council is also planned.

In addition to drafting the legislation, in 2016, the Labour Inspectorate and Social Partners will be trained on all normative acts (secondary) to be transposed during 2016, with the support of IPA project referred above. Therefore besides drafting the legislation, the MLSW also aims to enhance the monitoring capacities in accordance with the harmonized legislation. As envisaged by the MLSW legislative programme 2015, the Labour Law is being amended and is expected to be adopted by the Kosovo Assembly in 2016. In short term, the amended Labour Law will be further approximated with the two main directives on employment relationship:
• Council Directive 94/33/EC of 22 June 1994 on the protection of young people at work. The amendments to this law aim to strengthen the position of women in the labour market, namely banning discrimination at work.

As regards the legislation in the area of social services and social assistance, in 2016, MLSW will continue amending, supplementing current legislation as well as approving new subsidiary legislation deriving from the adoption of laws related to the field of social services. In order to identify the needs for new amendments, an analysis of the implementation of the current legislation on social and family services will be conducted and a study report with recommendations on the necessary amendments to the legislation in this field will be drafted. With the aim to strengthen the financing mechanisms of social and family services, the subsidiary legislation that will create financing programmes for social services by municipalities, through the inclusion of nongovernmental sector in implementation of projects for provision of social services, will be drafted. Drafting of the minimal standards and licensing of social services’ providers will be a continuous process that will be implemented and monitored by professional commissions established by the Ministry.

As regards poverty reduction and support for families living in poverty, the analyses of the consumer price index will continue and proposals to increase the amount of family benefits will be made accordingly. In addition, inclusion of beneficiaries of Social Assistance Scheme in the active labour market and vocational training measures will be a priority.

In 2016, MLSW, besides drafting the legislation will also undertake measures to strengthen the Labour Inspectorate and particularly the Social Partners. Based on Action Plan 2015-2020, the Labour Inspectorate will prepare a special working plan for 2016 to implement the activities deriving from the above mentioned plan. A priority of MLSW and the Labour Inspectorate for 2016 will be the monitoring of undeclared work or fighting the informal employment. In this context, MLSW aims to increase the number of labour inspectors as well as enhance the efficiency of current labour inspectors. Strengthening of the National Council on Safety and Health at Work will be an important priority of MLSW. The Council will be the highest body on national level, which will monitor the general system of safety and health at work.

Midterm priorities

The main objective of MLSW in the area of legislation is transposition of EU acquis in the area of social policy and employment until to 2020. MLSW planning of legislation drafting for this period of time will be focused on drafting the new Labour Law, which will transpose at least the following 17 directives:
• 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;

MLSW will continue to complete the legal framework in the area of Safety and Health at Work with the subsidiary legislation, whereby at least the following 11 directives will be transposed:
• Council Directive 92/57/EEC of 24 June 1992 on the implementation of minimum safety and health requirements at temporary or mobile construction sites (eighth individual Directive within the meaning of Article 16 (1) of Directive 89/391/EEC);
• 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);
• Directive 2006/25/EC of the European Parliament and the Council of 5 April 2006 on the minimum health and safety requirements regarding the exposure of the workers to risks arising from physical agents (artificial optical radiation, 19th individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC);
• 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);
• Directive 2004/37/EC of the European Parliament and 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 will draft a new Law on Labour Inspectorate which will be harmonized with the best standards and practices of the European Union countries.

In the area of employment, a law which regulates all employment policies aiming at creating new jobs in accordance with vocational qualifications and skills will be adopted. In the area of equal opportunities, MLSW will continue to approximate its legislation with the EU acquis. Until 2020, MLSW will have a law which will regulate the rights of all persons with disabilities in terms of financial benefits and state protection. Kosovo Programme for Gender Equality will provide an improved midterm vision on meeting the gender equality. Based on cross sectorial nature of gender issue, the envisaged objectives of this programme will be interlinked. The unemployment and poverty pose a threat to a large number of families; in particular unemployment and poverty have a negative impact on women social status. Employment and participation of women in economy has a direct impact on poverty reduction. This process will be led by the Agency of Gender Equality 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 social category beneficiaries in employment and
vocational training programmes will be a priority. Designing and creating a grant scheme for financing and supporting projects of non-governmental providers for providing social and family services.

In the area of social protection, MLSW will continue with conclusion of bilateral agreements with the countries where the conditions are created. These agreements will be in compliance with the respective regulations and directives of EU for coordination of social security systems. At the same time MLSW will continue to complete the necessary social security systems for conclusion of agreements on the basis of social security.

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 sectoral policies. In general, the enterprise and industrial policies are closely related to the EU Strategy 2020.

Through these general 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 2015 EC Kosovo Report obliges Kosovo to pursue the Small Business Act recommendations. Further, the report requires the initiation of regulatory impact assessment so as to reduce red tape for SMEs. With regards to inter-institutional cooperation, the report requires to increase such cooperation among ministries and agencies. The Kosovo Agency for Support and Investment should complete its staff number, while its impact is still limited. The strategies and action plans in the area should be duly implemented. The implementation of the Strategy for Development of the Private Sector and Small Business Act are implemented in very slow steps.

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.

*Current Situation*

*Legal Framework*

The laws that regulate the industrial policy are: Law No. 04/l-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.

The Law No. 04/L-006 has amended the Law No. L-123 on Business Organizations, while the Law on Bankruptcy is being finalized and is expected to be adopted soon.

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 legislation that regulates the metal sector consists of the Law no. 2011/04-L-039 on Technical Requirements for Products and Conformity Assessment and the subsidiary legislation of Republic of Kosovo that regulates the industrial policy in the shoe sector such as Regulation no. 08/2012 on labelling...
of the main parts’ materials of shoes dedicated for sale to consumers, are fully aligned with the 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 and approximately 80% of employment in the market economy. Based on the information of KTA (Kosovo Tax Administration), in 2013 there were around 46,000 private sector enterprises which have employed around 190,000 people. The wholesale and retail trade constitute a dominating sector, with 43% of enterprises and 33% 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.

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.
In the meeting of the Board of Regional Cooperation Council (RCC) – the main umbrella organization for regional cooperation in South-East Europe – was decided that Kosovo should be a full member in this body. Kosovo is a full member of a number of regional organizations. Currently Kosovo is in the process of membership to: South-Eastern European Cooperation Process, International Sava River Basin Commission, Women’s Entrepreneur Network, Centre for Security Cooperation (RACVIAC), Regional Anti-Corruption Initiative (RIA), Adriatic Regional Employer’s Centre 11 13 (AREC), Regional Environment Center for Central and Eastern Europe (REC), Southeast European Prosecutors Advisory Groups (SEEPAG), Consultative Board of Prosecutors of Southeast Europe (SEEPAG), Migration, Refugees and Asylum Regional Initiative for (MARRI), Police Cooperation Convention for South-East Europe (PCSEE), the Disaster Preparedness and Prevention Initiative (DPPI) and South-Eastern Europe 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.

Inter-ministerial Steering Committee (ISC) has signed the contract for the Project on Development of Brezovica Touristic Center with the French Consortium “Brezovica Resorts L.L.C.” on 14 April 2015. An investment in phases that reaches the amount of 409 million euro is proposed and it is expected to create 3000 jobs, out of which 920 will in the touristic center.

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 € 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 actual 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, Shtërpcë, Leposaviq).

*Short-term measures*

With the aim of fulfilling the obligations deriving from SAA and other documents and mechanisms of the EU concerning the fields under Chapter 20, the following short measures will be implemented:

- Law on Late Payments in Commercial Transactions. This law transposes the EU directive 2011/7/EU on Late Payments. Adoption of the Law on Guarantee Fund and creation of the fund with the aim of making the Kosovo fund for credit guarantee operational. Support the managerial and production capacity building for SMEs; Support the municipalities and make the economic zones operational;
- Operationalization of the Kosovo fund for credit guarantee.

Other activities planned for 2016 include the following:

- Recruitment of two directors of departments and an official for investments promotion in KIESA
- Increase local competitiveness through group development - which aims to support the group development through establishment of an institutional framework and facilitating establishment of networks and sub-contracting supply by organizing networking events Government to Business (G2B)
- Drafting an annual report on industrial development - The report gives an overview of the department's annual achievements in the area of Industrial Development
- Development of report on SMEs - reports the state of SMEs for the specific year
- Expanding capacities for industrial policy - which is aimed at establishing of a new sector under the auspices of the Department of Industry, with focus on construction industry;
- Building administrative capacity within the Department of Industry and KIESA’s aiming to improve the business environment in Kosovo
- Capacity building of the Department of Industry - Recruitment and training of officials responsible for the construction field
• Implementation of private sector development policies, which will have an impact on making economic zones operational
• Improving the dialogue between central and local government for improvement of dialogue between the central and local level
• Assessment of private sector development through the Small Business Act
• Supporting KIESA in terms of investment and market promotion initiatives.

Midterm priorities

The planned measures by 2020 include:
• 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
• Further development of existing business incubators and creation of an additional business incubator to facilitate the business environment
• 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 Brezovica touristic 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.

Donor support

Project on Business Environment and Support on Investments:
• USAID Partnership for Development 2014-2018. The project aims to enhance the enabling environment for private sector to expand employment opportunities in Kosovo.
• IFC project for Investment Climate in Kosovo has started in 2013 and its duration is by 2015. The project aims is to improve the country’s investment climate for both domestic and foreign investors.

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.
• UNDP Aid for Trade has started in 2012 and its duration is until 2015. The project provides trainings to the Department of Industry in policy analysis and promotes the following sectors: tourism, food processing, metal processing, textile, ICT and wood processing. The project will start its second phase in September 2015.
• Promotion of Employment in Private Sector, financed by Swiss Agency for International Cooperation (SDC). The project has started in 2013 and will be completed in 2017. The project
provides various services to SMEs, in particular in tourism and food processing. Besides this, they have a mechanism for distribution of grants that finance interventions which test new, innovative and risky ideas in all economic sectors.

- 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.
- Kosovo Programme for Promotion of SMEs (KOSME), financed by SDC and Austrian Development Agency (ADA) has started in 2012 and its duration is by 2016. The programme is focused on three components: 1) support in facilitation of Credit Guarantee, 2) implementation of advisory scheme Voucher for SMEs, and 3) providing trainings for KIESA. Austrian Development Agency has expressed its readiness for co-financing of this project beyond June 2016.
- Support to Micro, Small and Medium Enterprises project (MSME Grants) financed by EU and MTI has started in 2012 and its duration is by August 2016. 20-25 micro businesses have benefited grants at the amounts from 10 000 to 20 000 euro and 20-25 SMEs have benefited grants at the amounts from 60 000 to 200 000 euro.
- Concept Document on Establishing the Kosovo Fund for Credit Guarantee as an independent institution is adopted in June 2015. This fund will increase the access to finance by SMEs covering 50% of the collateral for SMEs enabling them to get a bank loan. This guaranteed collateral will reduce the risk for the banks enabling them to decrease the interest rates and make their products more affordable. USAID, KfW and SECO contribute with around 18 million euro, while Ministry of Trade and Industry contributes with 1 million euro to creation of this fund.
- The IPA II Sector Planning Document on Competitiveness, a document that will serve as an orientation framework for midterm assistance needs, also includes the support to key sectors of quality infrastructure, the industrial property rights, implementation of legislation for trade and components for support to SMEs. Drafting of concrete projects for IPA 2016 is still at the initial phase.

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** – 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. Investments in the last segment (Besi-Merdare) are expected to be finalized by the end 2017 when Kosovo will be connected to Corridor X.

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 60 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 continuing with the extension of the road axis R6a/N2 (Prishtina–Mitrovica/Serbia). 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 2016.

As regards road axis R6b/N9 (Prishtina – Peja/Border with Montenegro), in cooperation with WBIF and EBRD, the feasibility study and environment impact assessment as well as the implementing project as a precondition for starting the implementation for the segment Kijeve – Zahaq, a distance of 32 km, have already started. The study is expected to be completed during 2015 which will be followed by the loan agreement for financing the construction of the road segment that will continue up to Peja/Border with Montenegro.

As regards railway infrastructure, Kosovo has achieved progress in separating the Kosovo Railways in two companies; Infrakos which is responsible for management and maintenance of Railway infrastructure and Trainkos which is responsible for transport of passenger and goods. Republic of Kosovo has established also the Railway Regulatory Authority which deals with the regulation of the market in the territory of Kosovo. According to the SEETO reports, Kosovo has achieved progress in implementation of laws and required standards by ensuring that the railway market will be open to foreign operators.
One of the priority projects identified also by SEETO is the Railway line 10, which is part of the Trans European Network that connects the Republic of Kosovo with Serbia and Macedonia, namely the Corridors X and VIII.

Regarding the railway line X, Kosovo has completed the feasibility study from Fushë Kosova in the direction of Hani i Elezit, a study supported by EBRD through WBIF. The detailed design of this railway line is expected to start soon.

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 fulfillment 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.

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 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 2014) 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 2015.
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 list of priority projects at the national level (deadline: Q4 2016)
- Negotiation of the program and the signing and ratification of the financing agreement for IPA 2015 (Q1 2016);
- 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. (Q3 2016)
- Start the preparations for determining the classification of regions by NUTS system (deadline: Q2 2016);

Midterm 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:

- Development of sector planning document for public finance management with the aim to provide sector budget support (Q1 2017)
- Negotiation of the programme and signing and ratification of the financing agreement for IPA 2016 (Q1 2017)
- Negotiation of the programme and the signing and ratification of the financing agreement for IPA 2017 (Q1 2018)
- Negotiation of the programme and the signing and ratification of the financing agreement for IPA 2018 (Q1 2019)
- Negotiation of the programme and the signing and ratification of the financing agreement for IPA 2019 (Q1 2020)
- Review of sector planning documents for IPA supported sectors, based on midterm evaluation of IPA by the European Commission (Q1 2018)

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 Feasibility Study for an SAA, Kosovo must meet the midterm criteria in the area of judiciary. First it is required to improve the independence, effectiveness, accountability and impartiality of the judiciary, ensuring the allocation of sufficient budgetary and human resources to implement the judicial reform. Second, it is required to consistently apply the security measures for judges, prosecutors, supporting staff and witnesses. Third, it is required to build the capacities of judges, prosecutors and supporting staff. Fourth, it is required to complete the process of selection of judges and prosecutors as well as the number of vacant positions for minorities, as provided by law.

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.

At the fifth plenary meeting of the Stabilisation and Association Process Dialogue in the area of judiciary, it is required that the Assembly ensures that all (remaining) members KJC are elected as soon as possible; 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.

In the sixth meeting of the Stabilisation and Association Process Dialogue on justice, freedom and security, it is requested that the regular meetings of the Joint Coordination Board for Rule of Law in the judicial system shall be actively resumed so as to provide an improved and efficient process; to continue the efforts for the finalization of the recruitment process for all vacant position for new judges; to ensure that, in future legislative changes, the initial training on legal education is envisaged as a mandatory requirement; to ensure approval of the Development Plan of the Kosovo Prosecutorial Council; to provide clear statistics on cases investigated and prosecuted by the Special Prosecution; 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 programmers for future reintegration into society and vocational rehabilitation; to continue with the recruitment and capacity building of KCS to a sufficient level.

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, including also the Law on Academy of Justice shall be drafted; Kosovo Prosecutorial Council shall provide a report on the implementation of the Amnesty Law, specifying the categories, structure, and ethnicity of the people who have benefited from the law; and Ministry of Justice shall provide a written report on the changes to the amendments of the Law on Notary and shall ensure its adoption.

**Other EU accession requirements in the area of anticorruption policy**

According to the obligations arising from the midterm FS criteria, Kosovo must meet the following: Enhancing the cooperation between judicial and law enforcement institutions and improving the accuracy and harmonization of statistics in the area of fight against corruption; Establish mechanisms for mandatory reporting on conflicts of interest and tougher sanctions related to non declaration of assets and conflicts of interest; To fight corruption, nepotism and discrimination in the prison system; To
improve the public perception in order to increase transparency and accountability in public procurement; To establish adequate policies on improving the transparency of financing of political parties; and to fully commit to reinforce the Kosovo structures to effectively combat, prevent, investigate, prosecute and adjudicate corruption.

According to the findings of the 2015 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 tart 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 assists effectively.

According to the obligations arising from the SAPD JFS and SAPD Plenary, 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 Pristina; Kosovo Prosecutorial Council shall provide information about seized/confiscated assets related to corruption; Public Procurement Regulatory Commission shall propose amendments to the Public Procurement Law and ensure proper functioning of the PRB.

**Other EU accession requirements in the area of fundamental rights**

In accordance with the requirements arising from the FS’s midterm criteria, Kosovo needs to ensure simplification and restructuring of a large number of bodies dealing with the protection of human rights, ensuring effective monitoring and implementation of the legal framework in this field. Kosovo institutions shall commit further efforts in implementation of property rights by reducing the backlog of cases and improving enforcement of judicial and administrative decisions.

Based on the 2015 EC Kosovo Report, there is a need to update the Strategy on Human Rights. Also Kosovo needs to ensure the establishment of a judicial tracking mechanism for cases of discrimination, including those against the LGBTI community. Also, Kosovo needs to investigate and prosecute assaults on journalists. In addition, adequate treatment of isolated prisoners and those awaiting trial as well as offence convicted prisoners. Regular data collection on the cases of gender violence and women access in inheritance also need to be ensured.

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**

Based on the obligations deriving from FS midterm criteria, Kosovo institutions should promote a multi-ethnic Kosovo and shall create the conditions for Kosovo Serbs to feel part of the future of Kosovo and create the conditions for the returning of persons who wish to return. It also requires the implementation of legislation on protection of cultural heritage and Serbian Orthodox Church. Rule of law institutions must investigate and prosecute each ethnically or religious motivated attack and the perpetrators face
with the justice. Further efforts shall be made to implement the strategy and action plan for Roma, Ashkali and Egyptians, including the allocation of the necessary budget.

According to the 2015 EC Kosovo Report, Kosovo needs to improve the strategic framework for persons belonging to Roma, Ashkali and Egyptian communities. In addition, measures need to be undertaken for their inclusion in the labour market. Kosovo needs to demonstrate commitment in protection of cultural heritage, including concrete results in fighting illegal contraction and their demolition.

While, according to the obligations derived from the SAPD, implementation of the Action Plan for Integration of Roma, Ashkali and Egyptian communities, including the allocation of the necessary budget shall continue. Municipalities shall make further efforts concerning allocation of land for minority communities, while coordination between central and local level shall be improved. The Prime Minister's Office for Community Affairs shall continue to advance the work for recognition of diplomas.

**Other EU accession requirements in the area of personal data protection**

According to the requirements of FS midterm criteria, harmonization of personal data protection legislation with EU standards and focusing on implementation, notably preparation of subsidiary legislation and administrative capacity building shall be ensured.

Based on the 2015 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.

**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.


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;
- 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 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

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:

- 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;
- 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;

_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 Execution of Penal Sanctions_ – the purpose of the law is execution of penal sanctions, sanctions on offences and measures of mandatory treatment, and the application of the detention. Under this law, penal sanctions are principal punishments, alternative punishments and judicial admonition. The law is in accordance with Recommendation (20006) 2 of the Council of Europe, Recommendation of the Council of Ministers to Member States on the European Prison Rules and the Convention against Torture and other cruel, inhuman or degrading treatment and punishment.

_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 for Blind Persons_ regulates the rights and benefits and determines the criteria for categorizing the blind persons. It protects blind persons from all kinds of exploitation, discrimination, abuse, insult,
ridicule and enjoy the rights and freedoms equally with others based on international standards for human rights.

*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.

*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 extent 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 89/39/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;

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:

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.

Ministry of Justice Strategic Development Plan 2012-2016 – with the aim to meet the key objective of membership to European Union, has set five main objectives as the following:

- Creation and promotion of legal and institutional framework in the function of the rule of law and order in accordance with the priorities derived from the process of European integration;
- Further strengthening of the system of international legal assistance and cooperation;
- Ensuring the preconditions and more efficient management of the execution of penal sanctions;
- Developing and building the capacities of forensics, locating and identifying missing persons during the war, and investigating war crimes, and
- Developing professional capacities in order to advance the reforms and ensure a more efficient functioning Ministry.

Policy framework in the area of anticorruption policy

The policy framework in the area of anticorruption policy consists of the following:

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.

Anti-corruption 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 organizations, 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.

*National Plan on the Rights of People with Disabilities 2013-2015* aims to improve the actual situation by implementing all priority areas selected for the National Strategy on the Rights of Persons with Disabilities 2013-2023. The action plan is based on the strategic objectives, broken down in specific actions, specific, measurable, achievable and real indicators, as well as appointed responsible institutions for implementation of each activity with clear deadlines and allocated budget.

*National Programme for Provision of Services for Sign Language* aims to create an inclusive society which will improve the inclusion of deaf persons in all spheres of society in the Republic of Kosovo. This programme is focused mainly on two areas that aim to provide services in the sign language as well learning the sign language. Provision of services will be achieved through creation of a structure for provision of services for sign language that will serve to all institutions for any communication needs to their citizens. While learning the sign language will be implemented through creation of conditions for deaf persons who can reach their potential up to the highest levels of academic qualifications.

While As regards the field of gender equality and protection from domestic violence, the strategic documents on this field are the following:

*Kosovo Gender Equality Programme 2008-2013* aims to create an environment that is appropriate and specific to changes in the lives of women in Kosovo as well as elimination of divisions which are closely related to poverty. This document is focused on 6 specific fields; (i) integration of women in economy; (ii) integration of women in the labour market and social care of vulnerable categories; (iii) women in decision making process, (iv) health care and access of women and men in healthcare services, (v) education; and, (vi) representation and contribution to culture and media.

*Kosovo Programme against Domestic Violence and Action Plan 2011-2014,* enables the coordination of strategies and existing efforts of all departments and different government institutions and nongovernmental organizations in preventing and combating domestic violence. Prevention, protection and safety as well as support and treatment and reintegration are three main pillars of this programme. *Action Plan for Implementation of 1325* ensures promotion and implementation of the UN Resolution 1325 in Kosovo. Through the measures and actions envisaged in this plan, Kosovo will contribute to implementation of the Resolution 1325 at local, regional and global level by coordinating joint actions of the state, civil society and interest groups for implementation of Resolution 1325 and other programmes that promote the gender issue in Kosovo. The plan enables promotion of the Resolution 1325 in Kosovo through joint activities and other forms of information of the public.

*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,
The Strategy for Integration of RAE Communities (2009-2015), aims to promote and enhance protection of rights of Roma, Ashkali and Egyptian communities and their full integration in Kosovo society as well as to ensure that the legislation is in line with the international standards on human rights. This Strategy also aims to support and encourage the work of NGOs that represent the interests of Roma, Ashkali and Egyptian communities, establish good cooperation with them, including Ombudsman. After completion of the implementation period of the Strategy on Integration of RAE Communities, currently a new strategy is being drafted with the aim to improve the conditions for these communities. The budget allocation for implementation of this strategy needs to be improved.

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.

Kosovo Prosecutorial Council is an independent institution with the mandate to administer and manage with the prosecutorial system in Kosovo. KPC, in cooperation with the State Prosecutor Office ensures effective fighting of the crime, therefore contributing to rule of law in 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.

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.

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 Hoqa 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.

*EU assistance in the field 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.

- **Capacity Building Programme 2012-2016** in the prosecutorial and judicial system through postgraduate education, master studies, one-year postgraduate studies in American Universities. This project is funded by the US Embassy. So far, four generations have completed their education in US, out of which three have completed one year studies, whereby these prosecutors and judges upon completion of the programme have returned to prosecutorial and judicial system, bringing back the experiences and practices of justice from US. The fourth generation started in August and is expected to complete the programme late next academic year. So far 7 prosecutors and 6 judges have completed the respective program in US.

- **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.

- **EU projects as assistance to the KJC and KPC 2013-2016** - the aim of the project is to assist the KJC and KPC in capacity building on key competences such as the appointment, reappointment, transfer, discipline, etc. The project has also assisted in setting up the unit for criminal evidence providing assistance in drafting the regulation on criminal evidence. The project is expected to be completed in March 2016 and the same will continue with a twinning project in spring 2016 which is in line with the same objectives of the current project.

- **USAID project/Effective Rule of Law Programme (EROL) 2011-2015** – aims at advancing the administration of courts by physical renovation of all courts in Kosovo as model courts. The total amount of the project is over 20 million euro. This project will be extended at the end of 2015 as Justice Sector Reform Program, whose purpose will be to support KJC in integration of structures in the North as well as the continuation of activities for backlog reduction.

- **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.
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.

**Short-term measures**

**Short-term measures 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, the following short term legislative measures will be implemented in this field:


- Drafting and adoption the **Law on Disciplinary Prosecutor** (DP) that will regulate the material and procedural aspects such as: qualification of the DP staff and DP supporting staff, selection, deadlines, responsibilities and obligations of disciplinary DP staff, conflict of interest and prevention of the duties of the director/ disciplinary prosecutors, DP budget, keeping records and confidentiality, description, eligibility criteria, allocation of cases, DP representation, re-referral of cases in the DP, and many other issues related to this field. Rules which will be foreseen in the law will be clearer and thus will be more efficient and effective in their application.

- Drafting and adoption of the **Law on Justice Academy** which will upgrade KJI into Academy.

- Drafting and adoption on the **Law on Minor Offenses** which will set out the general principles applicable to sanction physical and legal persons for minor offences, it regulates the procedure, responsibility, sentences and minor offences penalties and measures, and execution methods. This law will be aligned with: 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 as well as Directive 2013/48/EU of the European Parliament and Council of 22 October, 2013, 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.
• Drafting and adoption of the Law on Execution Procedure in order to reflect fundamental changes for an efficient implementation in the field.
• Drafting and adoption of the Law on Notary, which will further regulate the functional competences of notaries and harmonize the law with the relevant legislation into force.
• Law on the Bar Exam, which will regulate the matter of preparing the candidates for judges, prosecutors and lawyers, and thus contributing to meet the criteria for independent and functional judiciary. It will specifically regulate the criteria and procedures of organization of the bar exam.
• The Law on Judicial Administration - will regulate the internal organization and operation of the courts with the view to separation of judicial personnel from the civil service, due to specifics of court administration and preservation of judicial independence.

In addition, aiming to further regulation the field of judiciary and ensure its transparency and efficiency, a number of bylaws will be approved by the Kosovo Judicial Council and Kosovo Prosecutorial Council. In this regard, Kosovo Prosecutorial Council has identified the bylaws to be drafted and adopted in order to implement the new legal changes as provided by the Law no. 05/L-035 on Amending the Law no. 03/L-224 on Kosovo Prosecutorial Council specified in the matrix.

• Regulation on evaluation of judges
• Regulation on the procedure for publication of all court decisions
• Regulation for lay judges
• Regulation for the costs of witnesses in criminal proceedings
• Regulation for judicial experts
• Regulation on court translators and interpreters
• Regulation on election of members of the KPC
• Regulation on determination of rules and procedures for appointment of candidates for prosecutor
• Regulation on appointment of the Chief Prosecutors of Appeal Prosecution, Special Prosecution and Basic Prosecutions
• Regulation on internal organization of prosecutions
• Regulation on the rules for organization of the exam for prosecutor candidates
• Regulation on the work and functioning of the KPC
• Regulation on the transfer and promotion of prosecutors
• Regulation on the organization and operation of the KPC Secretariat
• Regulation on the work of the Committee on Budget and Finance
• Regulation on the allocation of cases
• Regulation on the State Attorneys

With the view to meeting the obligations arising from the SAA and other EU accession documents and mechanisms in the area of Chapter 23, in short-term period the focus will be in the following implementation short-term measures:

• In terms of advancing the policies with the view to meeting the obligations of EU accession the following short-term measures will be implemented:
  o Review of the National Strategy on Backlog Reduction;
  o Drafting and adoption of the Strategy for Execution of Criminal Sanctions;
  o Preparation and approval of the Annual Plan on Training of Prosecutors and Judges;
  o Revision of the Strategy on Reduction of Cases and Alternative Procedures.
  o Conduct a comprehensive analysis of the current situation in terms of acquis transposition in this field (aiming to assess the current situation and planning midterm priorities in this field).

• In terms of further development of institutional framework the following short-term measures will be implemented:
o Make operational the War Crimes Department within the SPRK.

o Establishment of Commissions as a result of the amending of the KPC Law are:
Commission on normative issues, Commission on Budget and Finances, Commission on administration of Prosecutors, Disciplinary Commission, and Commission on Prosecutors' Performance Assessment.

o Make operational the Division on disputes related to foreign investors within the Department of Economic Affairs in Basic Court in Prishtina with a jurisdiction over the entire territory of Kosovo.

o Make operational the office for criminal evidence management within the KJC.

o Establishment and operationalization of the Academy of Justice (through upgrading the KJI at a higher level) in accordance with the Law on Justice Academy.

o Establishment of the Office for management of licenses and court interpreters within the KJC.

o Development of an integrated case management system and the work plan for the preparatory phase of the project for the case electronic management system.

o Further increase of the number of judges and prosecutors, including for the Serbian minority community for which the legal framework reserves a significant number of positions.

• In terms of enforcement in this field, during 2016 the responsible institutions will focus on:
  o Reducing the backlog up to 30% in the following years focusing on awareness-raising of the population in respect to alternative ways of dispute resolution;
  o KPC will reduce the number of backlog up to 30% through alternative procedures (mediation, suspension and plea agreement). Apart from backlog reduction it will increase also the efficiency and productiveness;
  o Increasing the number of notaries, private enforcement agents, mediators, bankruptcy administrators;
  o Developing a public awareness campaign for alternative forms of dispute resolution;
  o Increasing the number of plea agreements;
  o Increase the number of cases where the suspension of the investigation was requested;
  o Improve transparency and accountability of the courts towards public.

Short-term measures in the area of anticorruption policy
Aiming to fulfil the obligations arising from the SAA and other EU accession documents and mechanisms in the area of Chapter 23, the following short-term measures will be implemented:

• In terms of advancing the policies with the view to meeting the obligations of EU accession the following short-term measures will be implemented:
  o Drafting and approval of the Anti Corruption Strategy 2015-2020;
  o Adopt a policy framework on the role of the judiciary on the fight against corruption
  o Review the mandate of the Anti-Corruption Agency
  o Creation of an effective system on fighting corruption
  o Drafting and adoption of the Strategy on Execution of Criminal Sanctions

• In terms of further development of institutional framework the following short-term measures will be implemented:
  o A priority of Kosovo institutions is to advance the legislation in the area of prosecution of offenders, particularly on confiscation of property acquired by criminal offense. The drafting of the relevant law that will the aspect of unjustified wealth shall be in accordance with Directive no. 2014/42/EU on the freezing and confiscation of instrumentalities and proceeds of crime in the European Union.
  o The provisions of the Law on Prevention of Conflict of Interest shall be harmonized with the Criminal Code. In short-term KAC plans to encourage public institutions and to contribute in drafting the Integrity Plans. This task derives from the Anti-Corruption Action Plan.
The Rules of Procedure of the Agency will be drafted and approved after the amending the Law on Conflict of Interest. The Rules of Procedure complements the provisions of the Law no. 03/L-159 on Anti-Corruption Agency, of 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, of the Law no. 04/L-228 on Amending 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 of the Law no. 04/L-051 on Prevention of Conflict of Interest in Exercising Public Functions. The Rules of Procedure defines the procedure, organization and operation rules of Anti-Corruption Agency. The provisions of the Rules and Procedure shall apply during the performance of official duties by all organizational units of the Agency as well as by persons engaged to perform special services for the Agency.

- Improving the quality of criminal charges
- Specialized trainings for implementation of seizure procedure
- Specialized trainings of KACA officials
- Prioritization of high-level corruption cases

**In terms enforcement** in this field, during 2016 the responsible institutions will focus on:

- A priority in this area will be the improvement of reporting by contact points that serve as a bridge between the public institutions and KACA. Taking into consideration that the reporting by contact points remains a challenge (in all different institutions that are responsible for implementing the actions of the Anti Corruption Action Plan), KACA will improve the level of reporting related to the implementation of the Anti Corruption Action Plan by delegating the ownership responsibility to relevant stakeholders in implementation of the Anti Corruption Action Plan actions. In this regard the focus will be on strengthening the responsibilities of contact points (officials appointed by the Kosovo institutions as coordinators with the Agency) regarding the process of declaration of assets.
- Ensuring the confiscation of unjustified wealth during the investigation
- Handling the cases of corruption in public procurement activities
- Continuation of the declaration of assets of senior officials
- Increase the number of processed cases on conflicts of interest in accordance with the Criminal Code
- Awareness-raising on anti corruption

**Short-term measures 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 following short-term measures will be implemented:

- Drafting and adoption of the *Law on Paraplegia and Tetraplegia*, which will regulate the status and rights of persons who due to illness or injury have permanently lost the possibility of movement of the lower extremities or people who due to illness or injury have lost their permanent ability of movement of the upper and lower extremities.
- Drafting and adoption of the *Law on Amending the Law on Training, Professional Rehabilitation and Employment of Persons with Disabilities*, which will establish mechanisms for facilitating the employment of persons with disabilities.
- Drafting and adoptions of the *Law on Amending the Law no. 02/L-31 for Religious Freedom in Kosovo*, which aims to promote tolerance between religious communities, in line with the Constitution and in accordance with the Opinion of the European Commission for Democracy through Law (Venice Commission), Opinion no. 743/2013 adopted in the 98th plenary session.
- Drafting and adoption of the *Law on Child Protection*, which ensures protection of the child from all forms of violence, abuse, misuse, exploitation, neglect, or any other form that endangers the life, safety, health, education and development of the child; guarantee and provide the
responsibilities of parents, family, society and the state for protection and development of the child based on his best interest; provide for the best interests of the child, cooperation, coordination, monitoring and accountability between the institutions at central and local level, as well as organizations working in the area of child protection and childcare. The law will be in line with the Convention on the Rights of the Child.

- Drafting and adoption of the Law on Kosovo Property Comparison and Verification Agency. This law is related to the resolution of claims relating to private real estate property, including agricultural property and private commercial property as well as comparison and resolving differences between original cadastral documents taken by the Serbian authorities in Kosovo before June 1999 and current cadastral documents in the Republic of Kosovo, on private property, private commercial property and private property of religious communities.
- Drafting and adoption of the Labour Law, which aims to regulate employment relations. (Please Refer to Chapter 19: Social Policy and Employment).
- Drafting and adoption of the Law on Social Economic Council. (Please Refer to Chapter 19: Social Policy and Employment).

With respect to subsidiary legislation arising from the package of laws on human rights that will contribute to simplification and coordination of structures dealing with human rights, the following will be adopted:

- Regulation on the method of coordination, reporting and cooperation with the Office for Good Governance, institutional mechanisms for protection from discrimination;
- Regulation on the method of coordination, reporting and cooperation of institutional mechanisms for protection from discrimination with the Office for Good Governance;
- Municipal regulation for the protection of children's rights at the municipal level;
- Regulation on the organization, structure and functioning of the Agency for Gender Equality;

With the aim to improve the conditions of prisoners, the following will be adopted:

- AI on the education of prisoners;
- AI on keeping records.

Whereas, in order to advance women's rights to inheritance and joint ownership the following will be drafted:

- AI on the joint registration of property in the name of both spouses;

Moreover, the Regulation on the process of recognition and verification of the status of victims of sexual violence as well as municipal regulations on protection of children's rights at the municipal level (in the 28 municipalities that have not adopted this regulation yet) are expected to be adopted.

In terms of advancing the policies in order to meet the obligations of EU accession, the following strategies will be adopted:

- Strategy and Action Plan on Human Rights (2016-2020);
- Strategy and Action Plan on Children's Rights (2016 - 2020);
- Strategy on Protection of Children from Internet Risks (2015-2019);
- Strategy on Execution of Criminal Sanctions;
- Strategy on Social Economic Council;
- National Strategy against Domestic Violence;
- National Action Plan on Prevention of Suicide and Attempted Suicide in Kosovo 2015 - 2017;
- Strategy on Increasing the Security in Pre-University Education Institutions;
- National Strategy on Property;
- Kosovo Program for Gender Equality; and
- The program for protection from domestic violence.
In terms of further development of the institutional framework, the following short-term measures will be implemented:

- Operationalization of the National Mechanism for Prevention of Torture and other Cruel, Inhuman or Degrading Treatment, by hiring the necessary staff;
- Establishment and operationalization of the verification commission for victims of sexual violence during the war.

In terms enforcement in this field, during 2016 the responsible institutions will focus on:

- Clarifying and defining the competencies of gender equality units/officers in ministries and municipalities;
- Improving coordination and cooperation among the mechanisms for implementing the Law on Protection from Discrimination;
- Capacity building of municipal officials and civil society at the local level for the implementation of the legislative package on human rights;
  - Awareness-raising and informing of citizens about their rights in case of violation of such rights;
  - Awareness-raising at national and local level by Kosovo Policy on issues of domestic violence and juvenile delinquency;
  - The inclusion of cases of gender-based violence in the CMIS program;
- Review of school curricula at all levels as part of educating the public about their rights (in accordance with the package of human rights);
- Include the component of human rights in the civil servants’ training curricula at central and local level;
  - Focus on inspections of illegal privileges of prisoners, as a potential ground for corruption by the staff of KCS;
  - Ongoing inspections of smuggling cases, identification of responsible offenders and take legal measures against smuggler prisoners and the involved staff;
  - Increased inspections on the implementation of the labour law;
  - Application of alternative procedures by prosecutors, with the aim of reducing the length of the proceedings and in accordance with Article 6 of the European Convention on Human Rights;
  - Continue trainings of prosecutors and judges dealing with cases involving minors;
  - Training of police officers in the area of human rights.

**Short-term measures in the area of protection of minorities and cultural heritage**

Aiming to fulfil the obligations arising from the SAA and other EU accession documents and mechanisms in the area of Chapter 23, the following short-term measures will be implemented:

- Drafting and adoption of the Law on Cultural Heritage, which regulates the protection and preservation of cultural heritage and defines other technical and professional mechanisms. The law regulates and promotes the institutional framework (subordinate-responsible institutions of cultural heritage), including the Inspectorate of Cultural Heritage. The Draft Law on Cultural Heritage will be harmonized with EU directives such as: Directive 93/7/EEC of 15 March on the return of cultural objects unlawfully removed from the territory of a Member State; Regulation (EC) No 116/2009, 18 December 2008 on the export of cultural goods.

Regarding the subsidiary legislation, the following will be adopted:

- **Regulation on the returns**, which will address the process of return and integration of displaced persons.
Whereas, the implementation measures for 2016 in terms of further development of the institutional framework during 2016 are the following:

- Establishment of database to collect and store data on the number and location of the returnees;
- Profiling the internally displaced persons;
- Harmonization of statistics system of the State Prosecutor with Kosovo Police;
- In relation to Article 147 of the Criminal Code that deals with "Inciting hatred, discord or intolerance on grounds of nationality, race, religion or ethnicity". Aiming to harmonize these statistics, the Article 147 based on the data of KriMKorr has been introduced.

In terms of advancing the policies with the aim to protect the minority rights, the following will be implemented:

- Drafting and adoption of the Strategy and Action Plan for integration of RAE communities
- Drafting and adoption of the Strategy for Improving Law Enforcement on the Use of Languages;
- Drafting and adoption of the National Strategy on Cultural Heritage;
- Drafting and adoption of the National Policy for Cultural Heritage;
- Drafting and adoption of the National Strategy for Community Safety 2016-2021.

In terms enforcement in this field, during 2016 the responsible institutions will focus on:

- Office for Community Affairs will continue to support the employment of non-majority communities;
- Improve the access of community members in education and reduce the school dropout rates;
- Enhance the recognition of degrees from the Prime Minister’s Office for Community Affairs
- Improving the level of civil registration for the Roma, Ashkali and Egyptian communities;
- Implementation of the Law on Prizren Historic Centre and the Law on Hoqa e Madhe.

Short-term measures in the area of personal data protection

Aiming to fulfil the obligations arising from the SAA and other EU accession documents and mechanisms in the area of Chapter 23, the following short-term measures will be implemented:

- Amendment of the Law on Protection of Personal Data, for the purpose of partially transposing: (1) Directive 95/46/EC on the protection of individuals with regard to the processing of personal data and free movement of such data, and (2) Council Framework Decision 2008/977/JHA with regard to the protection of personal data;

Implementation measures to be implemented during 2016 are broken down in institutional, policy framework and enforcement measures:

- Development and implementation of general and specific provisions for security of personal data;
- Nomination of officers for personal data protection in the remaining two municipalities
- Capacity building of controllers through specialized trainings;
- The number of inspections carried out on the implementation of legal provisions for the personal data protection;
- The number of recommendations and opinions issued;
- The number of inspections carried out by law enforcement agencies.

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KriMKorr is a database established in 2013 in all prosecutorial offices. This database includes the evidence of characteristic criminal offenses and serves as a tool for harmonization of data with all law enforcement agencies, prosecutions and courts. Taking into account that the offenses under Article 147 of the Criminal Code - Inciting hatred, discord or intolerance on national, racial, religious or ethnic grounds, are of special importance for the state of Kosovo on its path to European integration processes, KPC has modified the existing Database, adding also the criminal offenses module under Article 147, in order to align these data with the agencies listed above.
Midterm priorities

Midterm priorities in the area of judiciary
Aiming to fulfill the obligations arising from the SAA and other EU accession documents and instruments in the area of Chapter 23, during the period 2017 to 2020 the focus will be on the following midterm measures:

- Drafting and adoption of the Civil Code and following legislation, with the aim of unification of legislation in this area, including property issues;
- Drafting and adoption of a comprehensive national strategy on the justice system (which will be based on a detailed analysis of the entire system, with the focus on its functionality);
- Review of the justice system aiming to enhance the efficiency, transparency and accountability of the justice system, based on a thorough analysis of the justice system as a whole. More specifically, the review will focus on the vertical, horizontal, legislative and substantial level. In more concrete terms, the review will focus on structural level, in terms of functions and competences of institutions. In relation to vertical review, the goal will be to analyze the institutions and bodies which are operational in Kosovo in terms of efficiency and professionalism. In addition, there is a need for a horizontal review of potentially conflicting competencies among many institutions created with the same scope. This often leads to irresponsibility and failures to perform. In terms of functional review of institutions, a strong component of the review is the vertical hierarchy of institutions and subordination and competences. Regarding the legislative aspect, the review of legislation aimed at identifying conflicting provisions, within the same law and among various laws that cover the same area, will be carried out. The review will be used as the base for Drafting of the Comprehensive Strategy on Judiciary.
- Advancing the meritocracy so that a prosecutor gets promoted only if he/she has shown concrete results in implementing the alternative procedures and has also shown success in concrete confiscation of illegal assets and concrete results of the prosecution of an offender in a higher position (MP, minister, prosecutor, judge, etc.)
- Increase the budget of KPC by allocating and enabling the SP to stimulate prosecutors to show results in the treatment of sensitive corruption cases or persons in higher positions.
- Standard Operating Procedures on targeting the most serious crimes and inter-institutional cooperation, in the midterm phase the main coordinating institutions responsible for law enforcement are expected to reach the highest level of implementation as a result of the experience gained in time, that will bring results in terms of convictions of persons, in some cases already indicted. In mid but also long term, this mechanism envisages to bring to justice the major cases in the country related to corruption.
- The source of corruption is stemming from the tender procedure. In order to avoid and prevent this phenomenon, KPC in cooperation with KJC, KP, ACA, Customs, TAK, FIU, PPRC and Auditor General envisages continuous specialized trainings for 2017-2020 for prosecutors, judges, police, customs officers etc., in the area of tendering procedures.
- Review of the institutional structure for management of judicial system

Midterm priorities in the area of anti corruption policies
Aiming to fulfill the obligations arising from the SAA and other EU accession documents and instruments in the area of Chapter 23, during the period 2017 to 2020 the focus will be on the following midterm measures:

- 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.
Once the Analysis on the mandate and mission of the ACA is completed, 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, with a view to regulating the issue of the origin of property and the creation of mechanisms to verify the origin of such properties.

ACA will also draft the Strategy and Action Plan on Anti Corruption 2018-2022. The organizational structure of the Agency can change based on recommendations that may arise after the analysis of the mandate.

Analysis on the ACA’s mandate and mission (end of 2016). Based on this analysis the law will be amended. The legal basis is planned to be adopted during 2017-2018.

Review of the mandate of the agency in 2017 - end of 2016 - is intended to make a real and comprehensive analysis of the achievements and restructuring needs of the Agency. Review of the mission of the Agency is related to the overall risk assessment and primarily with the consolidation of the State Prosecution. There is a need to analyse the need of a mechanism that will perform preliminary investigations currently performed by the Agency. Declaration of wealth, gifts and prevention of conflict of interest and corruption in general should be the basis of the mission. The analysis will include all stakeholders of anti-corruption mechanisms, agency officials and international experts, who will present international mechanisms experiences that have similar missions as the Agency. Based on the results of the review, the organizational structure of the Agency is expected to be reviewed and made operational during the period 2018-2019.

**Midterm priorities in the area of fundamental rights**

The priority of the Government in the area of fundamental rights for the period 2017-2020 will be the implementation of current laws and updating the strategies on human rights, by ensuring a long-term approach in this area. According to the budget planned, implementation of the Law on Paraplegia and Tetraplegia will start it implementation from 2017.

Moreover, the Law on Treatment of Persons with Disabilities, which will regulate the issue of categorization of Persons with Disabilities, will be adopted.

In midterm period 2017-2020, the harmonization of the provisions of the Law on Gender Equality in relation to the quota with the Law on Elections is planned. Moreover, the provisions of the Anti-Discrimination Law with the Law for the Blind, in order to ensure blind persons access to public documents, will be harmonized.

Additionally, a law amending the Law on free legal aid shall be drafted and approved.

Based on midterm policy priorities statement, the new infrastructure capacities in Kosovo Correctional and Probation Services and reconstruction of the existing once, capacity building of correctional and probation staff and measures will be continued and re-socialization of measures of those convicted will be undertaken. In midterm period, it was also foreseen to revise the Code of Juvenile Justice in order to harmonize with EU directives.

With the aim of providing free legal aid to all citizens of the Republic of Kosovo, the opening of Agency for Free Legal Aid is envisaged.

MoJ will develop and approve the Civil Code which will be aligned with EU legislation and will regulate the civil aspects of human rights, including:

- Property issues and compensation for properties;
- Obligatory and contract matters;
- Family relations and inheritance.
Moreover, as is planned with the National Strategy on Property Issues, the issue of access of women to property inheritance shall be regulated by specific legislation.

Midterm 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;

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.

Midterm priorities in the area of personal data protection

Aiming to fulfil the obligations arising from the SAA and other EU accession documents and instruments in the area of personal data protection, during the period 2017 to 2020 the focus of relevant institutions will be in the following priorities:
- Provide sufficient human and financial resources for the agency;
- Education (training) of Controllers;
- Direct implementation of the law through inspections and controls;
- Develop awareness campaigns to raise the awareness of citizens on the importance of personal data protection.

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, the fight against terrorism, combating narcotics and judicial cooperation in criminal and civil matters. The field of justice, freedom and security is among the most dynamic areas of policy within the EU. EU policies in this field 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 in the EU. The European Union (EU) legislation (acquis) in this field is based on the general principles deriving from the Treaty on European Union, the Treaty on the Functioning of the European Union, as well as the jurisprudence 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 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 (FS-SAA, SAPD, Country Report)
An integral part of this area is also the security of documents and visa policy. As regards visa policy, the Feasibility Study (FS) underlines that the focus shall be on the exchange of statistics and information on legislation and practices, training of staff, the security of travel documents and detection of false documents.

As regards the fight against money laundering and terrorism financing, FS-SAA states that the basic legal framework is already set, however it needs to be further adjusted to the European and international standards. In this context, a comprehensive strategy which should include several institutional actors such as police departments and units, FIU and the Special Prosecution task force is needed to combat money laundering.

In terms of combating organized crime, FS-SAA determines that clear commitment must be demonstrated to achieve concrete results in the fight against organized crime and corruption, including launching of investigations. Based on the recommendations of the documents mentioned above Kosovo should intensify international cooperation in combating organized crime and enhance institutional capacities related to preventing and combating drug trafficking, economic crime, fraud in public procurement and human trafficking.

Regarding the combating of terrorism, despite the achievements in this field, the Legal and Policy Framework on combating terrorism needs to be completed, concrete results in combating terrorism needs to be demonstrated and capacities in this area need to be enhanced.
According to FS-SAA, Kosovo must meet the midterm criteria in the field of international legal cooperation which require the intensified international legal cooperation, to build the capacities of DILC and ensure implementation of civil and criminal decisions as well as ensure the mechanism for implementation of laws and court decisions. The sixth SAPD meeting on justice, freedom and security, in the area of international legal cooperation concluded that Kosovo should continue the efforts to quickly address the requests for international judicial cooperation.

In the area of border management, the 2015 EC Kosovo Report highlights that there is a need to implement the intelligence based 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, it is needed to work towards better implementation of the development plan for the National Border Management Centre (NBMC).

In the area of asylum, the 2015 EC Kosovo Report highlights that there is a need to effectively identify countries of origin and profiling of persons needing international protection.

In the area of migration, the 2015 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. In addition, there is a need for readmission and reintegration of such persons. With this in mind the report highlights the need for utilizing the available sources for this process, as well as the importance of increasing the capacities at local level so as to achieve effective management of reintegration process at that level.

In the area of money laundering and terrorism financing, the 2015 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 combating drug trafficking, the 2015 EC Kosovo Report highlights that Kosovo needs to appoint a focal point or to establish a drugs operational observatory, which would facilitate cooperation with the European centre for Drug monitoring and Drug addiction, as well as to appoint a national coordinator against drug trafficking. Special attention should be paid to awareness-raising on drug abuse. In the area of combating organized crime and police cooperation, the 2015 EC Kosovo Report highlights that Kosovo needs to focus in: investigation of crimes and convictions, which in turn would dismantle active criminal groups in the country; applying systematically of the financial investigations instruments and asset confiscations so as to increase the number of permanent confiscations, increase expertise in all levels; as well as developing a proactive approach in intelligence led policing in collection, collation, analysis and use of criminal statistics, including better inter-institutional cooperation.

In the area of fight against terrorism, the 2015 EC Kosovo Report highlights that Kosovo needs more efforts in order to identify, prevent and block the flow of terrorist insurgents travelling to conflict zones, such as Iraq and Syria.

In terms of international cooperation in criminal and civil matters, the 2015 EC Kosovo Report highlights the lack of agreement conclusions in the area aiming at intensifying the international judicial cooperation.

Current Situation

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:

- Directive 2009/50/EC of the Council “on the conditions of entry and residence of third-country nationals for employment purposes” - 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;

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:
• 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,

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 (Recas); 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 is the Law No. 03/L-196 on the Prevention of Money Laundering and Terrorist Financing as amended by the Law no. 04/L-178 on the Prevention of Money Laundering and Terrorist Financing, Law no. 03/L-15 on Declaration, Origin and Control of Property.

*Law on Prevention of Money Laundering and Prevention of Terrorist Financing*, in order to be aligned with the *acquis*, should be harmonized with Directive 2005/60/EC of the European Parliament and the Council of Europe to prevent the use of the financial system for the purposes of money laundering and financing of terrorism and 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:

- 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 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 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 Protection of Informants 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.

- Council Directive 2004/80/EC 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 Against Trafficking in Human Beings 2015-2018;
- 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 the Law No. 03/L-196 on the Prevention of Money Laundering and Terrorist Financing and the Law no. 05/L-002 Prohibition of Joining the Armed Conflicts Outside State Territory are 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

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 1,142 employees and is responsible for the management and control of the BCP, along the Green and Blue borders, within the Republic of Kosovo; issuance of temporary documents for border crossing, 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 Regions North, East, West and Pristina International Airport.
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 agreements signed for cooperation in the area of Border Police Cooperation with Albania, Macedonia, Montenegro and Serbia. While 12 agreements on customs cooperation with Albania, Montenegro, Finland, Hungary, Macedonia, Slovenia, Turkey, France, Italy, Poland, Austria and Great Britain are signed.

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. The Integrated Border Management System should be further advanced in technical aspect, since there isn’t sufficient technical capacity to read the integrated data in travel documents. Furthermore, taking into consideration the importance of NCBM Centre that has employed police, customs and the Food and Veterinary Agency officials, it is necessary to further enhance technical and other capacities through 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 people who request 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 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.

- **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.

- **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
  - 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.

**Short-term measures**

In order to fulfil the obligations arising from the SAA and other EU accession documents and mechanisms in all areas under Chapter 24, the following short term measures will be implemented:

**Short-term measures in the area of border management**

In order to fulfil the obligations arising from the SAA and other EU accession documents and mechanisms in all areas within of Chapter 24, the following short-term legislative measures will be implemented:

- Partial harmonization of the Law on State Border Control and Surveillance with the
- Adoption of AI on Categorization of BCP by partially transposing the above mentioned Regulation (EU) Nr.610 / 2013 and Regulation (EU) No. 1051/2013.

The policy framework in this field will be advanced with

- Finalization of the manual for FVA border inspections;
- Drafting of the Handbook of Best Practices in Information Management; and
- Review of the current SOPs and drafting of new SOPs in the area of border management in general and activities related to NBMC’s work in particular.

Regarding the institutional framework and capacity building in this area, the following measures will be implemented:

- Establishment of the Joint Trilateral Centre Kosovo-Albania-Montenegro;
- Establishment of the Unit for Risk Analysis and Evaluation under FVA;
- Upgrading of the BMS system and its connect with the relevant databases;
- Recruitment of the necessary staff for NBMC and provision of basic and advanced trainings in this field; and
- Upgrading the infrastructure and equipments in NBMC and BCP.

The main practical actions in this area are as the following:
Providing regular and systematic control of the state border, in accordance with IBM concept in order to implement the SAA provisions and approximated legislation; and

- Effective implementation of the BMC, including clearer communication at all levels on intelligence queries;

- Strict implementation of the rules and procedure for issuing visas, related to visa policy; and

- Improvement of document security, ensuring the implementation of the SAA provisions and national legislation.

**Short-term measures in the area 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 following *short term legislative measures* will be implemented:

- Partial harmonization of the Law on Asylum with:
  - 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;
  - Directive 2013/33/EU of the European Parliament and of the Council laying down standards for the reception of applicants for international protection (recast);
  - Directive 2013/32/EU of the European Parliament and the Council on procedures for granting and revoking of international protection (Recast);
  - Directive 2011/95/EU of the European Parliament and the Council 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); and

- Approval of the AI on Eligibility and Initial Treatment of Asylum Seekers, partially transposing the abovementioned Directive 2013/33/EC and Directive 2013/32/EU,

Regarding *capacity building* in this area, the following general measures will be undertaken:

- Staff training on the identification and profiling of asylum seekers, especially those without identification documents, and the number of participants; and

- Specialized training for judges dealing with asylum cases.

These measures aim to have an impact on the *practical application* in order to ensure appropriate conditions for the proper treatment of asylum seekers, thereby ensuring the implementation of the SAA provisions and the transposed legislation. (Statistics are generated periodically to measure the effectiveness of these implementing measures).

**Short-term measures in the area 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 following *short term legislative measures* will be implemented:

- Partial harmonization of the Law on Foreigners with:
  - Regulation (EC) No. 767/2008 of the European Parliament and the Council concerning the Visa Information System (VIS) and the exchange of data between Member States on short-stay visas (VIS Regulation);
- Directive 2014/36/EU of the European Parliament and the Council on conditions of entry and residence of third-country nationals for the purpose of employment as seasonal workers; and

- Approval of AI on residence permits, partially transposing the above mentioned Directive 2014/36/EC and Directive 2014/66/EU.

The policy framework in this area will be further improved by:
- Drafting and updating the Easy Migration Profile;
- Drafting of the Regulation on the Integration of Foreigners;
- Drafting the Emergent Action Plan on large migrant inflows;
- Adoption of municipal plans on reintegration

Regarding the institutional framework and capacity building in this area, the following measures will be implemented:
- Finalization of the analysis of mechanisms for migration management (focusing on the integration of foreigners);
- Creation of an additional module for foreigners within the DCAM database; and
- Completion of the staff of the Centre for Detention of Foreigners.

The implementation in practice in this area will focus on:
- Further improving the international cooperation in the area of readmission;
- Focus on the sustainable reintegration of readmitted persons;
- Enhancing the cooperation of authorities in preventing and combating irregular migration; and
- Ensuring an efficient procedure for the treatment of foreigners staying illegally in Kosovo.

\textit{Short-term measures 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 following \textit{short term legislative measures} will be implemented:
- Drafting and adoption of the Law on prevention of money laundering and combating the financing of terrorism

In terms of further development of the institutional framework, the following short-term measures will be implemented:
- Capacity building for judges and prosecutors through specialized trainings in the area of money laundering, financial crime and terrorist financing
- Promotion of procedures of intelligence, investigation, prosecution, judicial and enforcement in respect to money laundering, terrorist financing and other financial crimes
- Increase the number of orders for permanent confiscation and seizure of assets by the judiciary
- Enhancing the international cooperation on strategic and operational aspects between law enforcement regional authorities, in order to combat financial crime
- Membership of the FIU in the Egmont Group

\textit{Short-term measures in the 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 following short term legislative measures will be implemented:


In terms of advancing the policies in order to meet the EU accession obligations, the following short-term measures will be implemented:

- Conduct a comprehensive analysis of the current situation regarding the transposition of the *acquis* in this field (in order to assess the current situation and draw up detailed midterm priorities in this area).

In the fight against drugs, the enforcement measures for 2016 are divided into institutional, the policy framework and implementation and enforcement measures:

- More effective implementation and monitoring of the strategy and action plan against drugs, and increase the results in terms of successful seizures and investigations.
- Appointment of new national coordinator against drug trafficking;
- Establish drug observatory;
- Increasing the number of indictments and convictions for crimes related to drugs
- Enhancement of regional and international cooperation in the fight against drugs, as well as strengthening cooperation with international institutions such as the EMCDDA, UNODC, etc.

*Short-term measures in the area of organized crime and police cooperation*

In order to fulfil the obligations arising from the SAA and other EU accession documents and mechanisms in all areas under Chapter 24, the following short term legislative measures will be implemented:

- Adoption of a new strategy for control and collection of small and light arms 2016-2021
- Develop a joint Manual for standardization of procedures KPC/ KP
- Drafting of the regulation which regulates the activity of the national commissioner for overseeing the interception process
- Signing an agreement between law enforcement agencies in order to establish an IT coordinating council for which defines the priorities for the prevention of organized crime
- Signing an Agreement on police cooperation with Turkey
- Signing an Agreement on police cooperation with Estonia
- Initiation of police cooperation agreements with Italy, Belgium, Denmark and Lithuania
- Finding the cooperation modalities with EUROPOL after June 2016 (after expiration of EULEX mandate)
- Signing bilateral international agreements with third countries
- Awareness campaign on prevention of trafficking in human beings

In terms of further development of the institutional framework, the following short-term measures will be implemented:

- Appointment of a national commissioner by KJC to oversee the interception process
- Provision of the necessary equipments and information technology for implementing the secret investigation and surveillance measures
- The establishment and making operational of the Liaison Unit in the KPC including space, relevant SOPs, the necessary new staff recruitment, training of staff and information technology as part of law enforcement on interception.
- Profiling of the cyber crimes investigation sector and recruitment of qualified staff
• Technical, technological and logistic capacity building in the area of supporting the investigations;
• Establishment of legal interception of fixed lines and the Internet, as well as strengthening the interception capacities by equipping with additional advanced equipments;
• Developing a proactive approach in combating organized crime (analytical capacity building in DIA, increasing the number of intelligence information, establishment of cooperation with the community, cooperation with NGOs, civil society)

Short-term measures in the 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 following short term legislative measures will be implemented:

• Drafting and adoption of the Law on Critical Infrastructure, which will be aligned with 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

In terms of advancing the policies in order to meet the EU accession obligations, the following short-term measures will be implemented:

• Preparation and updating of the list and terrorist groups
• Launch the awareness-raising and information campaign for the entry into force of the law on the prohibition of joining the armed conflicts outside the state territory;

Short-term measures in the area of international legal cooperation in civil and criminal matters

In order to fulfil the obligations arising from the SAA and other EU accession documents and mechanisms in all areas under Chapter 24, towards advancement of policies with the view to meeting the EU accession obligations, the following short-term measures will be implemented:

• Drafting the Development Plan 2012-2016 for the Ministry of Justice – with the aim to achieve the overarching objective (membership to the European Union) that provides the following five strategic objectives:
  o Creation and promotion of legal and institutional framework which supports the rule of law in accordance with the priorities arising from the European integration process;
  o Further advancing the international legal judicial assistance and cooperation system;
  o Providing preconditions and more efficient administration of criminal sanctions execution system;
  o Capacity building of forensic medicine, finding and identifying missing persons during the war and investigation of war crimes;
  o Development of professional capacities in order to promote reforms and more efficient functioning of the Ministry.
• Signing of agreements in this field with the aim of intensifying international legal cooperation.

Midterm 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:

Midterm 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:

• Continuous monitoring of possible changes to the Schengen acquis, as well as harmonization of national legislation with the relevant changes in this field;
• Enhancing international cooperation with the authorities such as Frontex, Selec, etc.;
• Opening of the border crossings with neighbouring countries;
• Extending KVIS Regulation to other diplomatic and consular missions of Republic of Kosovo; and
• Provide the possibility of issuing visas to countries where there are no diplomatic and consular missions through external service providers.

Midterm 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:
• Continuous monitoring of possible changes to the Schengen acquis, as well as the harmonization of national legislation with the relevant changes in this field;
• 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.

Midterm 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:
• Continuous monitoring of possible changes to the Schengen acquis, as well as harmonization of national legislation with the relevant changes in this field;
• Development of Easy and Extended Migration Profile;
• 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.

Midterm 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:
• Approximation of national legislation with the EU acquis, based on comprehensive analysis of the current situation regarding the transposition of the acquis in the area of fight against drugs, expected to be completed during 2016.
• Updating/changing 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
• Development and application of proactive approach towards international cooperation in the prevention of money laundering, terrorist financing and financial crimes
• Develop the capacity of law enforcement institutions, in order to strengthen the fight against the gray economy and financial crime
• Strengthening of the inter-institutional mechanisms and the intelligence in the area of money laundering, asset recovery, financial crime and corruption
• Membership of Kosovo to Moneyval
Midterm 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:

- Harmonization of national legislation with the EU acquis based on a comprehensive analysis of the current situation regarding the transposition of the acquis in the area of combating drugs;
- Adoption of the national anti-drug strategy based on the principles of the EU Drug Strategy 2013-2020;
- Establishment of the Drugs Observatory;
- Enhancing cooperation with the EMCDDA.

Midterm 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:

- Harmonization of national legislation with the EU acquis based on a comprehensive analysis of the current situation regarding the transposition of the acquis in the area of fight against organized crime
- 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 and their interconnection fully operational;
- Signing of bilateral agreements in the area of organized crime;
- Capacity building of Kosovo Forensic Agency technical laboratories, and
- Human capacity development of the Kosovo Police Inspectorate in preventing and combating organized crime and corruption
- Make the Information Management System (CMIS) operational
- Creation of a database for keeping records of convicted persons

In terms of implementation and enforcement, the institutions will focus on:

- Increasing the number of orders for the confiscation of assets and generally improving the results in the permanent confiscation of illegally obtained assets;
- Reduction of cases in the courts

Midterm 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:

- Harmonization of national legislation with the EU acquis based on a comprehensive analysis of the current situation regarding the transposition of the acquis in the area of fight against terrorism
- Adoption of the National Strategy Against Terrorism
- Identification, prevention, investigation and prosecution of individuals and groups who commit crimes
- 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

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

**Further support for the Academy of Public Security - Phase I & II**
*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, as well as strengthening of the bachelor program in KAPS.
*Beneficiary:* KAPS, Kosovo Police, Kosovo Customs, the Food and Veterinary Agency, Emergency Management Agency, the Police Inspectorate of Kosovo.
*Period:* Phase I (2015-2017); Phase II (2018-2020)

**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

**Capacity building in the area of investigating corruption and organized crime**
*Description:* Strengthening the investigative capacities at central and local levels in order to effectively combat organized crime and corruption.
*Beneficiary:* Kosovo Police, Kosovo Prosecutorial Council, the Kosovo Police Inspectorate
*Period:* 2014-2016

**Strengthening the institutions of Kosovo in the fight against trafficking in human beings - Phase I & II**
*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. Phase I of the project, expected to be launched in early 2016, will provide grants to support shelters for victims of trafficking in human beings.
*Beneficiary:* MIA / MPMS
*Period:* Phase I (2016-2018); Phase II (2018-2020)

**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 and asset recovery.
*Beneficiary:* MIA / MF
*Period:* 2016-2018

**Increase the capacities of forensic services**
*Description:* The project aims to increase the capacity and coordination of all forensic services, including capacity building in the analysis of DNA, as well as support in the area of explosives and firearms.
*Beneficiary:* MIA / MD
*Period:* 2016-2018

**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: 2016-2019

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 / PK
Period: 2016-2019

Bilateral donor projects:

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.

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.

According to the SAPD 2015 conclusions in respect to science and research, Kosovo should increase and stimulate the level of participation in Horizon 2020, including increasing of the number of applications.

The 2015 EC Kosovo Report highlighted the limited capacity of universities for research that adversely affects the quality of post-graduate Programmes, as well as innovation. The country's budget for research continues to remain low. The Law on Research Activity is not implemented due to lack of funds.

Current Situation

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.

Short-term measures

Kosovo short term priorities in the area of science and research will focus on completing the legal framework. In this respect, the work on drafting and adoption of the AI on Licensing of Scientific Journals and AI on Scientific Perfection of Young Scientists is ongoing. The National Strategy for Innovation and Transfer of Technology and the National Research Plan 2016-2020 are expected to be
adopted by the Government during this period. Moreover, the state measures on smart specialization are planned. In addition, it is also planned to strengthen the contact points and to establish a mechanism that will provide information from the contact point to the relevant scientific community.

**Midterm priorities**

Within a medium term period in terms of legislation, Kosovo will work on drafting and adoption of the Law on Financing of Research Activities. It will establish an inter-ministerial mechanism that would manage the link between innovation and research (linkage between research - industry and economy).

The capacity building in the area of innovation and research, aims to continue granting PhD scholarships so as to contribute to the internationalization through Kosovar researchers in developed countries. To contribute to this goal, the equipment of scientific institutions with the necessary infrastructure for scientific research is planned also.

In the midterm timeframe, Kosovo hopes to achieve the associate status in Horizon 2020.

**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 adopton 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.

The EC 2015 Kosovo Report requires the implementation of Kosovo Curriculum Framework and core curricula. It should ensure the independence the institutions of higher education and adopt a new Law on Higher Education according to international standards. Strengthen the capacities In the area of science and research through higher education institutional reforms. The report also puts emphasis on improvement of the quality of education at all levels and improving access to quality education for all marginalized groups.

Current Situation
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 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 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 center.

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.
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. Its piloting phase in 7 resource centres with children with special needs will start in September 2015.

The 3 year program (2013-2015) on training of 15 assistants and sign language inspectors was completed. These are the first persons in Kosovo trained on using the standard sign language. As regards EU requirements for equipping schools of children with special needs, 5 resource centres are equipped with general classroom equipments, ITC equipments and sports equipments. The same equipments were provided also for 125 regular schools, from which the pupils with special needs will also benefit.

MEST has also completed many activities related to education of non-Albanian communities. MEST has signed two cooperation agreements with REF (Budapest Roma Education Fund) and an agreement with VoRAE (Voice of Roma, Ashkali and Egyptian). Within these frameworks and in cooperation between MEST, REF, VORAE, British Embassy, Norwegian Embassy and HEKS, the financial support for pupils and students of these communities was ensured. As a result, last year 500 scholarships for pupil of higher secondary school for RAE communities were granted. MEST has also granted 33 scholarships for RAE community students in Public Universities. Within the inclusion of RAE community in education, 2 school textbooks for pupils who learn Roma language (Roma Language for class 3 and class 4) are ensured

Different measures were taken to prevent dropout, consisting of provision of free textbooks for obligatory education (classes 1 to 9), financing of transport for children with disabilities, free of charge informal education for social cases, affirmative measures for Roma, Ashkali and Egyptian communities (scholarship, facilitation of registration in class 10, financial support to education centres which support children in increasing the learning performance, etc.). Furthermore, MEST is engaged in reintegration in education of cases referred by shelters and centres for social work; collection and analysis of statistics, etc.

As a result of these activities, the number of pupils that dropout from schools has dropped continuously. At the level of primary and lower secondary education the number has dropped from 1458 (0.5%) in school year 2010/2011 to 354 (0.13%) in schools year 2013/2014. The situation is improved also in the upper secondary education, whereby from 354 (0.13%) in the school year 2010/2011, the number of pupils that have dropped out from school in the school year 2013/2014 has dropped to 354 (0.13%).
The information management system (IMS) provides statistical data on pre-university education. The system is in the process of being populated with the new data. As regards inclusion of demographic and financial statistics, the system is expected to be further upgraded and extended also with the data on higher education level and integration of the data from other education segments.

**Short-term measures**

**Education**

In short term period, as regards education, in respect to legislation it is planned to harmonize the Law on Vocational Education and Training with Directive 2005/36/EC on Professional Qualifications Certification- 32000L0036 as well as revision of Al on Licensing of Private Pre-school Institutions. In addition, the finalization and commencing of implementation of the Strategy on Safety at Pre-University Education Institutions and its Action Plan as well as starting the implementation of the Strategy on Quality in Education. Continue with implementation of the Action Plan of the inter-ministerial Strategy on Schools Promoters of Health 2009-2018.

Within the *pre-university education quality management*, the basic programme on inclusive education for all teachers will be prepared. In addition, it is planned to draft professional standards and programmes according to labour market needs as well as revision of all existing curricula and their linkage with the labour market.

In respect to *education of children with special needs* the package of materials for information of parents regarding quality of education for children with special needs and explanation of the registration procedure will be drafted. In this context, the guideline for teachers on the evaluation of children with special needs in their learning will be drafted and the formula of financing parameters for pupils with special needs will be finalized. Moreover, the individual plan for education by teachers in regular schools which have children with special needs will be implemented. For Centres of Competence (in Ferizaj and Prizren) the materials for class 12 will be drafted. 3 resource centres (2 in Mitrovica and 1 in Prishtina) will be equipped with information technology such as: computers, lap tops, tablet PC and internet.

In terms of *preschool education*, it is foreseen to finalize the piloting phase of the core curricula for preschool education and implementation of the document of Standards for Early Development and Childhood Education 0-6 years old.

While in order to prevent *dropout*, establishment and enhancement of the Prevention and Reaction Team for Dropout and Non-registration will be established.

To *support the youth*, financial support to young entrepreneurs (from the created fund for supporting of young entrepreneurs, supporting around 30% of young people in opening their businesses) will be provided as well as increase of the financial support to youth organizations, Youth Action Councils and Youth Centres.

**Culture**

In short term period in the sector of culture it is planned to draft the National Strategy on Cultural Heritage. While in terms of further advancing the institutions, it is planned to revise and supplement the inventory of cultural heritage and also to improve the preservation and promotion of cultural heritage.

**Midterm priorities**

**Education**
With the aim to advance 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 through provision of scholarships for higher education. Consequently, it is very important to improve the academic and research infrastructure in higher education institutions.

In the area of pre-university education, the Law on Preschool Education will be revised. The drafting of the cross-sectorial strategy on early childhood education will be drafted. In this respect it will be continued with implementation of the existing strategy and its action plan (Kosovo Strategic Plan 2016-2020; Strategic Plan on Inclusion of Children with Special Educational Needs in Pre-University Education 2016-2020, Strategy on Quality Assurance in Pre-University Education 2016-2020 as well as commencement of the implementation of the new pre-university curricula in all schools in Kosovo.

In order to further advance the professional standards, it is planned to continue with drafting of new standards. It is planned that the Municipalities in which there is no public preschool institution, to construct them and networking of vocational education and training.

In order to support youth, it is planned to construct 3 youth centres in different municipalities.

Culture
In long term period in the sector of culture, it is expected to draft and adopt the List of Cultural Heritage under Permanent Protection as well as to complete the National Register on Cultural Heritage. It is also planned to increase the funds for restoration of cultural heritage monuments (historical, cultural and religious.

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 polices 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 2015 Kosovo Report, in point 4.2.3 Environment and Climate Change, assesses that Kosovo has not remains at an initial stage of harmonization with acquis in this area. No progress has been made in environment and climate change, and during the next year Kosovo shall in particular improve the quality of environment monitoring for air and water as well as create systematic strategic planning on actions towards climate change.

Concerning harmonization of legislation and implementation of the existing laws, further progress needs to be made. Moreover, in respect to horizontal legislation regarding environment impact assessment and environment strategic assessment, besides the level of harmonization achieved, the implementation needs to be strengthened, in particular at local level.

In the area of waste management, municipal capacities and operators regarding implementation of legislation shall be strengthened as well as explore the opportunities to increase investments. On the other side, recycling and recuperation concepts shall be incorporated in the existing legislation, in this way increasing the possibility of inclusion of private sector in this area.

Major efforts are necessary to integrate the climate change efforts in all policies and respective sector strategies. Moreover, further effective inter-ministerial cooperation in order to enable adoption and implementation of policies on carbon reduction is necessary.

Kosovo shall strengthen its administrative capacities in climate and environment sector, as well as more efforts are necessary to increase the awareness on environment issues.

**Feasibility Study requirements**

Based on general requirements within Feasibility Study (Point 3.7.9 Environment and Climate Change), based on SAA, Kosovo should strengthen its cooperation with the EU in fight against damages to the environment regarding the air and water quality, waste management and protection of nature, monitoring and reduction of industrial waste, promoting energy efficiency and safety of industrial implants, land protection, classification and safe treatment of chemicals and urban planning.

According to the conclusions of the SAPD meetings, challenges identified within the environment area in Kosovo include, insufficient financing for important infrastructure projects, lack of technical staff at local and central level, and lack of public awareness. This poses difficulties in the implementation of environment legislation.

Kosovo should put the environment as a priority in Government Programme and identify opportunities for sufficient economical stimulations - this approach would contribute towards the sustainable economical/environmental development. Furthermore, the insitutions of the Kosovo Government should significantly improve the coordination in the area of environment having in mind that this is a multidimensional sector.

**Current Situation**

**Legal Framework**
**Horizontal legislation**

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.


The responsible authority for the implementation of horizontal environment legislation is the Ministry of Environment and Spatial Planning.

*Short-term measures*

In order to further harmonize the legislation, the following has been planned for 2016:

- Drafting the law on establishment of environment infrastructure and information, which transposes the Directive 2007/2/EC INSPIRE.

In order to implement the legislation, education and awareness-raising on environmental issues will be carried out with all interest groups, while during this time there is no need for establishment of new institutional structures and recruitment of new staff. Rather, trainings will continue, those deriving from ECRAN, in order to implement the legislation and technical assistance from TAIEX. Also, opportunities for further support by other donors will be explored.

In order to implement activities necessary for implementation of legislation and other activities deriving from strategic documents, MESP budget for 2015 has had an increase of EUR 725,598.00 compared to the previous year. The budget for investment/other infrastructure projects on environmental related issues, for 2016 is approximately EUR 6 Million. The lack of a mechanism to collect ecological taxes determines the establishment of a special fund for investments in the environment area. MESP is exploring the possibility to have the ecological tax cover approximately 50% of income for environment projects. Besides the local budget, donors contribute to the environment area, either through various grants or from loans by International Financial Institutions operating in Kosovo. Establishment of EcoFund will increase the possibilities for further investments in environmental projects.
During the last e years, the level on investment by the central institutions in the environmental infrastructure is EUR 9,864,512.79 (EUR 4,716,395.30 for 2009, EUR 3,877,626.14 for 2010 and EUR 1,270,491.37 for 2011). Budget allocation for 2012 was EUR 4,265,000.00.

During the time period 2009-2012 activities supported by foreign donors cover the amount of 23.3 million Euro. Other projects which had environmental impact and were implemented by municipalities reach the amount of 42,775,536 Euro.

**Midterm 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/EU EMAS Global;
- Amending the Law on Environment Impact Assessment, given that the EU has issued the new Directive on Environment Impact Assessment 2014/52/EC (which amendments Directive no. 2011/92/EC);
- 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. 66/2010 EcoLabel and


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 Plan will be planned with Midterm Expenditure Framework (MTEF) including the possibility for donor support.

**Legal and policy framework in the area of air quality**

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 Directives requests. 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).

Short-term measures

During 2016, in order to further harmonize the legislation in the area of air quality, a number of measure to ensure further transposition of EU legislation have been set.

Regarding primary legislation, in 2016 it has been foreseen to amend and supplement the Law on Protection of Air from pollution no, 03/L-160.

Upon amending this law, amendments to subsidiary legislation deriving from the same will be carried out, including:

- AI no. 06/2007 on Rules and standards of discharges on air by the stationary sources of pollution, which should be reviewed and harmonized with Directive 2010/75/EC of European Parliament and Council;
- AI no. 03/2011 on allowed norms of discharges in air from mobile sources, which transposes Directive 70/220/EEC. This AI needs to include conditions for category E6 of cars, which is not included in this AI. Also, consideration needs to be given to drafting legislation for transposing Directive 2001/81/EC on national emission ceilings for certain atmospheric pollutants.

Preparation of Action Plan on Air Quality and the National Plan on decreasing the emissions is also planned within this period.
Objectives related to the quality of air and alternative policies on further improvements in the air quality as set by the Strategy on Air Quality, will be implemented through the Action Plan on Air Quality. The purpose of this plan is that the measures and projects established in this document ensure valuable benefits towards improving the quality of life, environment protection and sustainable development.

Kosovo is a member of the Treaty on Energy Community, by which it is required to have a National Emission Reduction Plan (NERP). In order to prepare NERP, MESP needs to carry out solid analysis of the current data/documents in order to establish the way for emission reduction, in this case Power plant Kosovo A (unit 3, 4, 5) and B, in order to have those recommendations reflected in NERP. NERP should establish various approaches which can be adopted and will assist Kosovo in achieving its objectives towards emission reduction.

Within measures for implementing legislation and policies for 2016, a measurement of emissions from Implants with high combustion will be carried out as such results are necessary to draft the National Emission Reduction Plan (NERP) and initiation of preparing the inventory for emissions in air. This will be done with the project supported by the Japanese International Cooperation Agency (JICA) “Experts for controlling air pollution JFY – 2015”.

Even though in the air sector a number of EU acquis has been transposed to the national level, further improvements in the legislation will be made in the future, given that part of legislation only partially transposes the respective directives and also there are directives which have been amended and should be transposed in the local legislation.

Also, further improvement is needed regarding monitoring and reporting on air quality, number of measurements, equipment and instalment of general software for data collection. An important component in promoting the importance of clean air is also education and awareness-raising on environmental issues of all interest groups.

In order to implement the legislation and planned measures, the existing legislation does not foresee the establishment of new institutions or restructuring of the existing ones. But, there is a need in increasing the number of officers especially in the area of monitoring air quality and monitoring emissions.

There is a need to continue with training from ECRAN program and strengthening of capacities of IHMK officials in the area of checking air quality and emissions from immobile air pollution sources, data collection and reporting, which will be done with the support of JICA experts. During this period JICA Project “Experts for controlling air pollution JFY 2015” will be developed, which will cost an amount of 264,319.00 Euro and will have a significant impact on capacities strengthening.

**Midterm 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) and
- Drafting of legal acts for transposing Directive no. 2009/126/EU.
During the midterm period besides supplementing the legislation in this area, initiating the implementation of Action Plan on Air Quality, establishment of the inventory of air polluters and strengthening of human capacities is also planned.

The budget for completion of legislation is within budgetary planning of MESP, while the budget for implementing the actions deriving from the Action Plan on Air Quality will be outlined in this plan.

**Waste management**

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).


Full transposition of Directive on Landfill of Waste was ensured through primary and subsidiary legislation, including: Law No. 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).

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, certain interest groups are requesting 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.

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.

Short-term measures

Regarding the subsidiary legislation, the AI no. 07/2009 on Management of Waste containing Asbestos, which transposes Directive no. 87/217/EC Asbestos and AI for the establishment of waste information system (Waste Framework Directive no. 2008/98 / EC) and the AI on the list of categories of hazardous waste by origin and content. - List Y (Reg. 440/2008 / EC and the Basel Convention on transboundary movement of hazardous waste).

Also, during this year, the waste management policy framework will be enriched by the following measures:

• Improvement of waste management system – by financing infrastructure project and equipment with waste management treatment equipment, developing a system for information on waste management, preparation of Master plan on waste management and public awareness-raising campaigns;
• Improvement of approach, quality, and financial sustainability of environmental performance of waste management sector – by assessment of waste management sector, data collection,
analyzing of the legal framework and institutional setting, preparation of solid waste management reform plan, preparation of hazardous waste inventory and assessment of their status, and pre-feasibility study on municipal waste landfills in Gjilan and Dragash;

- Education and awareness-raising on environmental issues for all interest groups.

Challenges in appropriate implementation of applicable legislation and strategy include lack of an appropriate waste management method, need for capacity building regarding waste management, including reduction, recycling and reuse at central and local level. In addition, Kosovo does not yet have an appropriate infrastructure on storage and treatment of hazardous waste and establishment of an informative system on management of hazardous waste.

While, regarding the institutions, currently there is no plan to establish any new institution or body regarding waste management. Structural changes occurred last year.

Regarding capacity building on waste management, there is a need to continue with ECRAN programme trainings. Municipalities should be supported by seminars and trainings in order to increase the waste management system in Kosovo municipalities and increase of capacities at such level to draft municipal plans on waste management and legislation on setting standards and criteria for management of solid waste.

In order to implement measures, with the Donor support the project “Improvement of waste management system in Kosovo” supported by IPA 2013 and WBIF – round IV, with amount 1,089,800.00 is being implemented, in addition to the World Bank financed project “Assessment of waste management sector, development plan and pre-feasibility” in amount of 259,940.00 euro. Technical assistance from the EU through IPA and the WB will define the need for projects on waste infrastructure.

**Midterm priorities**

Regarding the midterm period, priority will be the drafting of primary legislation aiming at further harmonization with the EU Directives. During 2017 it is planned to draft the Law on management of waste from extractive industries (Directive no. 2006/21/EC).

While regarding the subsidiary legislation, drafting of the following AIs is planned:

- AI no. 07/2009 on management of waste containing asbestos (Directive no. 87/217/EEC Asbestos); and
- AI no. 37/07 on management on biphenyls and triphenyls polychlorinated (Directive no. 96/59/EC).

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 Euro, by IPA 2014 programme within the project “Decommissioning of Kosovo A”.

**Water quality**

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.

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.

**Short-term measures**

The water area during the short term period will be supplemented with approval of 6 AIs:

- Amendment of AI on the structure of water payment – Framework Water Directive (2000/60/EC);
- AI on establishing the content, method and procedures of the programme for protection from actions damaging water – Directive on the assessment and management of flood risks (2007/60/EC Floods);
- AI on method of determining the ecological flow – Framework Water Directive (2000/60/EC);
- AI on classification of surface waters – Framework Water Directive (2000/60/EC);
- AI on criteria for cleaning zones – Directive no. 2006/7/EC on cleaning water, and

As implementing activities in the waters area the tariffs for use of waters, discharge of waters, inert and concessions will be determined; the criteria for the following will also be determined: for ecological flow; for classification of underground waters; definition of cleaning zones; and classification of underground water bodies.
The environmental policy/program framework will be supplemented during 2016 by:

- Program meme for protection from damaging water activities.

In order to implement the planning measures for the improvements in this area, non-approval of the National Water Strategy (NWS) is an obvious issue. In addition a potential challenge in the future might be the high financial cost for the implementation of NWS. Furthermore, an issue is also the non-completion of the legal framework with subsidiary legislation which derives from the Law on Waters no. 04/L-147, which would further transpose the Water Directive (2000/60/EC) and other directives. Inappropriate monitoring (partial) of superficial and underground waters by Agency on Environment and Hydro-meteorological Institute is continuously posing difficulties in long-term planning and knowledge on the quantity of superficial and underground waters. Regarding full monitoring of consumption waters, one of the challenges, due to lack of budget, remains the establishment of Centre for consumption water, in accordance with AI no. 16/2012 on quality of water for human consumption, adopted in December 2012.

Regarding the institutional reform and strengthening of institutional capacities, as requirements deriving from the applicable legislation, establishment of the following is planned:

- Authority of river pond regions,
- Establishment of water institute.

In order to meet the objectives in this area, there is a need to continue with ECRAN trainings for implementation of applicable law and education and awareness-raising on water issues for all interest groups. The staff of water sector does continuously attend meetings organized by ECRAN where discussions relate to the implementation of EU Directives concerning environment in general and water in particular (2000/60/EC, etc). In this sector currently there is no Donor support.

**Midterm 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 Structure of water payments which is related to Directive 2000/60/EC;
- AI on establishment of content, method and procedures for the program on protection water damaging activities - Directive on the assessment and management of flood risks (2007/60/EC),
- AI on establishment of ecologic flow - framework water Directive (2000/60/EC);
- AI on classification of underground waters - Directive on underground waters (2006/118/EC); and
- AI on criteria for bathing zones - Directive no. 2006/7/EC on bathing waters.

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); and
- 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:

- Management plan for river ponds,
- 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 superficial waters within
Agency on Environment Protection and Hydro-meteorological Institute.

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
- Enhancement of the underground waters monitoring network (within this measure it is expected
  to have 20 hydro geologic drilling in Dukagjini pool and construction of 20 pyrometers for
  monitoring of underground waters, in accordance with technical standards).
- 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 accordance with budgetary planning which will be planned for a three
year period by Midterm Expenditure Framework and the possibility for donor support will be explored.

**Nature protection**

Until now Kosovo has signed the Resolution on the Sustainable Development of the DinaricArc Region,
(09.03.2011 Kranj, Slovenia) and the Agreement between the Dinarik regions on the better protection of
nature within the framework of DinaricArc Region (02.10.2013, Budva Montenegro).

In the legislation on nature, the following Directives have been transposed:

  with Directive no. 2013/17/EU;
  (EC) 1882/2003;
  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;
- 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

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 Fauna.

Full transposition of respective Directive 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.


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:

- 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.

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 officers. 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 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.

**Short-term measures**

During 2016, the policy framework namely the environmental programmes will be supplemented as follows:

- Approval of Spatial Plan for National Park “Bjeshket e Nemuna” and

Also, within the area of nature protection, during 2016 the following measures will be taken:

- Preparation for establishment of the network zones Nature 2000;
- Preparation of assessment on the implementation status and identification of steps for establishment of Nature Network 2000 in Kosovo;
- Inventory of the types of plants, animals natural habitat types and their mapping, for 2016 through KASH have been planned 534,330.33 Euro from the Kosovo Budget; and
- Botanical Garden Prishtina, for which during 2016 have been planned 40,000.00 Euro from the Kosovo Budget.

Education and awareness-raising on issues related to importance of protection of biodiversity will be carried out with all the interest groups.
Even though transposing of Directive no. 92/43/EEC on Habitat has almost been finalized (there is a solid legal framework) the implementation and enforcement has not commenced yet due to low implementation capacity within key executive institutions.

Due to lack of financial support, the comprehensive national level assessment on existence and locations of natural habitat listed in Annex I of Habitat Directive and types listed in Annex II, which are autochthonous within the national territory, has not been finalized.

Currently the institutional and human structure for implementation of legislation and measures within this area is complete to certain extent and further strengthening of human and institutional capacities is needed.

**Midterm 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.

In addition, during this period of time, the following laws will be amended: Law no. 04/L-086 on National Park “Bjeshket e Nemuna” and Law no. 04/L-087 on National Park “Sharri”.

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.

Regarding protection of nature in order to implement the legal framework the following is expected to occur in the midterm:
- Inventory of natural habitats in order to implement NATURA 2000;
- Adoption of Red Book of Kosovo’s Fauna;
- Identification of bio geographical regions;
- Appointment of the Coordination Group for the establishment of national network of NATURA 2000 zones;
- Drafting of the Management Plan for the National Park “Bjeshket e Nemuna”.

According to MTEF 2017 – 2020 the planned funds for the implementation of the following two projects have been assessed: invetarization of type of plants, animals, natural habitats and their mapping, for which the KASH for 2017 has planned 414,330.00 Euro from the Kosovo Budget, and for Prishtina Botanical Garden for 2017 KASH has planned 200,000.00 Euro from the Kosovo Budget.

**Industrial pollution control**

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 installements 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.


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.

Short-term measures

In order to further transpose Directive no. 2010/75/EC on Industrial Emissions, the following is planned to occur during 2016:

- AI no. 06/2007 on Rules and norms of discharge in air by the immobile pollution sources, which derives from the Law on Protection of Air from Pollution, as this AI includes some chapter of the aforesaid Directive, as mentioned in chapter on Air Quality.

WhereAs regards the measures to implement the environmental legislation and policies during 2016 will occur the measurements of emissions from implants with major burns as these results are necessary for the preparation of National Plan on Decreasing of Emissions, which will be adopted during 2016.

In addition education and awareness-raising on issues related to protection from industrial pollution is planned for all interest groups, which will be done through organization of roundtable, seminars, etc.
While implementing the system on the process of issuance of EIL further strengthening of the cooperation between the officials competent to review the application for EIL and environment institute has been assessed to be very important.

In order to implement the aforesaid legislation, during this period there is no need to establish other institutions, bodies or re-structuring of the existing ones.

In order to strengthen the human capacities in this area, the trainings organized by ECRAN program and JICA project (which has been mentioned in the chapter on air quality) will be used. In addition, other possibilities for donor and expert support will be explored. On the other side, the Kosovo Government in order to control the air pollution will ensure financial Donor support, in the amount of 264,319.00 Euro.

**Midterm priorities**

In the midterm period the following activities are planned:
- Amendment of Law no. 03/L-043 on Prevention and Control of Integrated Pollution;
- 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**

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.

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.

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).

**Short-term measures**

For the short –term period the following is planned:
- Amending Law no. 03/L-119 on Biocide Products which will partially transpose Directive no. 98/8/EC and Regulation (EU) no. 528/2012.

While education and awareness raisin of interest groups is planned as an implementing measure.

Lack of Strategy and Action Plan on management of chemicals and lack of capacities for preparing the same, is a challenge in this area.

For now no establishment of new institutions is planned or any other bodies which would deal with waste management. Structural changes have occurred last year.

There is a need to continue with ECRAN program trainings. Also, regarding the implementation of chemicals legislation, a number of seminars need to be organized through municipalities including on enhancement of chemicals management from the businesses operating in chemicals management, including producers, importers and chemicals users. There is no budget planned for establishment of a management system for chemicals in Kosovo.
Midterm 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. 10/2012 on technical safety list on chemicals and its filling (Directive no. 1907/2006/EC REACH);
- AI no. 17/2017 on classification, labelling and packaging of hazardous chemicals, 1272/2008/EC, CLP;
- Decision no. 4222-14-564295 on CLP list of hazardous substances 1272/2008/EC, CLP;
- Regulation no. 02/2015 on detergents 648/2004/EC;
- Draft Instruction on export, import of chemicals in accordance with PIC procedures (Regulation no. 649/2012/EC);
- AI on noting content of detergents in their packaging (Regulation no. 648/2004/EC);
- AI on technical safety list of chemicals, Directive no. 1907/2006/EC, REACH; and
- AI on import, export and transit of hazardous chemicals (Directive no. 649/2012/EC and Regulation 649/2012/EC).
- 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

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 2015. This law will fully transpose Directive no. 2002/49/EC of the European Parliament and the Council on 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.

Short-term measures

During 2016 the adoption of the following legal acts are planned to be adopted:

- Amendment of the Law No. 02/L-102 on Noise Protection;
• AI on management of noise in closed environments;
• AI on noise limitations, depending on the type and source of noise, time and place; and
• AI on noise limitations in environment.

During this period efforts will be put on education and awareness-raising on issues related to noise protection.

A challenge in this area is the fact that so far no measurements of environmental noise have been done, due to lack of proper equipment and trained staff to develop strategic maps of noise.

Currently the institutional infrastructure is sufficient but in the future there will be a need to increase the number of staff and training of the same, at central and local level, in order to implement Law on Noise protection and subsidiary legal acts. The budget to cover drafting of legislation is within the budgetary planning of MESP.

Midterm priorities

In the midterm period the following is planned:
• Reviewing of legislation and further transposing of EU legislation (if needed);
• 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

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).

Forestry area besides the national budget has been significantly supported also by donors. Until now this area has been supported with approximately 13.7 million Euros.

**Short-term measures**

In order to harmonize the national legislation with the EU legislation, MAFRD is in the process of amending Law no. 2003/3 on Kosovo Forests and the implementing sublegal acts. This draft-Law will take into account the EU Regulations, including: Regulation (EU) no. 691/2011 of the European Parliament and Council dated 6 July 2011 on European environmental economic accounts; Regulation (EU) no. 995/2010 of the European Parliament and Council dated 20 October 2010 laying down the obligations of operators who place timber and timber products on the market, the so-called “EU TR”, and the Regulation (EU) no. 995/2010 of the European Parliament and of the Council dated 20 October 2012 which defines the obligations of operators who place timber and timber products on the market.

During this period, it is foreseen to amend and supplement Law no. 02/L-53 on Hunting, which regulates sustainable management, cultivation, protection, hunting and use of wild fauna as natural richness of general interest. The Law on Hunting will be approximated to te international conventions and EU Directives, including: European Convention on Protection of wild animals and their habitat (Bern Convention), Convention on Conservation of Migratory Species of wild animals (Bonn Convention), International Convention on Trade with plants and endangered animals (CITES), United Nations Convention on biological diversity (Rio Convention), Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora, and Directive no. 79/409/EEC on the conservation of wild birds.

In order to improve the sectorial policies and the sustainable management of forest non-wooden products MAFRD will draft and approve “Strategy on non-wooden forest products 2015-2020” which is supported by GIZ (20,000.00 Euro). This strategy aims at establishing a framework for protection, cultivation,
collection, use and trade of non-wooden forest products towards economical development of Kosovo rural zones. This sectorial strategy is harmonized with WHO Guidelines on GACP (Guidelines on Good Agricultural and Collection Practices 2003), European Medical Agency EMEA (2006), Standard FairWild Version 2.0 (2010) and European Association on Cultivation of medical plants EUROPAM GACP version 8.0 (2010).

Regarding drafting of policies related to the forestry area and undertaking measures to implement the same including legislation, during this time we will draft and approve the National Programme for Forestation of Superficies 2016-2025, 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; as well as development of Forest Information System for Kosovo (FIS-KOS) which integrates other systems into programmes, software’s and all administrative procedures regarding forest management including local and central level. Both these projects will be supported by SIDA and FAO with an approx amount of 325,000.00Euro.

Midterm 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;
- Restructuring of forestry inspection;
- Approval of AIs on the implementation of the adopted laws.

Climate change

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 A1 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:

- A1 no. 16/2013 for substances that deplete the ozone layer and fluorinated greenhouse gases (EC/1005/2009 and EC/842/2006 F-Gases);
- A1 no. 19/2013 on access to the information for economic consumption of fuel and CO2 emissions of new personal vehicles (1999/94/EC);
- A1 no. 20/2013 on implementation of flexible mechanisms for clean development (2003/87/EC); and
- A1 no. 20/2015 on mechanisms on following greenhouse gases emissions (Regulation no. 525/2013/EC).

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.

**Short-term measures**

In the short term we plan to draft and adopt 2 AIs, as follows:


In order to implement the legislation, during this period three plans containing provisions implementing legislation on climate change, as follows:

- National Plan on Emissions Reduction (NPER);
Drafting of Action Plan on Quality of Air (APQA); and
Drafting of Action Plan on Climate Changes (APCC).

In addition, an important component in this area remains the education and awareness-raising on climate changes of all interest groups. There is a need for further enhancement of administrative capacities and also to continue with the training from ECRAN program. In addition, there is a need for capacity building of IHMK officials on monitoring of greenhouse gases emissions, collection and reporting of data. Regarding the budget to implement these activities, the budget regarding the completion of legislation is planned within the MESP budget while the budget for implementing actions deriving from the Action Plan on Climate Changes will be set in this plan.

Midterm priorities

In midterm in the area of climate changes a number of AIs will e 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. 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;
- 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;
- Regulation (EC) no. 1005/2009 on substances that deplete the ozone layer;
- 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;

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 in 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
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).

Short-term measures

In the short-term period the following is planned:
• Review of existing legislation in order to further harmonize with the EU legislation;
• Approval of Strategy on reduction of disasters risks.

We will continue with education and awareness-raising on issues related to civil protection, with all the interest groups.

One of the obstacles in this area is insufficient inter-institutional coordination related to activities that need to be undertaken. Also, it has been assessed that the existing relevant legislation has transposed 27% of Directive no. 2012/18/EU – Seveso III which is a low transposition level, and due to this, in 2016 we plan to amend and supplement AI no. 10/2011 on prevention of major accidents involving hazardous substances.
The existing legal framework does not require establishment of new institutions or reorganization of the existing ones. MESP has prepared the Draft Action Plan on Intervention in cases of environmental accidents, which particularly regulates issues related to prevention and reaction in cases of chemical accidents (industrial). Also, the Ministry of Internal Affairs has adopted the National Reaction Plan. In order to divide responsibilities between these two Plans it is necessary that the relevant institutions review these plans in order to avoid duplication of competencies and responsibilities while implementing the plans.

Trainings from ECRAN program should continue in order to further implement the legislation and policies in this area. In addition, there is a need for capacity building regarding officers on foreseeing and reporting disasters and exploring possibilities to benefit from experiences of developed countries. Currently there is no Donor support on this area.

**Midterm 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.

The budget to complete the legislation is planned within MESP budget including the budget needed to implement actions deriving from the aforesaid plans.

**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 Progress report 2014 and SAPD meeting of 2015, 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.

On the other hand, the requirements in the area of **Public Health**, the requirements derive from Article 106, paragraph 2, which requires ensuring the approximation of Kosovo legislation with *acquis*, health improvement and disease prevention in the population, creating independent and effective administrative structures, possession of enforcement powers, meet basic criteria on health care and safety, protection of patient rights, and protecting the citizens from health threats and diseases as well as promoting healthy living.

The EC 2105 Kosovo Report in terms of consumer protection states that further work needs to done on raising the awareness of consumers about their rights.

In relation to public health, the report underlines the fact that the budget dedicated to public health remains among the lowest in the region, which is hindering the implementation and enforcement of the reforms and policies in the country. As a result of lack of funding hinders the ability to meet the needs of mother and child. As a result of the latter, the infant mortality rate is estimated as the highest in Europe. As regards legislation it remains to be complete the legal framework In the area of public health, namely implementation of the Health Insurance Law, which would enable the establishment of the Health Insurance Fund. Also the Action Plan 2014-2020 Health Sector Strategy shall be adopted as well as the adoption of the law on transplantation of tissues and cells. In the context of the subsidiary legislation for rare diseases the Plan 2013-2015 should be implemented.

**Current Situation**

**Legal Framework**

**Consumer protection**

The basic legislation on consumer protection consists in Law no 04/1-121 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.

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 implementing the basic law on Consumer Protection consists in:

- Regulation no 09/2013 on Labelling, Presentation and Advertisement of Food Products, transposing partially Directive 2000/13/EC related to Labelling, Presentation and Advertisement of Food Products,
- Regulation no 05/2014 on Price Setting and Sales, transposing partially 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 in the following laws:

- Law no 04/L-192 on Cell and Tissue Transplantation, which entered into force in June 2014. The law defines the conditions and rules for conducting cell tissue transplants in human medicine. The law addressed the identified challenge in the progress report on the lack of legislation for products with human origin, cells and tissue. This law transposes partially 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 02/L-181 on Promotion and Protection of Breast Feeding, which aims to contribute to ensuring adequate infant feeding. The law transposes the Directive 2006/141/EC on infant formulae and follow-on formulae.
• Law no 02/L-101 on Blood Transfusion, Blood and related Products Control. This law defines the unique organizational structure of NCBTK and its units, but the reporting on professional activities 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-09 on Contagious Diseases. The implementing legislation consists in AI no 06/2013 on Medically Assisted Fertilization; AI no 05/2011 on Prevention and Control of Infections within Hospitals 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 on Enhancement of Quality and Safety of Health Services 2012-20;

**Short-term measures**

**Consumer protection**


In addition, we will develop the policy framework for consumer protection, whereby we will adopt the Programmeme on Consumer Protection 2016-2020.

With regards to administrative capacities, in the short term, we will organize training from the project Support to Free Movement of Goods, for the staff of the Consumer Protection Department, on communication techniques in the consumer protection area, which are used by the EU MS, treatment of consumer complaints and on consumer protection in food area. Also, we plan to organize training on drafting a strategy on creation of consumer protection associations.

As regards, implementation measures, based on the Consumer Protection Work Plan for 2016, we will organize two consumer protection round-tables: quality of fuel and services provided by fuel stations and electronic and postal services.

Also, in the short term, as part of the awareness-raising campaign for consumer protection, we plan to distribute information leaflets for high schools, broadcasting of video clips of consumer protection, as well as providing lectures in schools and universities for raising student awareness on consumer protection.

**Health Protection**

With regard to subsidiary legislation, in relation to implementation of the Law 04/L-192 on Cell and Tissue Transplantation, we plan to adopt AI on Inspection Conditions and Control Measures in the area of Cell and Tissue Transplantation, which will partially transpose EC Decision no 2010/453. Also the AI on Import/Export of Stem Cell Tissue, will transpose Decision 2003/641/EC, Decision C920050 1452 and Decision S (2006) 1502 EU.

To implement the Law 04/L-156 on Tobacco Control, we will adopt AI on Combined Remarks, transposing fully the Decision 2003/641/EC, Decision C(2005) 1452 and Decision C92006) 1502 EU.

With regards to institutional capacities, in the short term, we plan to transfer the blood transfusion unit in regional hospitals into the National Centre for Blood Transfusion. Also, in order to implement the Law on Transplantation of Cells and Tissue, we plan to nominate the national transplantation coordinator. Moreover, we will train seven blood transfusion officials for management of quality services in blood transfusion, through the MH funded project KSV 017.

With regards to implementing measures, we plan the following activities:

- Adoption of the 2016-2020 Health Sector Strategy Action Plan;
- In order to address the high number of cancer cases, we will monitor the implementation of the Strategy on Combating Cancer;
- In order to implement the National Programme for Cancer Control in Kosovo 2014-20, we plan activities related to breast cancer and cervical cancer screening. Also, we plan activities for family planning and effective prenatal care as part of implementing the Strategy on Health for Mothers, Children and Reproductive Health.

Midterm priorities

**Consumer protection**

In the midterm, the priority will be to implement 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 mid term, we will continue to harmonize 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.

The following conventions will be proceeded for ratification during this interval:

- Framework Convention on Tobacco Control (22004A0615);
- International Regulation on Health 2005;

With regards to institutional capacities, the focus will be in making functional the Centre for transplantation coordination, as defined by the relevant Law.

With regards to implementation measures, we will focus in implementing the existing strategies, with special focus on: fighting cancer, promotion of health education, mental health, mother, children and adolescent health, vaccination, service quality and HIV-AIDS.

**Donor support**

**Consumer Protection**
The Consumer Protection Department benefits from the Support to Free Movement of Goods 2014-2016 EU financed project. The project will support the department in terms of staff capacity building, support in initiating dialogue with Ministry of Justice for alternative dispute resolution, and in supporting the NGOs. The project budget dedicated to the Department is at €24,000.

**Health protection**

The health sector is supported by the Support to Health System project, financed by the Italian Government. The project budget is at €1,732,000.00 and it is focused on developing the cardiology, by making functional the cardiology clinic through staff training, provision of expertise and purchasing of equipment.

The World Bank/IDF supports the health sector through the project Strengthening of the Agency for Health Financing, which will support capacity building in the agency, by providing consultancy and staff training, with a budget of €520,000.00. In addition, within the provision of infrastructure and equipment for the provision of health services, seven (7) regional hospitals and two (2) UCCK clinics will be supplied with equipments for gynaecology, obstetrics and neonatology, in the amount of 1,800,000 EUR.

The Government of Luxembourg provides assistance through the project Partnership on Improving Women and Children health in Kosovo, 2012-2016, at €2,523,500. The project will support promotion activities so as to enhance the women and children health in Kosovo. Also the health sector, will continue being supported by the Luxembourg Government 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 €6,000,000.

The Global Fund, as an international financing organization, has decided to continue financing the HIV Prevention in Kosovo project for 2015-2016, at a budget of €1,105,095.

### 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). While Protocol 3 regulates the originating rules products necessary for the implementation of trade exchange between parties. Within this protocol, Kosovo, following the entry into force of the SAA should sign and ratify the Pan-EuroMed Convention on the Rules of Preferential 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 2015 Kosovo Report, 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 crimes.

**Current Situation**

**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:

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 Branches. Kosovo Customs has been established in August 1999 from the EU pillar, in order to ensure rightful and comprehensive application of customs rules and other applicable provisions for good, which are subject to customs supervision. On 12 December 2008 UNMIK Customs Service was transposed to Kosovo Customs. The new customs code adopted by the Assembly on 11 November 2008 enabled this transition. This Code is in accordance with EU legal standards and aims, amongst others, 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 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
A 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 an 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.

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.

*Short-term measures*
- Enforcement of tax legislation in line with EU best practices;
- Amendment of Customs and Excise Code in accordance with legislation pertaining to customs criminal offences;
- Harmonization of electronic system INES with COPIS;
- Further modernization of Customs Administration based on Action Plan:
  - Continue fighting informal economy;
  - Improvement of premises at some border points;
  - Enhancement of administrative capacities towards facilitation of trade, customs cooperation, assessment and implementation of intellectual property rights as well as rightful application of the rules of origin, based on the rules of Pan Euro-Mediterranean Convention (SAA Protocol 3).

*Midterm priorities*
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 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 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 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. 04/1-207 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. 04/1-222 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. 04/1-207 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;
• 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 Pristina, 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

- 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


- 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);


- Contract on Grant (Grant award agreement) signed in Pristina, 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 Pristina.

- 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 Pristina. Entered into force on 04 November 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. It 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.

Development cooperation and humanitarian aid
Ministry of Foreign Affairs is considering the possibility of establishing a division for "development and aid policies". Given that this process is extended inside and outside the institution will launch a consultation process with the Ministry of Public Administration, Ministry of Finance, etc, as well as with international consultants.

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.

Current Situation

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 Programmeme 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 indentifies different levels of progress on some areas and a lack of progress on many areas.

*Short-term measures:*
- Agreements from the Brussels Agreements between Kosovo and Serbia
• RKS will continue implementing on good faith all the agreements reached on the dialogue with Serbia;
• Respect entirely the principles of the inclusive regional cooperation
• The increase of capacities on preventing the violent extremism, radicalization and fighting terrorism.
• With the SAA Agreement entering into force, the political dialogue Kosovo-EU will develop on the format of Stabilization-Association Council (SAC) and other structures in common. It is under consideration training of the staff that will be included in the mechanisms of implementation of SAA. There will be visits to Member States of the region and candidate states so more information on SAA implementation will be exchanged.
• The training of the civil servants in foreign and security policy. On this stage, priority goes to civil servant among the ministries that follow the implementation of the SAA and those directly involved on the SAA implementation.
• It is also planned applying to several international organizations, European, and regional (UNESCO, Interpol, Council of Europe,)
• Accession in international conventions,
• Approval of constitutional amendments for establishing the Kosovo Armed Forces.
• Approval of the Draft Law for amending laws concerning the Armed Forces – a project that completes and changes 39 laws including the domain of defence.
• Review of the National Strategy on Security.
• Drafting and finalizing the Defence Strategy

Midterm priorities:
• 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 the cooperation with international organizations, 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 (SEECP, 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 (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 INTOSAL 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 Convent 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 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 2015 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 internal financial control strategy needs to start being implemented, and to adopt the revised legislation on internal financial control. At the same time, Kosovo needs to ensure systematic action in addressing the findings of the external auditing. The impact of the external audit needs to be strengthened further. Increase the capacities of the CHU, and Kosovo needs to allocate the necessary funds for continuous certification and training for auditors. The OAG needs to have functional, financial and operational independence, in line with INTOSAI standards. Harmonization of Kosovo legislation with the EU *acquis* on protection of EU interests remains weak. Also the report highlights that Kosovo does not have a formal cooperation arrangement with the EC or ECB for protection of euro from counterfeiting.

**Current Situation**
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 on Management of Public Finances and Responsibilities No. 03/L-048 and Law No. 3/L-128 for 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.

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

The document of Policies of KBFP 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 counterfeit 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 counterfeit 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 counterfeit. Banknotes and coins suspected to be counterfeit 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 counterfeit.

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:

- Parliament - 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.

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 auditing\textsuperscript{43} 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;
- 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 association 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\textsuperscript{44}

\textsuperscript{43} Non-statutory audits are performance audits that are not an annual requirement prescribed by law.

\textsuperscript{44} Association of Certified Accountants and Auditors of Kosovo.
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).

Short-term measures

**Internal control of public finances**

Based on the Strategy for Internal Control of Public Finances:

- Implementation of activities defined in the PIFC strategy for 2015-2017;
- Continuation of systematic actions on findings and recommendations of the external audit;
- Amendment of the LPFMA;
- Amendment of the Law on Internal Audit;
- Update of subsidiary legislation (instructions, regulations, procedures, manual);
- Establishment of a sustainable national scheme for certification of internal auditors (based on CIPFA standards);
- Establishment of a sustainable scheme for training of Main Financial Officers (MFC);
- Continuous professional development;

**External audit**

- Adoption of the Law on General Auditor and the National Audit Office – this draft law has been adopted by the Government at the end of July. This draft law is in accordance with international standards and best practices on audit of public sector;
- Drafting and implementation of guidelines and regulations in accordance with the new law;
- Implementation of Strategic Plan on Corporate Development 2015-2020;
- Increase of the number of professional auditors who pass different levels of the new certification scheme for auditors;
- Installation and functionalization of software for a more efficient audit;
• A continuous and flexible approach on cooperation with international partners (projects financed by the EU and WB and bilateral cooperation with Sweden ZKA);
• A comprehensive approach in developing strategies and focus (civil society, academia, media, donors, private and public institutions);
• Obligatory audit of regularity for all budgetary organizations completed (including all municipalities) in accordance with SNISA;
• Number of Performance audits (including audit of information technology) increases and is carried out in accordance with SNISA;
• Timely and qualitative publication of Annual Audit Report, including discussion of the same in the Assembly;
• Following the appointment of the General Auditor, review of Corporate Plan and if necessary update of the same in order to reflect his/her priorities.

Midterm 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 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 review;45
• 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;

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45 Peer review.
• 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.


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.

Current Situation

Legal Framework

The main legal acts related to this Chapter include:
• Law No. 03/L-048 on Public Financial Management and Accountability;
• Law No. 05/L-046 on Amending Law No. 05/L-001 on the Budget of Republic of Kosovo;
• Law No. 05/L-037 on Value Added Tax;
• AI MF-No. 03/2015 on implementing the law no. 05/L-037 on value added tax;
• Law No. 04/L-099 on amending Code No. 03/L-109 on Customs and Excise of Kosovo;
• AI MF – No. 05/2014 on amending AI No. 11/2009 on implementation of customs and excise code, amended and supplemented by AI No. 05/2010 and AI No. 06/2013.

The Value Added Tax system in the territory of the Republic of Kosovo is regulated by Law No. 05/L-037 on Value Added Tax. The Value Added Tax includes application of the general consumption tax on goods and services, which is exactly proportional with the price of the goods and services and which is calculated on this price in accordance with the applicable norms, is charged in various production stages, distribution and life cycle of goods and services trade, which in the end is carried by the end customer.

VAT is charged with the standard norm of eighteen percent (18%), while the deducted VAT norm is calculated and paid by eight percent (8%) for some basic goods and services including their import.

The collection and control procedures for custom obligations and import taxes are conducted by Kosovo Customs. Kosovo Customs is under the authority of Ministry of Finance, in accordance with the Law No. 03/L-109 dated 10 November 2008 and amended by Law No. 04/L-099, dated 3 May 2012 Customs and Excise Code of Kosovo. This law is partially in line with the EU Customs Code,
specifically with Council Regulation EEC 2913/92 “On Establishment of Community Customs Code

Regarding the budget, based on 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 Budget Proposal for the Republic of Kosovo;
- Preparation of Midterm expenditures framework;
- Implementation of the Budget of Republic of Kosovo;
- Assessment of requests for diversion of budgetary allocations;
- Assessment of financial impact of government policies;
- Exercise of all other responsibilities granted to the Budget Department in accordance with the law.

The Department of Municipal Budget is authorized and responsible for:

- Preparation of Budget Proposal for the municipalities;
- Preparation of the part of Municipal Midterm Budgetary Framework as an integral MTEF part;
- Assist in implementation of the Budget of Kosovo Municipalities;
- Review and assessment of requests for diversion of budgetary allocations and exercise of all other responsibilities which are granted to the Department on Municipal Budget in accordance with the law.

Institutional Framework

The main institution for this chapter is the Ministry of Finance. Within the Ministry of Finance other contributing structures include Kosovo Tax Administration, Kosovo Customs, also within the Ministry the Department of Budget, the Department of Municipal Budget and the Department for Economic Policies, Public and International Financial Cooperation.

Short-term measures:

- Drafting and approval of draft law on Annual Budget for 2017. The responsible institution to prepare this draft and submit it to Government for approval is the Ministry of Finance. Following this, the Government sends the law for approval by the Assembly. This draft law needs to be adopted by the Assembly within 31 December 2017.
- Approval of changes regarding the unfinished financial obligations deriving from the previous year regarding multi-annual capital projects, based on Article 7 of the Annual Budget Law. The responsible institutions for the preparation and submission for approval by the Government of the budget tables is the Ministry of Finance – Budget Department.
- If needed, issuance of the third budgetary Circular 2017/03.
- Issuance of independent opinion to the Department of Budget regarding the financial impact assessment of a proposed legislation.

Midterm priorities:

- Harmonization of National Legislation with the EU VAT legislation
- Establishment of institutional and administrative capacity to correctly apply and implement the rules of EU own resources;
- Harmonization of components for the calculation of Gross National Income according to ESA 95 standards;
• Until 30 April 2016, the Government must submit to the Assembly the Midterm Expenditures Framework for the next fiscal year 2017 and assessments for the two following fiscal years 2018-2019.
• Drafting and approval of draft law on annual Budget for 2017.
• Drafting and approval of draft law on annual Budget for 2018.
• Drafting and approval of draft law on annual Budget for 2019.
• Preparation of the Medium Term Expenditure Framework 2017-2019
• Preparation of the Medium Term Expenditure Framework 2018-2020
• Preparation of the Medium Term Expenditure Framework 2019-2021

For more information refer to chapter 16 “Tax” and 29 “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

#### LEGISLATIVE MEASURES

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<tr>
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<th>EU acquis acts to be transposed</th>
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<th>Deadline</th>
<th>Level of harmonisation</th>
<th>Budget</th>
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<td>Assembly OPM</td>
<td>MF</td>
<td>MPA</td>
<td>MEI</td>
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<td>Implement SAA provisions on public administration (Article 120)</td>
<td>Law on Kosovo Assembly (new law)</td>
<td>N/A</td>
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<td>Q4 2016</td>
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<td>Implement SAA provisions on public administration (Article 120)</td>
<td>Regulation on the Assembly of the Republic of Kosovo (new regulation)</td>
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<td>1.1.3</td>
<td>Implement SAA provisions on public administration (Article 120)</td>
<td>Law no. 03/L-149 on CIVIL SERVICE (amendment)</td>
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<td>Law 03/L-189 on Public Administration (new law)</td>
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<td>MPA</td>
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<td>Law on Salaries of Kosovo Budget (new law)</td>
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<td>Q4 2016</td>
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<td>1.1.3</td>
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<td>1.1.3</td>
<td>Implement SAA provisions on public administration (Article 120)</td>
<td>Subsidiary legal acts of the Law on Civil Service (amendment)</td>
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<tr>
<td>1.1.3</td>
<td>Implement SAA provisions on public administration (Article 120)</td>
<td>Subsidiary legal acts of the Law on Public Administration (amendments)</td>
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<td>Q4 2016</td>
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<td>Q4 2016</td>
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</tr>
</tbody>
</table>
1.1.4. Ombudsperson

1.1.4. Framework legislation

1.1.4. No short-term measures are planned for this section of the chapter. See also Chapter 3.24. Acquis Chapter 23: Judiciary and Fundamental Rights.

1.1.4. Subsidiary legislation and other regulatory acts

1.1.4. No short-term measures are planned for this section of the chapter. See also Chapter 3.24. Acquis Chapter 23: Judiciary and Fundamental Rights.

1.1.5. Anticorruption Policy

1.1.5. See also the chapter 3.24. Acquis Chapter 23: Judiciary and Fundamental Rights.

1.1.6. Civilian Oversight of Security Forces

1.1.6. Framework legislation

1.1.6. Implement SAA provisions on rule of law (Articles 3, 12)

| 1. Amendment of the Constitution of RoK related to restructuring of the Security Force and new Armed Forces mission; (Amendment on strengthening the Institution of Parliamentary Commissioner) | N/A | MSF Kosovo Assembly KIA OPM MIA MFA MoJ MF | Q4 2016 | N/A |

1.1.6. Implement SAA provisions on rule of law (Articles 3, 12)

| 2. Law amending the law on Kosovo Armed Forces | N/A | MKSF Kosovo Assembly KIA OPM MIA MFA MoJ MF | Q4 2016 | N/A |

1.1.6. Implement SAA provisions on rule of law (Articles 3, 12)

| 3. Law on the Commissioner for the Kosovo Armed Forces and the police; | N/A | MSF Kosovo Assembly KIA OPM MIA MFA MoJ MF | Q4 2016 | N/A |

1.1.6. Implement SAA provisions on rule of law (Articles 3, 12)

| 4. Law amending the Law on Classification of Information and Security Clearance | N/A | MSF Kosovo Assembly KIA OPM MIA MFA MoJ MF | Q4 2016 | N/A |

1.1.6. Subsidiary legislation and other regulatory acts

1.1.6. No short-term measures are planned for this section of the chapter. See also Chapter 3.24. Acquis Chapter 23: Judiciary and Fundamental Rights.

1.2. Human Rights and Protection of Minorities


1.3. Regional Cooperation and International Obligations

f a q e | 387
1.3. Framework legislation
No short-term measures are planned for this category of this chapter of the Programme.

1.3. Subsidiary legislation and other regulatory acts
Implement SAA provisions on regional cooperation and international obligations (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)


OPM MF MEI Q2 2016

2. BLOCK II: ECONOMIC CRITERIA

2.1. Existence of a Functional Market Economy
Measures of this chapter are outlined in the narrative section of the Programme.

2.2. Capacity to Cope with Competitive Pressure and Market Forces within the Union
Measures of this chapter are outlined in the narrative section of the Programme.

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
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. Implement SAA Article 20, 74, clause 3.

| Law no. 03/L-119 on Biocide products (amendment) | 1. Directive 98/8/EC on biocide products  
MH 
MTI 
MAFRD | Q4 2016 | P |

### 3.2. Implement SAA Article 20, 74, clause 3.

| Law no. 02/L-128 on Narcotic Drugs, Psychotropic Substances and Precursors (amendment) | 1. Regulation (EC) No 1920/2006 for Drugs and Drug Addiction  
2. Council Decision 2001/419 on the transmission of samples of controlled substances  

### 3.2. Subsidiary legislation and other regulatory acts

### 3.2. Implement SAA Articles 20, 80, 74, clause 3.

MED 
MESP 
MH 
MAFRD 
MIA 
RAEPC | Q1 2016 | P |

### 3.2. Implement SAA Articles 20, 80, 74, clause 3.

MED 
MESP 
MH 
MAFRD 
MIA 
RAEPC 
KC | Q1 2016 | P |

### 3.2. Implement SAA Articles 20, 80, 74, clause 3.

AKM 
KSA 
DAK | Q4 2016 | F |

### 3.2. Implement SAA Articles 20, 80, 74, clause 3.

|  |  |  |  | MTI Q2 2016 F |  |
|  |  |  |  | MTI Q2 2016 F |  |
|  |  |  |  | MTI Q4 2016 F |  |
|  |  |  |  | RAEPK Q4 2016 F |  |
| 3.2. | Implement SAA Articles 20 and 74, clause 3 | Regulation on Gas Equipment (new subsidiary legal act) | Directive 2009/142/EC of 30 November 2009 relating to appliances burning gaseous fuels | MTI KSA DAK MED |  |  |
|  |  |  |  | MTI Q4 2016 F |  |
|  |  |  |  | MED Q4 2016 P |  |
|  |  |  |  | MED Q4 2016 P |  |
|  |  |  |  | MED Q4 2016 P |  |
### 3.3. Acquis Chapter 2: Free Movement of Workers

#### 3.3. Framework legislation


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

#### 3.4. Framework legislation

| 3.5. Acquis Chapter 4: Free Movement of Capital | | | | | | |
| 3.5. Framework legislation | | | | | | |
| 3.5. Subsidiary legislation and other regulatory acts | | | | | | |
| 3.5. Implement SAA Article 64 | Regulation on Interbank Payments System for KIPS (new subsidiary legal act) | BIS standard (Bank for International Settlement that regulates payments system) ISO20022 | KCB | Q4 2016 | F |
### 3.5. Implement SAA Article 64
Regulation on Prevention of Money Laundering and Financing of Terrorism for Financial Institutions (new regulation)  
KCB  
FIA-K  
MF  
Q4 2016  
P

### 3.5. Implement SAA Article 89
Approval of the decision based on the Law no 03/L-183 for Implementation of International Sanctions regarding the consolidated list United Nations Security Council on International Sanctions  
MFA  
MF  
MoJ  
FIA-K  
KCB  
KC  
Q3 2016  
P

### 3.6. Acquis Chapter 5: Public Procurement

#### Framework legislation

#### Implementation of the SAA Article 79
Law on Public Procurement no. 04/L-042 (amendment)  
MF  
PPRC  
PRB  
CPA  
Q1 2016  
P

#### Implement SAA Article 79
Regulation on Public Procurement A01 (amendment)  
PPRC  
PRB  
CPA  
Q2 2016  
P
2. Directive 2009/101/EC of the European Parliament and of the Council of 16 September 2009 on coordination of safeguards which, for the protection of the interests of members and third parties, are required by Member States of companies within the meaning of the second paragraph of Article 48 of the Treaty, with a view to making such safeguards equivalent  
5. Directive 2012/30/EU of the European Parliament and of the Council of 25 October 2012 on coordination of safeguards which, for the protection of the interests of members and others, are required by Member States of companies within | MTI MF OPM MEI | Q2 2016 | P |
the meaning of the second paragraph of Article 54 of the Treaty on the Functioning of the European Union, in respect of the formation of public limited liability companies and the maintenance and alteration of their capital, with a view to making such safeguards equivalent


| 3.7. | Implement SAA Article 51, clauses 1, 2, 3. | Law no. 4/L014 on Accounting, Financial Reporting and Auditing (amendment/amendment) | 4th Directive, (annual accounts of companies with limited liability) 7th Directive, (consolidated accounts of companies with limited liability) 8th Directive, (Qualifications of persons responsible for carrying out the statutory audits of accounting documents) | MF MTI OPM MEI | Q1 2016 | P |


### 3.8. Acquis Chapter 7: Intellectual Property Law

#### 3.8. Framework legislation


#### 3.8. Subsidiary legislation and other regulatory acts

| 3.8. | Implement Articles 77 & 78 | AI no.13/2012 Registration of Trademarks (amendment-amendment) | MTI KC KP IT MH | Q2 2016 | F |
| 3.8. | Implement Articles 77 & 78 | AI no. 11/2012 on Registration of Industrial Designs (amendment) | MTI KC KP IT MH | Q3 2016 | F |
| 3.8. | Implement Articles 77 & 78 | AI no. 11/2012 on Registration of Industrial Designs (amendment) | MTI KC KP IT MH | Q2 2016 | F |
| 3.8. | Implement Articles 77 & 78 | Amendment of AI no. 05/2014 on Registration Procedures for Designation of Origin and Geographical Indications (amendment) | MTI KC KP IT MH | Q2 2016 | F |

| 3.8. | Implement Articles 77 & 78 | AI no. 08/2013 on Authorized Representatives in the area of Industrial Property (amendment) | There are no Directives on this. There are laws of countries - in Kosovo there is the Law on Administrative Procedure | MTI KC KP IT MH | Q3 2016 | F |
| 3.8. | Implement Articles 77 & 78 | AI no. 01/2012 on Early Screening of Applications for the Protection of Trademarks (amendment) | | MTI KC KP IT MH | Q3 2016 | F |
| 3.8. | Implement Articles 77 & 78 | AI on Claims Commission | | MCYS MTI KC MH | Q4 2016 | F |

3.9. Acquis Chapter 8: Competition Policy
3.9. State aid
3.9. Framework legislation
3.9. No short-term measure is planned in this category of this chapter of the Programme.
3.9. Subsidiary legislation and other regulatory acts
| 3.9. | Implement SAA Article 75, clause 1a and 1b. | AI on group exemptions for horizontal agreements (new) | Council Regulation (EEC) No. 2821/71 of 20 December 1971 on the application of Article 81(3) (formerly Article 85(3) of the EC Treaty) to categories of agreements, decisions and concerted practices | AKK | OPM | MTI | Q4 2016 | P |
| 3.9. | Implement SAA Article 75, clause 1a and 1b. | AI on group exemptions for vertical agreements (new) | 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 | OPM | MTI | Q4 2016 | P |
| 3.9. | Implement SAA Articles 74 and 75 | AI on investigative procedures (New) | Commission notice on best practices for the conduct of proceedings concerning Articles 101 and 102 TFEU - OJ/C 308/6 | ACA | Q4 2016 | P |
| 3.9. | STATE AID | Implement SAA Articles 74 and 75 | Law no. 04 / -L-024 on State Aid (Amendment-Amendment) | | | | |
### 3.10. Framework Legislation and Other Regulatory Acts

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<th>Number</th>
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<tr>
<td>5.</td>
<td>Commission Communication on State aid elements in sales of land and buildings by public authorities</td>
<td>Communication on State aid elements in sales of land and buildings by public authorities</td>
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<tr>
<td>6.</td>
<td>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)</td>
<td>Commission communication to the Member States on the application of Articles 107 and 108 of the TFEU to short-term export credit insurance</td>
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### 3.10. Acquis Chapter 9: Financial Services

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<td>1.</td>
<td>Implement SAA Articles 50 and 96, and Annex 6</td>
<td>Implement SAA Articles 50 and 96, and Annex 6</td>
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<td>2.</td>
<td>Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms</td>
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<td>Commission Communication on sale aid elements in sales of land and buildings by public authorities</td>
<td>Commission communication on sale aid elements in sales of land and buildings by public authorities</td>
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**Note:** The above table and extracted text provide an overview of the legal instruments and acts related to financial services and State aid in the European Union. The numbers and dates mentioned are indicative and subject to updates as per the official documents and regulations.
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<td>3.10. Implement SAA Articles 50 and 96, and Annex 6</td>
<td>Regulation on Large Exposures (amendment)</td>
<td>T. Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms</td>
<td>KCB</td>
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<td>Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)</td>
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<td>Regulation on licensing insurance intermediaries (amendment)</td>
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<td>Regulation on Pension Assets and Valuation of Pension Assets (amendment)</td>
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<td>3.10.</td>
<td>Implement SAA Articles 50 and 96, and Annex 6</td>
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<td>Implement SAA Articles 50 and 96, and Annex 6</td>
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<td>AI on conditions that the service providers of electronic commerce shall meet (new subsidiary legal act)</td>
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<td>1. Directive 2000/31/EC on electronic commerce</td>
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<td>Regulation on the installation and use of electronic communications networks (new subsidiary legal act)</td>
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<td>MED RAEPC Q4 2016 F</td>
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<td>Implement SAA provisions of Article 109 on audio-visual policies, Article 110 on information society and Article 111 on electronic communication network and services</td>
<td>Regulation on determining the minimum values of the parameters of quality of service (USO) (new subsidiary legal act)</td>
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<td>Implement SAA provisions of Article 109 on audio-visual policies, Article 110 on information society and Article 111 on electronic communication network and services</td>
<td>Regulation on the organization and management of Internet country code ccTLD</td>
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<td>Implement SAA provisions of Article 109 on audio-visual policies, Article 110 on information society and Article 111 on electronic communication network and services</td>
<td>Regulation on the distribution of audio and audio-visual services (new sub-legal act / amendment) Regulation on cable distribution of radio and television programs</td>
<td>1. Directive on Audio-Visual Media Services – AVMSD</td>
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<td>3.11.</td>
<td>Implement SAA provisions of Article 109 on audio-visual policies, Article 110 on information society and Article 111 on electronic communication network and services</td>
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<td>3.11.</td>
<td>Implement SAA provisions of Article 109 on audio-visual policies, Article 110 on information society and Article 111 on electronic communication network and services</td>
<td>Regulation on categorization of content providers and MUX (new subsidiary legal act)</td>
<td>1. Directive on Audio-Visual Media Services – AVMSD</td>
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<td>3.11.</td>
<td>Implement SAA provisions of Article 109 on audio-visual policies, Article 110 on information society and Article 111 on electronic communication network and services</td>
<td>Regulation on setting up the criteria for the must-carry rule (mandatory carriage) (new subsidiary legal act)</td>
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<td>Implement SAA provisions of Article 109 on audio-visual policies, Article 110 on information society and Article 111 on electronic communication network and services</td>
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<td>Implement SAA provisions of Article 109 on audio-visual policies, Article 110 on information society and Article 111 on electronic communication network and services</td>
<td>Regulation on the assessment of applications for licensing of content providers (new subsidiary legal act)</td>
<td>1. Directive on Audio-Visual Media Services – AVMSD</td>
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<td>3.11.</td>
<td>Implement SAA provisions of Article 109 on audio-visual policies, Article 110 on information society and Article 111 on electronic communication network and services</td>
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<td>3.11.</td>
<td>Implement SAA provisions of Article 109 on audio-visual policies, Article 110 on information society and Article 111 on electronic communication network and services</td>
<td>Regulation on setting up the criteria for the program contents in a Multiplex (new subsidiary legal act)</td>
<td>1. Directive on Audio-Visual Media Services – AVMSD</td>
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<td>3.11.</td>
<td>Implement SAA provisions of Article 109 on audio-visual policies, Article 110 on information society and Article 111 on electronic communication network and services</td>
<td>Regulation on the establishment of a fund for stimulation of programs (new subsidiary legal act)</td>
<td>1. Directive on Audio-Visual Media Services – AVMSD</td>
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<td>Implement SAA provisions of Article 109 on audio-visual policies, Article 110 on information society and Article 111 on electronic communication network and services</td>
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<td>3.11.</td>
<td>Implement SAA provisions of Article 109 on audio-visual policies, Article 110 on information society and Article 111 on electronic communication network and services</td>
<td>Regulation on program electronic guide (EPG) and interactive program guide (IPG) (new subsidiary legal act)</td>
<td>1. Directive on Audio-Visual Media Services – AVMSD</td>
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<td>3.11.</td>
<td>Implement SAA provisions of Article 109 on audio-visual policies, Article 110 on information society and Article 111 on electronic communication network and services</td>
<td>Regulation on defining the standards and parameters of the receiver (setup box) of a digital television signal (new subsidiary legal act)</td>
<td>1. Directive on Audio-Visual Media Services – AVMSD</td>
<td>IMC</td>
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### 3.12. Acquis Chapter 11: Agriculture and Rural Development

**Framework legislation**
<p>| 3.12. | Implement SAA Article 102 in the area of agriculture and rural development | AI on the control system, control authority, control bodies and control implementation rules (new subsidiary legal act) | 1. Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products 2. Commission Regulation (EC) No 889/2008 of 5 September 2008 laying down detailed rules of organic products with regard to organic production, labelling and control of the following products: a) live or unprocessed agricultural products; b) processed agricultural products for use as food; (c) feed; (d) vegetative propagating material and seeds for cultivation | MAFRD | Q4 2016 | P |</p>
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intra-Community trade in and imports of semen of domestic animals of the porcine species.
16. Council Decision 95/410/EC concerning the methods to be used for microbiological testing to be undertaken on meat intended for Finland and Sweden.
responsible for establishing the criteria necessary for standardising the serological tests to monitor the effectiveness of rabies vaccines
10. Council Directive 92/33/EEC on the marketing of vegetable propagating and planting material, other than seed  
FVA  
MF | Q4 2016 | P |
| 3.13. | Subsidiary legislation and other regulatory acts | | | |
| 3.13. | Implement SAA Article 102 in the area of food safety and agro-industry | Regulation on Approval and Registration of Forest Business Operators (new subsidiary legal act) | 1. Regulation (EC) no 882/2004 of the European Parliament and of the Council on official controls performed to ensure the verification of compliance with feed and food law | FVA | Q1 2016 | P |
| 3.13. | Implement SAA Article 102 in the area of food safety and agro-industry | Regulation on materials and articles that are intended to be in contact with food (new subsidiary legal act) | 1. Regulation (EC) No 1935/2004 of the European Parliament and of the Council of 27 October 2004 on materials and articles intended to come into contact with food and repealing Directives 80/590/EEC and 89/109/EEC | FVA | Q4 2016 | P |
| 3.13. | Implement SAA Article 102 in the area of food safety and agro-industry | Regulation on pharmacologically active substances and their classification according to the maximum waste limit in foodstuffs of animal origin | T. Commission Regulation (EU) No 37/2010 on pharmacologically active substances and their classification regarding maximum residue limits in foodstuffs of animal origin | FVA | Q4 2016 | P |
| 3.13. | Implement SAA Article 102 in the area of food safety and agro-industry | AI concerning the Prohibition of the Use in Farm of certain substances that have hormonal effect or Thyrostatic and β-agonists (new subsidiary legal act) | T. Council Directive 96/22/EC of concerning the prohibition on the use in stockfarming of certain substances having a hormonal or thyrostatic action and of beta-agonists, and repealing Directives 81/602/EEC, 88/146/EEC and 88/299/EEC | FVA | Q4 2016 | P |
| 3.13. | Implement SAA Article 102 in the area of food safety and agro-industry | AI concerning the placing on the market and administration of bovine somatotrophin (new subsidiary legal act) | T. Council Decision 1999/879/EC concerning the placing on the market and administration of bovine somatotrophin (BST) and repealing Decision 90/218/EEC | FVA | Q4 2016 | P |


The measures for this chapter are outlined in the narrative section of the Programme.

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<td>3.15.</td>
<td>Implement SAA Article 113 in the area of transport</td>
<td>AI on licensing workshops / services and issuance of digital tachograph cartels (new subsidiary legal act)</td>
<td>1. Regulation (EU) No 165/2014 on tachographs in road transport and Agreement AETR</td>
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<td>3.15.</td>
<td>Implement SAA Article 113 in the area of transport</td>
<td>Regulation laying down common airspace usage requirements and operating procedures for airborne collision avoidance (new</td>
<td>1. Commission Regulation (EU) No 1332/2011 of laying down common airspace usage requirements and operating procedures for airborne collision avoidance</td>
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<td>3.15.</td>
<td>Implement SAA Article 113 in the area of transport</td>
<td>Regulation laying down the detailed rules on fines and periodic penalty payments (new subsidiary legal act)</td>
<td>1. Regulation (EU) No 646/201 laying down detailed rules on fines and periodic penalty payments.</td>
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<td>3.15.</td>
<td>Implement SAA Article 113 in the area of transport</td>
<td>Regulation on the fees and charges levied by the European Aviation Safety Agency (new subsidiary legal act)</td>
<td>1. Regulation (EU) No 319/2014 on the fees and charges levied by the European Aviation Safety Agency</td>
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<td>3.15.</td>
<td>Implement SAA Article 113 in the area of transport</td>
<td>Regulation laying down technical requirements and administrative procedures related to air operations of third country operators (new subsidiary legal act)</td>
<td>1. Regulation (EU) No 452/2014 laying down technical requirements and administrative procedures related to air operations of third country operators</td>
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<td>Implement SAA Article 113 in the area of transport</td>
<td>Regulation laying down requirements and administrative procedures related to aerodromes (new subsidiary legal act)</td>
<td>1. Regulation (EU) No 139/2014 laying down requirements and administrative procedures related to aerodromes</td>
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<td>3.15.</td>
<td>Implement SAA Article 113 in the area of transport</td>
<td>Regulation on the reporting, analysis and follow-up of occurrences in civil aviation. (new subsidiary legal act)</td>
<td>1. Regulation (EU) No 376/2014 on the reporting, analysis and follow-up of occurrences in civil aviation.</td>
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<td>3.15.</td>
<td>Implement SAA Article 113 in the area of transport</td>
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<td>Implement SAA Article 113 in the area of transport</td>
<td>Regulation on improving the performance and sustainability of the European aviation system (new subsidiary legal act)</td>
<td>1. Regulation (EC) No 1070/2009 in order to improve the performance and sustainability of the European aviation system</td>
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<td>3.15.</td>
<td>Implement SAA Article 113 in the area of transport</td>
<td>Regulation which transposed the EU Regulation No 687/2014 amending the EU Regulation 185/2010 (new subsidiary legal act)</td>
<td>1. Regulation (EU) No 687/2014 as regards clarification, harmonisation and simplification of aviation security measures, equivalence of security standards and cargo and mail security measures</td>
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<td>3.15.</td>
<td>Implement SAA Article 113 in the area of transport</td>
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<td>1. Directive 2004/49/EC on safety on the Community’s railways</td>
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### 3.16. Acquis Chapter 15: Energy

#### 3.16. Framework legislation

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<td>Signing of the interim agreement for connection to ENTSO-E</td>
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<td>Implement SAA Article 114 in the area of energy</td>
<td>Law on thermal energy (new law)</td>
<td>1. Directive 2009/28/EC on the promotion of the use of energy from renewable sources and amending and subsequently</td>
<td>MED MESP MTI MLSW MF MEI ERO Energetic operators</td>
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<td>Implement SAA Article 114 in the area of energy</td>
<td>The law on mandatory oil reserves (new law)</td>
<td>1. Directive 2009/119/EC of 14 September 2009 imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products</td>
<td>MTI MED MESP MIA MF Energetic operators</td>
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<td>Implement SAA Article 114 in the area of energy</td>
<td>Regulation on inspection system for heating and air conditioning equipment (new subsidiary legal act)</td>
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<td>MTI Municipalities</td>
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<td>Implement SAA Article 114 in the area of energy</td>
<td>UA për përdorimin e AI on use of biofuels and bioliquids (new subsidiary legal act)</td>
<td>1. Directive 2009/28/EC on the promotion of the use of energy from renewable sources and amending and subsequently</td>
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<td>3.16.</td>
<td>Implement SAA Article 114 in the area of energy</td>
<td>AI on the quality of liquid petroleum fuels (new subsidiary legal act)</td>
<td>1. Directive 2009/30/EC on the quality of fuels</td>
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<td>1. Directive 2013/59/EURATOM 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</td>
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<td>Short-term measures of this section of this chapter of the Programme are outlined in the narrative section.</td>
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<td>Implement SAA Article 95</td>
<td>Law on the registration of population in the northern part of Republic of Kosovo that did not participate in the census, 2011 (amendment)</td>
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</tr>
</tbody>
</table>

3.19. Subsidiary legislation and other regulatory acts

3.19. No short-term measure is planned in this category of this chapter of the Programme.


3.20. Framework legislation

|   |   | MLSW | Q4 2016 | P |

|   |   | MLSW | Q4 2016 | P |

3.20. Subsidiary legislation and other regulatory acts

3.20. Implement SAA Articles 82 and 106 | Drafting the Regulation on the minimum safety and health at work for personal use of equipment by employees | Council Directive 89/656/EEC of 30 November 1989 on the minimum health and safety requirements for the use by workers of personal protective equipment at the workplace (third individual directive within the meaning of Article 16 (1) of Directive 89/391/EEC), 31989L0656 |
|   |   | MLSW | Q1 2016 | P |

3.20. Implement SAA Articles 82 and 106 | Drafting the Regulation on the minimum safety | Council Directive 90/269/EEC of 29 May 1990 on the minimum health and |
<p>|   |   | MLSW | Q1 2016 | P |</p>
<table>
<thead>
<tr>
<th>Date</th>
<th>Implement SAA Articles 82 and 106</th>
<th>Drafting the Regulation on the minimum safety and health at work display screen devices</th>
<th>Council Directive 90/270/EEC of 29 May 1990 on the minimum safety and health requirements for work with display screen equipment (fifth individual Directive within the meaning of Article 16 (1) of Directive 89/391/EEC), 31990L0269</th>
<th>MLSW</th>
<th>Q1 2016</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>Implement SAA Articles 82 and 106</td>
<td>Drafting the Regulation on the minimum safety and health signs at the workplace</td>
<td>Directive 92/58/EEC - safety and/or health signs of 24 June 1992 on the minimum requirements for the provision of safety and/or health signs at work (ninth individual Directive within the meaning of Article 16 (1) of Directive 89/391/EEC), 31992L0058</td>
<td>MLSW</td>
<td>Q1 2016</td>
<td>P</td>
</tr>
<tr>
<td>Date</td>
<td>Implement SAA Articles 82 and 106</td>
<td>Drafting the Regulation on the minimum requirements for improving the safety and health of employees in the mineral- extracting industries through drilling</td>
<td>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</td>
<td>MLSW</td>
<td>Q1 2016</td>
<td>P</td>
</tr>
<tr>
<td>Date</td>
<td>Implement SAA Articles 82 and 106</td>
<td>Drafting the Regulation on the minimum requirements for improving the safety and health protection of workers in mineral-extraction industry underground and on the surface</td>
<td>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</td>
<td>MLSW</td>
<td>Q1 2016</td>
<td>P</td>
</tr>
<tr>
<td>Date</td>
<td>Implement SAA Articles 82 and 106</td>
<td>Drafting the Regulation on the minimum requirements for improving the safety and health of workers potentially at risk from explosive atmospheres</td>
<td>Directive 1999/92/EC of the European Parliament and of the Council of 16 December 1999 on minimum requirements for improving the safety and health protection of workers potentially at risk from explosive atmospheres (15th individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC), 31999L0092</td>
<td>MLSW</td>
<td>Q1 2016</td>
<td>P</td>
</tr>
<tr>
<td>3.20.</td>
<td>Implement SAA Articles 82 and 106</td>
<td>Drafting the Regulation on the minimum safety and health requirements regarding the exposure of employees to hazards from noise</td>
<td>Directive 2003/10/EC of the European Parliament and of the Council of 6 February 2003 on the minimum health and safety requirements regarding the exposure of workers to the risks arising from physical agents (noise), 2007/30/EC, 32003L0010</td>
<td>MLSW</td>
<td>Q1 2016</td>
<td>P</td>
</tr>
<tr>
<td>3.22.</td>
<td>Acquis Chapter 21: Trans-European Networks</td>
<td></td>
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</tr>
<tr>
<td>3.23.</td>
<td>Acquis Chapter 22: Regional policy and coordination of structural instruments</td>
<td></td>
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</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of judiciary (Article 83)</td>
<td>Initiate the amendment of the constitutional provisions regarding the selection of members of the KJC to ensure that the majority of members are elected by their peers, in accordance with the recommendations of the Venice Commission</td>
<td>N/A</td>
<td>MoJ</td>
<td>KJC, KPC</td>
<td>Q4 2016</td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of judiciary (Article 83)</td>
<td>Law no. 04-L-139 on Enforcement Procedure (amendment)</td>
<td>N/A</td>
<td>MoJ</td>
<td>Q1 2016</td>
<td>P</td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of judiciary (Article 83)</td>
<td>Law on the Disciplinary Prosecutor’s Office (new law)</td>
<td>N/A</td>
<td>MoJ</td>
<td>Q4 2016</td>
<td>P</td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of judiciary (Article 83)</td>
<td>Law no. 02-L-40 on Bar Exam (amendment)</td>
<td>N/A</td>
<td>MoJ</td>
<td>Q4 2016</td>
<td>P</td>
</tr>
<tr>
<td>3.24.</td>
<td>Anticorruption Policy</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of judiciary and anticorruption policy (Articles 83 and 91)</td>
<td>Law no. 04/L-051 on Prevention of Conflict of Interest (amendment)</td>
<td>N/A</td>
<td>MoJ</td>
<td>Assembly</td>
<td>Q1 2016</td>
</tr>
<tr>
<td>3.24.</td>
<td>Fundamental Rights</td>
<td></td>
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</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4)</td>
<td>Law on Paraplegics and tetraplegics (new law)</td>
<td>N/A</td>
<td>OPM</td>
<td>MLSW</td>
<td>MF</td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4)</td>
<td>Law on Religious Freedoms in Kosovo (new law)</td>
<td>N/A</td>
<td>OPM</td>
<td>MoJ</td>
<td>Q2 2016</td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in</td>
<td>Law on Kosovo Agency</td>
<td>N/A</td>
<td>OPM</td>
<td>Q2 2016</td>
<td></td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4)</td>
<td>Law no. 04/L-017 on free legal aid (amendment)</td>
<td>N/A</td>
<td>MoJ</td>
<td>Q4 2016</td>
<td></td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4)</td>
<td>Law amending the Law no. 03/L-047 on the protection and promotion of the rights of communities and their members in the Republic of Kosovo (amendment)</td>
<td>N/A</td>
<td>MCR</td>
<td>Q4 2016</td>
<td></td>
</tr>
<tr>
<td>3.24.</td>
<td>Subsidiary legislation and other regulatory acts</td>
<td>Drafting and amendment of all the drafts related to case management information system</td>
<td>N/A</td>
<td>KJC Courts</td>
<td>Q1 2016</td>
<td></td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of judiciary (Article 83)</td>
<td>The Regulation on the publication procedure of the judgments by all courts, approved (new subsidiary legal act)</td>
<td>N/A</td>
<td>KJC</td>
<td>Q1 2016</td>
<td></td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of judiciary (Article 83)</td>
<td>Regulation on lay judges, approved (new subsidiary legal act)</td>
<td>N/A</td>
<td>KJC</td>
<td>Q1 2016</td>
<td></td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of judiciary (Article 83)</td>
<td>Regulation on appointment, transfer, promotion, and any change in the position of</td>
<td>N/A</td>
<td>KJC Courts</td>
<td>Q1 2016</td>
<td></td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of judiciary (Article 83)</td>
<td>Regulation on certification of judicial translators and interpreters in judicial proceedings, adopted (new subsidiary legal act)</td>
<td>N/A</td>
<td>KJC Courts</td>
<td>Q1 2016</td>
<td></td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of judiciary (Article 83)</td>
<td>Regulation on certification of judicial translators and interpreters in criminal proceedings, harmonized with the Criminal Procedure Code (new subsidiary legal act)</td>
<td>N/A</td>
<td>KJC</td>
<td>Q1 2016</td>
<td></td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of judiciary (Article 83)</td>
<td>Regulations on expenses of witnesses during the criminal proceedings, adopted (new subsidiary legal act)</td>
<td>N/A</td>
<td>KJC Courts</td>
<td>Q1 2016</td>
<td></td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of judiciary (Article 83)</td>
<td>Regulation on election of members of the Kosovo Prosecutorial Council, approved (new subsidiary legal act)</td>
<td>N/A</td>
<td>KPC</td>
<td>Q1 2016</td>
<td></td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of judiciary (Article 83)</td>
<td>Regulation on the appointment of Chief Prosecutors in Special, Appeal and Basic Prosecutions, approved (new subsidiary legal act)</td>
<td>N/A</td>
<td>KPC</td>
<td>Q3 2016</td>
<td></td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of judiciary (Article 83)</td>
<td>Regulation on for the promotion of prosecutors, approved (new subsidiary legal act)</td>
<td>N/A</td>
<td>KPC</td>
<td>Q1 2016</td>
<td></td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of judiciary (Article 83)</td>
<td>Regulation on performance evaluation of the initial mandate, adopted (new subsidiary legal act)</td>
<td>N/A</td>
<td>KPC</td>
<td>Q1 2016</td>
<td></td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of judiciary (Article 83)</td>
<td>Regulation on organization and structure of the KPC Secretariat, approved (new subsidiary legal act)</td>
<td>N/A</td>
<td>KPC</td>
<td>Q1 2016</td>
<td></td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of judiciary (Article 83)</td>
<td>Regulation on allocation of cases, approved (new subsidiary legal act)</td>
<td>N/A</td>
<td>KPC</td>
<td>Q1 2016</td>
<td></td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of judiciary (Article 83)</td>
<td>Regulation on promotion of prosecutors, approved (new subsidiary legal act)</td>
<td>N/A</td>
<td>KPC</td>
<td>Q1 2016</td>
<td></td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of judiciary (Article 83)</td>
<td>Regulation on improper conduct (new subsidiary legal act)</td>
<td>N/A</td>
<td>KJC</td>
<td>Q4 2016</td>
<td></td>
</tr>
</tbody>
</table>

**Anticorruption Policy**

| 3.24. | Implement SAA provisions in the area of judiciary and anticorruption policy (Articles 83 and 91) | Regulation on the Anti-Corruption Agency dated 21/12/2011 (amendment) | N/A | AKK | Q3 2016 |

**Fundamental Rights**

| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) | Regulation on the method of coordination, reporting and cooperation of institutional mechanisms for protection against discrimination, with the Office for Good Governance (new subsidiary legal act) | N/A | OPM | Q4 2016 |
| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) | Regulation on the organization, structure and functioning of the Agency on Gender Equality, approved (new subsidiary legal act) | N/A | OPM | Q4 2016 |
| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) | Regulation on the duties and responsibilities of Officials for Gender Equality in the Ministries and Municipalities, approved | N/A | OPM/AGE | Q4 2016 |
| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) | AI on the joint registration of property in the name of both spouses, adopted (new subsidiary legal act) | N/A | OPM/AGE | Q4 2016 |
| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) | AI on the education of prisoners, approved (new subsidiary legal act) | N/A | MEST/Moj | Q4 2016 |
| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) | Regulation on the process of recognition and verification of the status of victims of sexual violence, approved (new subsidiary legal act) | N/A | OPM | Q4 2016 |
### 3.24. Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4)

<table>
<thead>
<tr>
<th>Law</th>
<th>Regulation on the protection of children's rights at the municipal level (in the remaining Municipalities), approved (new subsidiary legal act)</th>
<th>MLGA</th>
<th>Q4 2016</th>
</tr>
</thead>
</table>

### 3.24. Protection of Minorities and Cultural Heritage

<table>
<thead>
<tr>
<th>Law</th>
<th>Regulation on the return of displaced persons, approved (new subsidiary legal act)</th>
<th>MCR</th>
<th>Q1 2016</th>
</tr>
</thead>
</table>

### 3.24. Protection of Personal Data

No short-term measure is planned in this category of this chapter of the Programme.

### 3.25. Acquis Chapter 24: Justice, Freedom and Security

#### 3.25. Framework legislation

#### 3.25. Border Management

<table>
<thead>
<tr>
<th>Law</th>
<th>Law no. 04/L-072 on State Border Control and Surveillance (amendment)</th>
<th>MIA, MFA</th>
<th>Q3 2016</th>
</tr>
</thead>
</table>

#### 3.25. Visas

No short-term measures are planned for this category of this chapter of the Programme.

#### 3.25. Document Security

No short-term measures are planned for this category of this chapter of the Programme.

#### 3.25. Asylum

<table>
<thead>
<tr>
<th>Law</th>
<th>Law no. 04/L-217 on Asylum (amendment)</th>
<th>MIA</th>
<th>Q2 2016</th>
</tr>
</thead>
</table>
balance of efforts between Member States in receiving such persons and bearing the consequences thereof

5. Directive 2011/95/EU of the European Parliament and of the Council of 13 December 2011 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)

3.25. Migration

Implement SAA Articles 85, 86, 87 and 88 in the area of migration

Law no. 04/L-219 on Foreigners (amendment)

1. Regulation (EC) No 767/2008 of the European Parliament and of the Council of 9 July 2008 concerning the Visa Information System (VIS) and the exchange of data between Member States on short-stay visas
| 3.25. | Implement SAA Articles 85, 86, 87 and 88 in the area of migration | Further improving the international cooperation in the area of readmission | 1. Readmission Agreement with Turkey, is signed  
2. Readmission Agreement with Macedonia and Lithuania, is signed | 1. MIA, MFA  
2. MIA, MFA | 1. Q1 2016  
2. Q3 2016 |
2. MH | Q4 2016 | P |
| 3.25. | Fight against Organized Crime and Police Cooperation | Further improving international cooperation in the area of combating organized crime and police cooperation | 1. The agreement on police cooperation with Turkey, signed  
2. The agreement on police cooperation with Estonia, signed  
3. Police cooperation agreements with Italy, Belgium, Denmark and Lithuania, initiated  
4. Number of police cooperation agreements that include provisions for the protection of witnesses | 1. MIA, MFA  
2. MIA, MFA  
3. MIA, MFA  
4. MIA, MFA | 1. Q1 2016  
2. Q1 2016  
3. Q1 2016  
4. Q4 2016 |
| 3.25. | International Legal Cooperation in Criminal and Civil Matters | | | | |

| 3.25. | Gradually transpose into national legislation the EU acquis on international legal cooperation in criminal and civil matters | Intensification of international legal cooperation | 1. Number of initiated agreements
2. Number of signed agreements in the area of ILC | MoJ Q4 2016 | |

| 3.25. | Subsidiary legislation and other regulatory acts | | | | |

| 3.25. | Border Management | | | | |

| 3.25. | Document Security | 3.25. | No short-term measures are planned for this category of this chapter of the Programme. |
| 3.25. | Fight against Money Laundering and Terrorist Financing | Implement SAA Articles 85, 86, 87 and 88 in the area of migration | Approved regulation of integrating of foreigners, approved (new regulation) N/A | MIA Q1 2016 |
| 3.25. | Fight against Narcotics | | | |

3.25. No short-term measures are planned for this category of this chapter of the Programme.
<table>
<thead>
<tr>
<th>3.25.</th>
<th><strong>Fight against Organized Crime and Police Cooperation</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Implement SAA Article 91 in the area of fight against organized crime</td>
<td>Regulation on national commissioner for overseeing the interception process, adopted (new regulation)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3.25.</th>
<th><strong>Fight against Terrorism</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>No short-term measures are planned for this category of this chapter of the Programme.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>3.25.</th>
<th><strong>International Legal Cooperation in Criminal and Civil Matters</strong></th>
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</thead>
<tbody>
<tr>
<td>No short-term measures are planned for this category of this chapter of the Programme.</td>
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</table>

<table>
<thead>
<tr>
<th>3.26.</th>
<th><strong>Acquis Chapter 25: Science and Research</strong></th>
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</thead>
<tbody>
<tr>
<td>Framework legislation</td>
<td></td>
</tr>
<tr>
<td>Subsidiary legislation and other regulatory acts</td>
<td></td>
</tr>
</tbody>
</table>

| 3.26. | Implementation the SAA Article 107 AI on the Standards in Science (new subsidiary legal act) | N/A | MEST | Q2 2016 | 7,000.00 |
| 3.26. | Implementation the SAA Article 107 AI on licensing of scientific journals (new subsidiary legal act) | N/A | MEST | Q1 2016 |
| 3.26. | Implementation the SAA Article 107 AI on scientific perfection of young scientists (new subsidiary legal act) | N/A | MEST | Q1 2016 |

<table>
<thead>
<tr>
<th>3.27.</th>
<th><strong>Acquis Chapter 26: Education and Culture</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Framework legislation</td>
<td></td>
</tr>
<tr>
<td>Subsidiary legislation and other regulatory acts</td>
<td></td>
</tr>
</tbody>
</table>

| 3.27. | Implement the SAA Article 118 Law no. 04/L-037 on Higher Education (amendment) | N/A | MEST | Q1 2016 |
| 3.27. | Implement the SAA Article 118 Harmonization of sub-legal acts of the Law on Higher Education | N/A | MEST | Q4 2016 |
| 3.27. | Implement the SAA Article 118 AI 6/2011 on licensing and registration of private preschool education providers (amendment) | N/A | MEST | Q4 2016 |

<table>
<thead>
<tr>
<th>3.28.</th>
<th><strong>Acquis Chapter 27: Environment</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Framework legislation</td>
<td></td>
</tr>
</tbody>
</table>

| 3.28. | Implement SAA Article 115 on Law no. 03/L-160 on air Directive 2004/107/EC on arsenic, | MESP | Q3 2016 | P |
environment, Article 116 on climate change and Article 117 on civil protection.

In particular, the Directives 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 and Directive 2008/101/EC so as to include aviation activities in the scheme for greenhouse gas emission allowance trading within the Community.


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.


10. Regulation (EC) No 1005/2009 on...
substances that deplete the ozone layer
11. Regulation (EC) on certain fluorinated greenhouse gases
12. Council Decision 7/101/EC establishing a reciprocal exchange of information and data from networks and individual stations measuring ambient air pollution within the Member States
13. 2001/752/EC amending the Annexes to Council Decision 97/101/EC establishing a reciprocal exchange of information and data on air pollution
| 3.28. Implement SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection | Law no. 03/L-119 on biocide products (amendment amendment) | 1. Directive 98/8/EC concerning the placing of biocidal products on the market  
2. Regulation (EU) No 528/2012 concerning the making available on the market and use of biocidal products  
| --- | --- | --- | --- | --- | --- |
2. Directive 2009/147/EC on the conservation of wild birds  
4. Berne Convention on the Conservation of European Wildlife and Natural Habitats  
5. Rio Convention on Biodiversity | MAFRD MESP MH MTI MLGA Municipalities | Q2 2016 | P |
| 3.28. | Implement SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection | AI on creation of waste information management system (new subsidiary legal act) | Framework Directive 208/98/EC on waste | Municipalities | Q4 2016 | P |
| 3.28. | Implement SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection | AI on the structure of water payment (amendment) | Framework Water Directive 2000/60/EC | Water Companies (RWC) Businesses | Q1 2016 | P |
| 3.28. | Implement SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection | AI on establishing the content, method and procedures of the programme for protection from actions damaging water (amendment) | Directive 2007/60/EC on the assessment and management of flood risks | Municipalities Farmers Associations | Q2 2016 | P |
| 3.28. | Implement SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection | AI on the method of determining the ecological flow (new subsidiary legal act) | Framework Water Directive 2000/60/EC | Municipalities Farmers Associations | Q4 2016 | P |
| 3.28. | Implement SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection | AI on criteria for cleaning zones (new subsidiary legal act) | Directive no. 2006/7/EC on cleaning water | Municipalities farmers Associations | Q3 2016 | P |
| 3.28. | Implement SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection | AI on classification of underground waters (new subsidiary legal act) | Directive no. 2006/118/EC on underground waters. | Municipalities Farmers Associations | Q4 2016 | P |
| 3.28. | Implement SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection | AI on management of noise in closed environments (new subsidiary legal act) | Directive 2002/49/EC relating to the assessment and management of environmental | Municipalities | Q4 2016 | P |
| 3.28. | Implement SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection | AI on noise limitations, depending on the type and source of noise, time and place (new subsidiary legal act) | Directive 2002/49/EC relating to the assessment and management of environmental noise | MESP MED MI | Q4 2016 | P |
| 3.28. | Implement SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection | AI on noise limitations in environment (new subsidiary legal act) | Directive 2002/49/EC relating to the assessment and management of environmental noise | MESP MED MI | Q4 2016 | P |
| 3.28. | Implement SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection | AI on a monitoring mechanism for greenhouse gases (new subsidiary legal act) | Regulation (EU) no 525/2013 of the European Parliament and of the Council on a mechanism for monitoring and reporting greenhouse gas emissions | MESP MED MI | Q4 2016 | P |

**3.29. Acquis Chapter 28: Consumer and Health Protection**

**3.29. Framework legislation**

**3.29. Consumer Protection**

| 3.29. | Implement SAA Article 81 on Consumer Protection (amendment) | 4. Directive 2011/83/EU on consumer rights, |
| 3.29. | Implement SAA Article 81 on Consumer Protection (amendment) | 6. Regulation (EU) No 524/2013 on online dispute resolution for consumer disputes |
| | | | | MTI KCB MH MAFRD | Q4 2016 | P |

**3.29. Health Protection**
MEST | Q4 - 2016 | P |

### Health Protection


### Acquis Chapter 29: Customs Union

3.30. Framework legislation

| 3.30. | Implement SAA Articles 77 and 104 | Law no. 03/L-170 on Protection and Intellectual Property Rights (amendment) | Regulation no. 608/2013 of the Parliament and European Council. | MF Customs MTI | Q4 2016 | P |

| 3.30. | Subsidiary legislation and other regulatory acts |  |  |  |  |  |


| 3.30. | Implementation of SAA Article 104 | AI on pre-declaration prior to arrival for the implementation of Law No. 04/L-099 on amending and supplementing the | 1. Regulation no. 648/2005 of the Parliament and the Council (Reg.2913/1992) | MF KC | Q4 2016 | P |
### Customs and Excise Code of Kosovo (amendment)

<table>
<thead>
<tr>
<th>Section</th>
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<tbody>
<tr>
<td>3.33. Acquis Chapter 30: External Relations</td>
</tr>
<tr>
<td>3.31. This chapter only contains the narrative section, including short-term measures.</td>
</tr>
<tr>
<td>3.32. Acquis Chapter 31: Foreign, Security and Defence Policy</td>
</tr>
<tr>
<td>3.32. This chapter only contains the narrative section, including short-term measures.</td>
</tr>
<tr>
<td>3.33. Acquis Chapter 32: Financial Control</td>
</tr>
<tr>
<td>3.33. Framework legislation</td>
</tr>
<tr>
<td>3.33. Implement SAA Article 97</td>
</tr>
<tr>
<td><strong>Law no. 03/L-048 Public Finances Management and Accountability and amendment and amendment of the Law no. 03/L-221; no. 04/L-116 and no 04/L-194 amended on the part of MOFK that will be part of the BPFC (amendment)</strong></td>
</tr>
<tr>
<td><strong>1. INTOSAI guidelines for internal control standards in public sector and COSO framework</strong></td>
</tr>
<tr>
<td><strong>MF Treasury Budget CHU/MFK and OB</strong></td>
</tr>
<tr>
<td><strong>Q4 2016</strong></td>
</tr>
<tr>
<td><strong>P</strong></td>
</tr>
<tr>
<td>3.33. Implement SAA Article 97</td>
</tr>
<tr>
<td><strong>Law on Internal Audit no. 03/L-128 as amended and it will be part of the Law on BPFC (amendment)</strong></td>
</tr>
<tr>
<td><strong>1. INTOSAI guidelines for internal control standards in public sector and COSO framework</strong></td>
</tr>
<tr>
<td><strong>MF Treasury Budget CHU/MFK and OB</strong></td>
</tr>
<tr>
<td><strong>Q4 2016</strong></td>
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<tr>
<td><strong>P</strong></td>
</tr>
<tr>
<td>3.33. Implement SAA Article 97</td>
</tr>
<tr>
<td><strong>Law no. 03/L-075 on the Establishment of the Office of the Auditor General of Kosovo and the Audit Office of Kosovo (amendment)</strong></td>
</tr>
<tr>
<td><strong>1. International Auditing Standards on Supreme Auditing Institutions (INTOSAI)</strong></td>
</tr>
<tr>
<td><strong>MF OGA</strong></td>
</tr>
<tr>
<td><strong>Q2 2016</strong></td>
</tr>
<tr>
<td><strong>P</strong></td>
</tr>
<tr>
<td>3.33. Subsidiary legislation and other regulatory acts</td>
</tr>
<tr>
<td>3.33. Implement SAA Article 97</td>
</tr>
<tr>
<td><strong>Regulation no. 01/2010 on MOFK (amendment)</strong></td>
</tr>
<tr>
<td><strong>1. INTOSAI guidelines for internal control standards in public sector and COSO framework</strong></td>
</tr>
<tr>
<td><strong>MF CHU/MFK Treasury Budget</strong></td>
</tr>
<tr>
<td><strong>Q4 2016</strong></td>
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<tr>
<td>3.33. Implement SAA Article 97</td>
</tr>
<tr>
<td><strong>Regulation no. nr. 01/2013/MF on public funds expenditure (amendment)</strong></td>
</tr>
<tr>
<td><strong>1. INTOSAI guidelines for internal control standards in public sector and COSO framework/I/A Standards</strong></td>
</tr>
<tr>
<td><strong>MF CHU/MFK Treasury Budget</strong></td>
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<tr>
<td><strong>Q4 2016</strong></td>
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<tr>
<td>3.33. Implement SAA Article 97</td>
</tr>
<tr>
<td><strong>Handbook on MOFK procedures (amendment)</strong></td>
</tr>
<tr>
<td><strong>1. INTOSAI guidelines for internal control standards in public sector and COSO framework/I/A Standards</strong></td>
</tr>
<tr>
<td><strong>MF CHU/MFK Treasury Budget</strong></td>
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<tr>
<td><strong>Q4 2016</strong></td>
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<td><strong>P</strong></td>
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<tr>
<td>3.33. Implement SAA Article 97</td>
</tr>
<tr>
<td><strong>AI on creation of the IAU (amendment-amendment)</strong></td>
</tr>
<tr>
<td><strong>1. INTOSAI guidelines for internal control standards in public sector and COSO framework/I/A Standards</strong></td>
</tr>
<tr>
<td><strong>MF CHU/MFK Treasury Budget</strong></td>
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<tr>
<td><strong>Q4 2016</strong></td>
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<td><strong>P</strong></td>
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<tr>
<td>3.33. Implement SAA Article 97</td>
</tr>
<tr>
<td><strong>AI on licensing IA (amendment)</strong></td>
</tr>
<tr>
<td><strong>1. INTOSAI guidelines for internal control standards in public sector and COSO framework/I/A Standards</strong></td>
</tr>
<tr>
<td><strong>MF CHU/MOFK Treasury Budget</strong></td>
</tr>
<tr>
<td><strong>Q4 2016</strong></td>
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<td><strong>P</strong></td>
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<thead>
<tr>
<th>Section</th>
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<tbody>
<tr>
<td>3.34. This chapter only contains its narrative section, including short-term measures.</td>
</tr>
<tr>
<td>3.35. Acquis Chapter 34: Institutions</td>
</tr>
</tbody>
</table>
This programme does not cover this chapter at this stage of EU accession

**IMPLEMENTING MEASURES**

<table>
<thead>
<tr>
<th>Nr.</th>
<th>Objectives/Reference Framework</th>
<th>Measures/Actions</th>
<th>Indicators</th>
<th>Responsible and supporting institutions</th>
<th>Deadline</th>
<th>Reference documents</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Policy framework</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>1.1.1</td>
<td>Implementation of SAA provisions on administration of the Assembly of Republic of Kosovo (Article 120)</td>
<td>Further improvement of the policy framework in the area of administration of the Assembly, in order to implement the provisions of the SAA and aligned legislation</td>
<td>1. Strategy on international inter-parliamentary cooperation is approved 2. Strategic Plan 2015-2020 Kosovo Assembly is approved</td>
<td>Assembly of the Republic of Kosovo</td>
<td>Q4 2016</td>
<td></td>
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<tr>
<td>1.1.1</td>
<td>Institutional reforms and capacity-building</td>
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</tr>
<tr>
<td>1.1.1</td>
<td>Implementation of SAA provisions on administration of the Assembly of Republic of Kosovo (Article 132)</td>
<td>The continuation of institutional reforms and institutional capacity building for the administration of Kosovo Assembly, in order to implement the provisions of the SAA and aligned legislation</td>
<td>1. Rules of Procedure of the Stabilisation and Association Parliamentary Committee adopted 2. Number of meetings 3. Number of recommendations issued</td>
<td>Assembly of the Republic of Kosovo</td>
<td>Q4 2016</td>
<td></td>
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</tr>
<tr>
<td>1.1.1</td>
<td>Implementation and enforcement</td>
<td></td>
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</tr>
<tr>
<td>1.1.1</td>
<td>Implementation of SAA provisions on administration of the Assembly of Republic of Kosovo (Articles 120, 132)</td>
<td>To continue with the regular monitoring of the work of independent institutions</td>
<td>1. Number of reports of independent institutions 2. Number of appointed members of independent institutions – according to the needs</td>
<td>Assembly of the Republic of Kosovo</td>
<td>Q4 2016</td>
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<td>1.1.1</td>
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<tr>
<td>1.1.1</td>
<td>Implementation of SAA provisions on administration of the Assembly of Republic of Kosovo (Articles 120, 132)</td>
<td>Continue with monitoring of laws</td>
<td>1. Number of adopted laws 2. Number of recommendations from monitoring 3. Monitoring of the implementation of recommendations deriving from monitoring of laws</td>
<td>Assembly of the Republic of Kosovo</td>
<td>Q4 2016</td>
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<td>1.1.1</td>
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</tr>
<tr>
<td>1.1.1</td>
<td>Implementation of SAA provisions on administration of the Assembly of Republic of Kosovo (Articles 120, 132)</td>
<td>Overseeing the implementation of NPISAA</td>
<td>1. Number of reports, public hearings, interpellations, parliamentary questions.</td>
<td>Assembly of the Republic of Kosovo/CEI</td>
<td>Q4 2016</td>
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<tr>
<td>1.1.1</td>
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</tr>
<tr>
<td>1.1.1</td>
<td>Implementation of SAA provisions on administration of the Assembly of Republic of Kosovo (Articles 120, 132)</td>
<td>Continuing with the exercise of the oversight role of the European Integration Committee in the integration process</td>
<td>1. Number of reports to EIC by line ministers 2. Cooperation and coordination of activities of line ministries with the European Integration Committee in the of European Integration process</td>
<td>Assembly of the Republic of Kosovo/CEI</td>
<td>Q4 2016</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 1.1.2. Judicial System


### 1.1.3. Public Administration

#### 1.1.3. Policy Framework

<table>
<thead>
<tr>
<th>Task Description</th>
<th>Details</th>
<th>Implementation Period</th>
<th>Financial Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implement SAA provisions on public administration (Article 120)</td>
<td>Promotion and implementation of the legal framework on provision of public services, administrative procedures and control of the quality Local Self-Government Strategy, adopted</td>
<td>Local Self-Government Strategy, adopted</td>
<td>Q4 2016</td>
</tr>
<tr>
<td>Institutional reforms and capacity-building</td>
<td>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 (SIGMA) Development Platform Page of Interoperability (interoperability of systems)</td>
<td>Development of the Main Interoperability Platform (interoperability of systems)</td>
<td>ISA/MPA Q4 2016</td>
</tr>
</tbody>
</table>
**1.1.3. Implement SAA provisions on public administration (Article 120)**

| Implementation and enforcement | Continue the institutional reforms and institutional capacity building in the area of public administration, in order to implement the EU standards and principles on PA | 1. Human resources Information management system, is operational by linking it to the payroll system after approval and finalization of the process of job classification, 2. Link with the Pension Trust. | MPA in cooperation with CSRK institutions. | Q3 2016 | PVP SAA- 2015. Government Annual Action Plan 2015 | 65,000.00 | 65,000.00 |

| Strengthening the administrative capacities at the local level, including the newly established Municipalities, by providing guidance from the central to the local level | 1. The municipal training curriculum, drafted 2. Number of conducted training sessions in municipalities 3. Number of trained municipal officials | MLGA Municipalities KIPA | 9,120.00 | 9,120.00 |

**1.1.3. Strengthening the administrative capacities at the local level, including the newly established Municipalities, by providing guidance from the central to the local level**

| Implementation and enforcement | Implementation of legislation and policies on public administration reform | Strategy on training of civil servants is implemented The Action Plan is implemented The catalogue of jobs in the Civil Service is implemented The new salary system KCS is implemented. Strategy on local self-government is implemented | MPA KIPA MF MLGA Municipalities | Q4 2016 | Law on local self-government | 80,000.00 | 80,000.00 |

| Monitor the implementation of legality in municipalities | 1. Annual monitoring plan is published; 2. Municipalities quarterly reports are drafted; 3. Number of legal assessments of municipal decisions by supervisory bodies; 4. Meetings of the Municipal Assembly | MLGA | Q4, 2016 | 1,950.00 | 1,950.00 |

| Improving the functioning of local bodies to fulfil their legal mandate | 1. Number of published auditory general reports on the evaluation of the quality of financial management; 2. Annual report on the implementation of capital projects of the Municipal Assemblies is drafted. | MLGA, Auditory General | Q4, 2016 | 1. Auditory general report on Municipalities, etc.; Law on public finances and accountability; Law on local public finances. Law on annual Budget. | 6,048.00 | 6,048.00 |

| Increase the transparency of the work and decision-making at the local level | 1. Access of citizens in the work of Municipal Assemblies through online presence is functionalized; 2. Awareness campaign for citizens is | MLGA | Q4, 2016 | 1. Law on local self-government; AI on | 6,048.00 | 6,048.00 |
organized;
3. Awareness campaign for citizens regarding the use of public services is organized.

<table>
<thead>
<tr>
<th>1.1.4. Ombudsperson</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Policy framework</strong></td>
</tr>
<tr>
<td>No short-term measures are planned in this category of this chapter of the Programme. See also Chapter 3.24. Acquis Chapter 23: Judiciary and Fundamental Rights.</td>
</tr>
<tr>
<td><strong>Institutional reforms and capacity-building</strong></td>
</tr>
<tr>
<td><strong>Implement SAA provisions on public administration (Article 120)</strong></td>
</tr>
<tr>
<td>Improve the conditions for the functioning of the Ombudsperson</td>
</tr>
<tr>
<td>1. OMBUDSPERSON Budget 2016 is approved (include the percentage of budget increase compared to the previous year)</td>
</tr>
<tr>
<td>2. The transfer of the Central Office of Ombudsman from the private facility to the premises of the Constitutional Court is completed</td>
</tr>
<tr>
<td>3. Ensure regional offices of Ombudsperson</td>
</tr>
<tr>
<td>1. Assembly MF</td>
</tr>
<tr>
<td>2. MPA</td>
</tr>
<tr>
<td>3. MLGA/Municipalities</td>
</tr>
<tr>
<td>Q4 2016</td>
</tr>
<tr>
<td>Law on Ombudsperson, Conclusions on PAR 2016</td>
</tr>
</tbody>
</table>

| 1.1.4. Implement SAA provisions on public administration (Article 120) |
| Improve the conditions for the functioning of the Ombudsperson |
| Human capacity building of Ombudsperson |
| 1. Training Plan drafted |
| Q4 2016 |
| IAP Training Plan |
| 130,000.00 |
| 130,000.00 |

| 1.1.4. Implement SAA provisions on public administration (Article 120) |
| Improve the conditions for the functioning of the Ombudsperson |
| Human capacity building of Ombudsperson |
| 1. 5 additional officials for the mechanism against torture are recruited; |
| 2. 8 officials in the department against discrimination are recruited |
| Q4 2016 |
| IAP Training Plan |
| 126,975.00 |
| 126,975.00 |

| 1.1.4. Implement SAA provisions on public administration (Article 120) |
| Improve the conditions for the functioning of the Ombudsperson |
| Human capacity building of Ombudsperson |
| 1. National mechanism against Torture |
| 2. Department against Discrimination. |
| Q1 2016 |
### 1.1.4. Implementation and enforcement

| Implementation of SAA provisions on human rights (Articles 3, 4, 7) | Regular processing the complaints filed to Ombudsperson and addressing the recommendations of Ombudsperson | 1. Number of complaints received  
2. Number of complaints processed by the Ombudsperson  
3. Number of recommendations issued by Ombudsperson  
4. Number of recommendations of Ombudsperson implemented by responsible actors | OI | Q4 2016 |
|---|---|---|---|---|

### 1.1.5. Anticorruption Policy


### 1.1.6. Civilian Oversight of Security Forces

| Policy framework | Further improvement of the policy framework in the area of civil democratic oversight of the Armed Forces | 1. National Security Strategy is adopted  
2. Defence strategy is adopted | OPM  
MIA  
MFA  
MoJ  
KIA  
MF | Q4 2016 |
|---|---|---|---|---|

### 1.1.6. Intensify cooperation with EU in the area of democratic civil oversight of the armed forces in line with international best practices (Articles 3 and 12)

| Institutional reforms and capacity-building | Continue the institutional reforms in the area of civil democratic oversight of the Armed Forces in order to implement the provisions of the SAA | 1. Restructuring the MSF and KSF is finalized  
2. The Agency on Protection of Classified Information is established  
3. The Parliamentary Commissioner for the Armed Forces is established | Kosovo Assembly/MSF/KIA/MIA | Q4 2016  
21,533,215.00  
21,533,215.00 |
|---|---|---|---|---|

### 1.1.6. Intensify cooperation with EU in the area of democratic civil oversight of the armed forces in line with international best practices (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. | 1. Regular biannual report  
2. Regular annual report  
3. Number of public hearings  
4. Number of parliamentary questions raised and answered;  
5. Number of reports of functional commissions for implementation of laws;  
6. Number of requests filed and fulfilled regarding various reports on specific issues;  
7. Number of reports on budget expenditures. | Assembly, MSF | Q4 2016 |
|---|---|---|---||
| 1.3. | Implement SAA provisions on regional cooperation and international obligations (Articles, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13, 14, 16, 17, 19) | Further improvement of the policy framework in the area of regional cooperation and international obligations of the Republic of Kosovo | Transitional Justice Strategy adopted | GCMP/OPM, MoJ, MF, MEI | Q3 2016 | Government Decision 03/77 date 04/06/2012 | 20,000.00 | 20,000.00 |
| 1.3. | Implement SAA provisions on regional cooperation and international obligations (Articles, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13, 14, 16, 17, 19) | Further improvement of the policy framework in the area of regional cooperation and international obligations of the Republic of Kosovo | Common Access Strategy adopted | GCMP/OPM, MF, MEI | Q1 2016 | 2,000.00 | 2,000.00 |
| 1.3. | Implement SAA provisions on regional cooperation and international obligations (Articles, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13, 14, 16, 17, 19) | Further improvement of the policy framework in the area of regional cooperation and international obligations of the Republic of Kosovo | Cooperation Agreement with Montenegro signed | GCMP/OPM, MFA, MF | Q1 2016 | 4,000.00 | 4,000.00 |
| 1.3. | Implement SAA provisions on regional cooperation and international obligations (Articles, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13, 14, 16, 17, 19) | Further improvement of the policy framework in the area of regional cooperation and international obligations of the Republic of Kosovo | Cooperation Agreement with Republic of Croatia signed | GCMP/OPM, MFA, MF | Q4 2016 | 1,000.00 | 1,000.00 |
| 1.3. | Implement SAA provisions on regional cooperation and international obligations (Articles, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13, 14, 16, 17, 19) | Further improvement of the policy framework in the area of regional cooperation and international obligations of the Republic of Kosovo | Regional list drafted | MoJ/DML, GCMP/OPM, MFA, MF | Q2 2016 | 3,000.00 | 3,000.00 |
| 1.3. | Implement SAA provisions on regional cooperation and international obligations (Articles, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13, 14, 16, 17, 19) | Further improvement of the policy framework in the area of regional cooperation and international obligations of the Republic of Kosovo | Cooperation Agreement with Serbia signed | GCMP/OPM, MFA, MF | Q4 2016 | 10,000.00 | 10,000.00 |
| 1.3. | Institutional reforms and capacity-building | | | | |  |  |  |
| 1.3. | Implementation and enforcement | | | | |  |  |  |
| 1.3. | There are no short term measures in this category of this chapter of the Programme. | | | | |  |  |  |
### 2. BLOCK II: ECONOMIC CRITERIA

#### 2.1. Existence of a Functional Market Economy

Measures of this chapter are outlined in the narrative section of the Programme.

#### 2.2. Capacity to Cope with Competitive Pressure and Market Forces within the Union

Measures of this chapter are outlined in the narrative section of the Programme.

### 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

This chapter of the Programme only contains its narrative section, including the short-term measures.

#### 3.2. Acquis Chapter 1: Free Movement of Goods

<table>
<thead>
<tr>
<th>3.2.</th>
<th>Policy framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2. Implement SAA Article 80</td>
<td>Improving the policy framework in the sectors of quality infrastructure</td>
</tr>
<tr>
<td></td>
<td>Strategy on Quality Infrastructure of Private Sector 2016-2020 is approved</td>
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<tr>
<td></td>
<td>MTI</td>
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<td>Q3 2016</td>
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<td></td>
<td>National Development Strategy 2016-2021</td>
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<td>10,000.00</td>
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<td>10,000.00</td>
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</tbody>
</table>

| 3.2. Implement SAA Article 80 | Improving the policy framework with the aim to create a sustainable and national standardization system. |
| | Business Plan of the Kosovo Standardization Agency is approved |
| | MTI |
| | MED |
| | Q1 2016 |
| | Strategy on Private Sector Development 2013-2017 |
| | 4,000.00 |
| | 1,000.00 |
| | 3,000.00 |

| 3.2. Implement SAA Article 80 | Institutional reforms and capacity-building |
| | Capacity building of the staff of Quality Infrastructure |
| | 1. 10 training modules for the staff of metrology are organized, with the aim of making operational the laboratories and improving the metrological services. |
| | 2. 5 training modules for the staff of market inspectorate |
| | 3. 5 training modules of the staff of Kosovo Accreditation Directorate module |
| | 4. 5 training modules for the staff of Kosovo Standardization Agency |
| | 5. 4 training modules by the Kosovo Accreditation Directorate to Conformity Assessment Bodies |
| | MTI |
| | KSA |
| | DA |
| | Market Inspectorate |
| | Q4 2016 |
| | Strategy on Private Sector Development 2013-2017 |
| | 40,000.00 |
| | 5,000.00 |
| | 35,000.00 |

| 3.2. Implement SAA Article 80 | Expansion of cooperation with European and international mechanisms in the area of Accreditation |
| | Signing of an agreement with EA / MLA (BLA) |
| | MTI |
| | Q4 2016 |
| | Strategy on Private Sector Development 2013-2017 |
| | 40,000.00 |
| | 5,000.00 |
| | 35,000.00 |

| 3.2. Implement SAA Article 80 | Application to European and international mechanisms in the area of Standardization and Metrology |
| | 1. Organization of a study visit in CEN |
| | 2. Preparation of the relevant application documents |
| | 3. Application to CEN / CENELEC / IEC |
| | 4. Application for WELMEC and BIPM |
| | MTI |
| | Q4 2016 |
| | Strategy on Private Sector Development 2013-2017 |
| | 25,000.00 |
| | 5,000.00 |
| | 20,000.00 |
| 3.2. | Implement SAA Article 80 | Increasing Number of accredited bodies for conformity assessment 1. Number of requests for accreditation received 2. Evaluation of requests received 3. Number of conformity assessment bodies accredited | MTI | Q4 2016 | Strategy on Private Sector Development 2013-2017 | 3,000.00 | 3,000.00 |
| 3.2. | Implement SAA Article 80 | Adoption of European and international standards 1. Number of requests for the adoption of European and international standards accepted by stakeholders 2. Evaluation and approval of standards required for adoption by the competent committee 3. Number of adopted European and International Standards | MTI | Q4 2016 | Strategy on Private Sector Development 2013-2017 | 4,000.00 | 4,000.00 |
| 3.2. | Implement SAA Article 80 | Improving the data on dangerous products in the market 1. Market inspectorate database on dangerous products is harmonized with RAPEX. 2. Market inspectorate database on dangerous products is functionalized for local market | MTI | Q4 2016 | Strategy on Private Sector Development 2013-2017 | 20,000.00 | 2,000.00 | 18,000.00 |
| 3.2. | Implementation and enforcement | Implementation awareness raising activities for businesses 1. Meetings with businesses held in 5 cities in Kosovo 2. Number of participating businesses | MTI | Q4 2016 | Strategy on Private Sector Development 2013-2017 | 7,000.00 | 7,000.00 |
| 3.2. | Implement SAA Article 80 | Inspection of businesses by Market Inspectorate 1. Number of inspections conducted as per the annual plan 2. Number of inspections conducted based on the consumers’ requests | MTI | Q4 2016 | Strategy on Private Sector Development 2013-2017 | 15,000.00 | 15,000.00 |
| 3.2. | Implement SAA Article 80 | Market surveillance on national level 1. 8 members of the National Market Surveillance Council, nominated by the respective institutions 2. The list of members, approved by Government 3. National Market Surveillance Council established 4. National Market Surveillance Council is operational | MTI | Q4 2016 | Law no. 03/L-181 Inspectorate and Market Surveillance | 12,000.00 | 2,000.00 | 10,000.00 |
| 3.2. | Implement SAA Article 80 | Gap analyses regarding the transposition of the acquis in the area of conformity 1. Assessment study on lift regulations in the field completed 2. Report on findings on lift regulations, finalized 3. Acquis identified 4. Assessment study on gas equipment in the field, completed 5. Report of Findings on Gas Equipment, finalized 6. Acquis identified | MTI | Q3 2016 | Strategy on Private Sector Development 2013-2017 | 12,000.00 | 2,000.00 | 10,000.00 |

### 3.3. Acquis Chapter 2: Free Movement of Workers

#### 3.3. Policy framework

<p>| 3.3. | Implement SAA Article 79, Paragraph 9 | Continue with the negotiation of bilateral 1. Bilateral agreement with Switzerland, negotiated; | MLSW | Q4 2016 | Law no. 04/L-131 on State | | | |
| 3.4. Acquis Chapter 3: Right of Establishment and Freedom to Provide Services |  |
|---|---|---|---|
| <strong>3.4. Policy framework</strong> | <strong>3.4. Implement SAA Articles 51, 56, 57 and 58</strong> | Gap analysis of horizontal legislation regarding further harmonization with the Services Directive | MTI | Q4 2016 | 1,000,000.00 | 1,000,000.00 |
| <strong>3.4. Institutional reforms and capacity-building</strong> | <strong>3.4. Implement SAA Articles 51, 56, 57 and 58</strong> | Improving the statistical data on services in Kosovo | MTI | Q4 2016 |  |
| <strong>3.4. Implementation and enforcement</strong> | <strong>3.4. Implement SAA Articles 51, 56, 57 and 58</strong> | Regular participation in negotiations within CEFTA | MTI | Q1 2016 |  |
| <strong>3.4. Implement SAA Articles 51, 56, 57 and 58</strong> | Implementation of the &quot;Republic of Kosovo Postal Service Strategic Policies 2013-2017&quot; | 1. The concept paper on amendment of the existing law on postal services, finalized. 2. Introduction of address electronic system 3. Technological upgrade of the network and postal services 4. Cooperation with other postal administrations of regional countries 5. Gradual reduction of the reserved postal service zone from 500 gr. down to 100 gr. | MED RAEPC | Q4 2016 |  |
| <strong>3.4. Implement SAA Article 56</strong> | Verification of the vocational standard of the level 5 (manager, specialist and technician that completed a post-secondary vocational course) of the National Qualifications Framework accredited by the National | 1. Number of requests by the applicant institutions received by the Board of the National Qualifications Authority 2. Vacancy announcement for experts on the areas according to applicable legislation 3. Recruitment of experts and signing of contracts 4. Assessment of the application and documents by experts | KCC KAA MEST | Q4 2016 | National Qualification Framework | 10,000.00 | 10,000.00 |</p>
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<th>Qualifications Authority</th>
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<td>5. Completion of the fieldwork (in the institutions by the experts)</td>
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<td>6. Report of the experts team, finalized</td>
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<td>7. The report of the team of experts is submitted to Board of Directors of the National Qualifications Authority</td>
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<td></td>
<td>8. Number of approved qualifications</td>
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<td>9. The decision for approved qualifications, issued</td>
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<td>10. Publication of approved qualifications</td>
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<td>3.4.</td>
<td>Implement SAA Article 56</td>
<td>Implementation of the AI on Recognition of Previous Learning (RPL)</td>
<td>Implementation of the AI on Recognition of Previous Learning (RPL)</td>
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<td>1. Training of Trainers on RPL designed</td>
<td>NQF</td>
</tr>
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<td></td>
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<td>2. Number of training sessions on RPL provided to the staff of institutions, trainers, evaluators and coordinators who will be dealing with RPL</td>
<td>KAA</td>
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<td></td>
<td></td>
<td>3. Number of attendants in training sessions</td>
<td>MEST</td>
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<td>4. Application of RPL criteria and procedures in a limited number of institutions conducted</td>
<td>Q4 2016</td>
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<td></td>
<td>5. Number of approved qualifications</td>
<td>National Qualification Framework</td>
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<td></td>
<td>6. Report of the experts team, finalized</td>
<td>10,000.00</td>
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<td>7. The report of the team of experts is submitted to Board of Directors of the National Qualifications Authority</td>
<td>10,000.00</td>
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<td>3.4.</td>
<td>Implement SAA Article 56</td>
<td>Increasing the quality of education and training through the monitoring of institutions accredited by the National Qualifications Authority</td>
<td>Increasing the quality of education and training through the monitoring of institutions accredited by the National Qualifications Authority</td>
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<td>1. Monitoring software developed by international experts.</td>
<td>NQF</td>
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<td>2. Study visit to a country that implements this form of monitoring, organized, so that the NQA staff sees how this form of monitoring works in practice,</td>
<td>KAA</td>
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<td>3. The application of online monitoring, launched</td>
<td>MEST</td>
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<td>4. Number of routine monitoring according to NQA plan.</td>
<td>Q4 2016</td>
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<td>5. Number of monitoring by NQA upon the request of the parties, related to eventual irregularities</td>
<td>National Qualification Framework</td>
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<td>6. Report of the experts team, finalized</td>
<td>10,000.00</td>
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<td>7. The report of the team of experts is submitted to Board of Directors of the National Qualifications Authority</td>
<td>10,000.00</td>
</tr>
<tr>
<td>3.5.</td>
<td>Acquis Chapter 4: Free Movement of Capital</td>
<td>Further improvement of the policy framework in the area of property rights</td>
<td>Further improvement of the policy framework in the area of property rights</td>
</tr>
<tr>
<td>3.5.</td>
<td>Policy framework</td>
<td>1. Working Group, established</td>
<td>MoJ</td>
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<td></td>
<td></td>
<td>2. Number of meetings held</td>
<td>MESP</td>
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<td>3. National Strategy on Property Rights, adopted</td>
<td>MAFRD</td>
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<td>4. Action Plan, adopted</td>
<td>MLGA</td>
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<td></td>
<td>Kosovo Cadastral Agency, Kosovo Property Agency, Kosovo Privatization Agency, Association of Kosovo</td>
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<td></td>
<td>5. Number of approved qualifications</td>
<td>Q3 2016</td>
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<td>3.5.</td>
<td>Institutional reforms and capacity-building</td>
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<td><strong>3.5.</strong></td>
<td>Implement SAA Article 89</td>
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<tr>
<td><strong>Continuous increase of the analytical capabilities of FIA-K staff for the prevention of money laundering, combating terrorist financing and related offenses</strong></td>
<td>1. Participation of the FIA-K staff in specialized training 2. The internal re-organization with the aim to reflect the tasks and competencies.</td>
<td>FIA-K</td>
<td>Q4 2016</td>
</tr>
<tr>
<td><strong>Strengthening the capacity of law enforcement institutions to prevent and combat money laundering and terrorist financing, and training of reporting entities</strong></td>
<td>1. Participation in joint specialized training on prevention and combating of money laundering, terrorist financing and related offences 2. Provide training to law enforcement institutions 3. Provide training to reporting entities</td>
<td>FIA-K Courts Prosecutions Police KTA Customs</td>
<td>Q4 2016</td>
</tr>
<tr>
<td><strong>Increase cooperation and exchange of information between the FIA-K and international counterpart institutions with the aim of preventing and detecting money</strong></td>
<td>1. Visits and meetings with international FIU counterparts for purposes of MLP / CFT 2. International exchanges of information on MLP / CFT 3. Signing of cooperation agreements with international FIU counterparts</td>
<td>FIA-K</td>
<td>Q4 2016</td>
</tr>
<tr>
<td>3.5.</td>
<td>Implementation and enforcement</td>
<td>Implementation of ISO 020022 standard on payments system ATS/RTGS+ACH</td>
<td>KCB</td>
</tr>
<tr>
<td>3.5.</td>
<td>Implement SAA Article 64</td>
<td>Implementation of IBAN standards for bank accounts and national payment transactions</td>
<td>KCB</td>
</tr>
</tbody>
</table>
### 3.5. Implement SAA Article 89

| Monitoring activities of the National Strategy and Action Plan of the Republic of Kosovo on prevention and combating of the Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2014-2018 | 1. Meeting of secretariat to monitor the implementation of the strategy  
2. Monitoring report on the strategy approved by the inter-ministerial committee  
3. Monitoring report on the strategy, published | MF  
FIA-K  
KP  
KC  
KTA  
MoJ  
|---|---|---|---|---|
| The implementation of the Annual FIA-K Plan on Compliance Supervision | 1. Implementation of compliance supervision activities by FIA-K to evaluate the compliance of reporting entities with the law on AML/CTF.  
2. Coordination of activities with sectoral supervisors with the purposes of supervision of compliance of reporting entities | FIA-K  
KCB | Q4 2016 | Law on prevention and combating money laundering and terrorist financing, Memorandum of Understanding with KCB on compliance supervision |
| Raising awareness of citizens and businesses on declaration of cash | 1. Organize an awareness campaign for citizens and businesses related to obligation to declare cash exceeding the threshold set by law on AML / CTS at the entrance / exit at the border. | Customs  
FIU  

### 3.6. Acquis Chapter 5: Public Procurement

| Approval of the new strategic, implementation and monitoring framework | 1. National Public Procurement Strategy (2015-2020), approved  
2. Action Plan (2016) on monitoring the procurement activities, approved  
3. PPRC Annual Report approved  
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<td>40,000.00</td>
<td>40,000.00</td>
<td>5,000.00</td>
<td>5,000.00</td>
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</table>
### 3.6. Institutional reforms and capacity-building

#### Security, drafted

| Implementation of SAA Article 79 | Enhancing the administrative and institutional capacity in the area of public | 1. Appointment of two board members of PRB |
| | | 2. Number of trainings on the E-procurement system |
| | | 3. Number of trained E-procurement officers |
| | | 4. Number of basic and advanced level trainings, organized |
| | | 5. Number of officers that participated in basic and advanced level trainings |
| | | PRB |
| | | PPRC |
| | | KIPA |
| | | Q4 2016 |
| | | Public Procurement Training Strategy |
| | | 40,000.00 |
| | | 40,000.00 |

#### Implementation and enforcement

| Implementation of SAA Article 79 | Making operational the electronic procurement system Procurement | 1. Establishment of an electronic procurement system |
| | | 2. Development of operational guidelines on e-procurement |
| | | 3. Integration of e-procurement system in the PPRC's website |
| | | MF |
| | | MPA PPRC |
| | | PRB CPA |
| | | Q4 2016 |
| | | Contract on the e-procurement System |
| | | 550,000.00 |
| | | 550,000.00 |

### 3.6. Implementation of SAA Article 79

#### Policy framework

**Enhancing the administrative and institutional capacity in the area of public**

- **1. Appointment of two board members of PRB**
- **2. Number of trainings on the E-procurement system**
- **3. Number of trained E-procurement officers**
- **4. Number of basic and advanced level trainings, organized**
- **5. Number of officers that participated in basic and advanced level trainings**

#### Implementation and enforcement

- **Making operational the electronic procurement system Procurement**
  - **1. Establishment of an electronic procurement system**
  - **2. Development of operational guidelines on e-procurement**
  - **3. Integration of e-procurement system in the PPRC's website**

#### Acquis Chapter 6: Company Law

### 3.7. Policy framework

- No short-term measures are planned in this section of this chapter of the Programme.

#### Implementation of the SAA Article 51, clauses 1, 2, 3.

- **Facilitation of doing business in the Municipalities of Serb majority**
  - **1. Establishment of 3 one-stop shop in the Serb majority Municipalities**
  - **MTI**
  - **MTI Annual Plan 2016**
  - **Q3 2016**

#### Implementation of the SAA Article 51, clauses 1, 2, 3.

- **Strengthening the capacity of one-stop shops' of the staff**
  - **1. Number of trainings for one-stop shop staff in the Serb majority Municipalities**
  - **MTI**
  - **MTI Annual Plan 2016**
  - **Q3 2016**

#### Implementation of the SAA Article 51, clauses 1, 2, 3.

- **Institutional capacity building of audit supervising structures**
  - **1. Training of the staff in the area of Accounting, Financial Reporting and Auditing**
  - **MF**
  - **Country Report 2015**
  - **Q4 2016**

### 3.8. Acquis Chapter 7: Intellectual Property Law

#### Policy framework

- **Drafting the Kosovo Intellectual Property Strategy (2016 - 2020)**
  - **1. Working Group for drafting the concept paper, established**
  - **2. WG for drafting the strategy, established**
  - **4. Action Plan, approved**

#### Implementation of Articles 77 & 78

- **Continues provision of recommendations to the government of Kosovo in the area of IPR**
  - **1. 2 annual meetings of the Council on Intellectual Property, held**

#### Acquis Chapter 7: Intellectual Property Law

- **Drafting the Kosovo Intellectual Property Strategy (2016 - 2020)**
  - **1. Working Group for drafting the concept paper, established**
  - **2. WG for drafting the strategy, established**
  - **4. Action Plan, approved**

- **Continues provision of recommendations to the government of Kosovo in the area of IPR**
  - **1. 2 annual meetings of the Council on Intellectual Property, held**
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<td>3.8.</td>
<td>Implement Articles 77 &amp; 78</td>
<td>Organization of trainings in the area of industrial property on examination procedures of industrial property objects</td>
<td>1. Number of trainings on procedures of examination of industrial property objects of (trademarks, patents, industrial designs and geographical indications) 2. Number of participants in the trainings on examination procedures of industrial property objects</td>
<td>MTI</td>
<td>Q4 2016</td>
<td>Annual Plan 2016</td>
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<td>3.8.</td>
<td>Implement Articles 77 &amp; 78</td>
<td>Organization of trainings for authorized representatives of industrial property representatives</td>
<td>1. Training of new representatives, held 2. Training of representatives related to changes in legislation, held 3. Number of participants in the training</td>
<td>MTI</td>
<td>Q4 2016</td>
<td>Annual Plan 2016</td>
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<td>3.8.</td>
<td>Implement Articles 77 &amp; 78</td>
<td>Capacity Building for Collective Copyrights Management Associations staff</td>
<td>1. Training of Collective Copyrights Management Associations staff, held 2. Number of participants in the training</td>
<td>MCYS</td>
<td>Q4 2016</td>
<td>Annual Plan 2016</td>
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<tr>
<td>3.8.</td>
<td>Implementation and enforcement</td>
<td>Continuous undertaking of customs actions</td>
<td>1. Number of seizures 2. Number of IPR violation cases</td>
<td>Customs</td>
<td>Q4 2016</td>
<td>Law on Customs’ Measures</td>
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<tr>
<td>3.8.</td>
<td>Implement Articles 77 &amp; 78</td>
<td>Continuous undertaking of actions by Task Force against Piracy</td>
<td>1. Number of seizures 2. Number of prosecuted cases for violations 3. Number of punished cases</td>
<td>MTI</td>
<td>Q4 2016</td>
<td>Government Decision Anti-Piracy</td>
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<td>3.8.</td>
<td>Implement Articles 77 &amp; 78</td>
<td>Review of appeals against decisions of IPA</td>
<td>1. Number of received complaints of the parties 2. Number of issued decisions of the Commission</td>
<td>MTI Q4 2016 Al on the Competences of Appeals Review Commission</td>
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3.9. Acquis Chapter 8: Competition Policy

3.9. Policy framework

3.9. No short-term measures are planned in this category of this chapter of the Programme.

3.9. Institutional reforms and capacity-building

3.9. Implement SAA Articles 74 and 75 Enhancing the institutional and administrative capacity of the Competition Authority

1. Office premises, ensured
2.1 (one) legal officer, employed 3.1 (one) budget and finance officer, employed
4. The staff in the area of market surveillance - specialization in the area of agreements, mergers and dominant position, trained
5. Number of participants in the trainings

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<th>KCA</th>
<th>Q1 2016</th>
<th>Progress Report</th>
<th>12,480.00</th>
<th>12,480.00</th>
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3.9. Implement SAA Articles 74 and 75 Enhancing the institutional and administrative capacity of the State Aid Office

1. Basic training on the state aid system (the legal basis, procedures, rules, etc.), held
3. Number of trainees
4. Four officials in the Office of State Aid, recruited

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<th>KCA</th>
<th>MF</th>
<th>Q1 2016</th>
<th>Organogram of the KCA Law on State Aid Progress Report</th>
<th>30,000.00</th>
<th>30,000.00</th>
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</table>

3.9. Implementation and enforcement

3.9. Competition

3.9. Implement SAA Articles 74 and 75 Inspection of companies under the market surveillance framework

1. Information on the establishment of a database to assess the market conditions and inspection procedures / warned control, are collected
2. Number of inspections conducted
3. Work report, approved

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<th>KCA</th>
<th>Q4 2016</th>
<th>Law on Protection of Competition</th>
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3.9. State Aid

3.9. Implement SAA Articles 74 and 75 Creation of state aid inventory institutions

1. List of aid provider institutions, drafted
2. Data from aid provider institutions, collected

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<th>MF, SAO</th>
<th>Q4 2016</th>
<th>SAA Law on State Aid</th>
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3.9. Implement SAA Articles 74 and 75 Preparations for notification and collection of data from aid providers

1. Development of a standard form on the data to be provided
2. The completed form by aid providing institutions
3. Notification of new initiatives received a by institutions

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<th>MF, SAO</th>
<th>Q3 2016</th>
<th>SAA Law on State Aid</th>
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3.10. Acquis Chapter 9: Financial Services

3.10. Policy framework

3.10. No short-term measures are planned in this category of this chapter of the Programme.

3.10. Institutional reforms and capacity-building
| 3.10. | Implement SAA Articles 50 and 96, and Annex 6 | Upgrading the reporting framework of financial institutions to KCB 1. Reporting Software for Financial Institutions built 2. Reporting software tested Financial Institutions 3. Staff KCB bank and trained to use the software for reporting in the KCB 4. Reporting Software for Financial Institutions functionalized | 1. Reporting Software for Financial Institutions, created 2. Reporting Software for Financial Institutions, tested 3. KCB and banks’ staff is trained to use the software for reporting to KCB 4. Reporting Software for Financial Institutions is operational | KCB | Q4 2016 | Strategic Plan 2015-2019 | 570,000.00 | 570,000.00 |
| 3.10. | Implement SAA Articles 50 and 96, and Annex 6 | Implementation of Depositors Compensation System (software) and simulation to test the operational readiness | 1. Increased organizational capacities to enable full operational readiness to effectively fulfil the mandate of the deposit insurance 2. Increased technical capacities to achieve full operational preparation and readiness to effectively fulfil the mandate of the deposit insurance | DIFK | Q4 2016 | Strategic Plan of KDFI 2015-2017 | 255,523.00 | 17,523.00 | 238,000.00 |
| 3.10. | Implement SAA Articles 50 and 96, and Annex 6 | Advancing the framework of cooperation and coordination with KCB in the areas necessary for the fulfilment of the institution’s mandate. | 1. The new cooperation framework, developed 2. Technical amendments and supplements to the Memorandum of Understanding with the KCB for the inclusion of other areas of cooperation. 3. Annual screening program 'onsite' (on deposit insurance topics) is created 4. Contingency plan in accordance with the recommendations of the technical assistance mission of IMF, finalized 5. Cooperation agreement with security network partners is signed 6. Increased cooperation with partners in the financial sector | DIFK KCB | Q4 2016 | Strategic Plan of KDFI 2015-2017 |  |  |  |
| 3.10. | Implementation and enforcement | Development of supervisory functions in accordance with the contemporary practices and standards. Advancing banks’ surveillance standards that banks | 1. Manual on supervision of insurance companies, drafted 2. Manual on supervision of pension funds, drawn 3. Manual on liquidation of banks, drafted | KCB | Q4 2016 | Strategic Plan 2015-2019 | 60,000.00 | 60,000.00 |
| 3.10. | Implement SAA Articles 50 and 96, and Annex 6 | Implementation of the provisions of KDFI Rule on information of client members | 1. Deposit insurance limit raised from 3,000 Euro to 4,000 Euro 2. Supply of banks with basic information leaflets for depositors, | KDFI | Q1 2016 | KDFI Strategic Plan 2015-2017 | 3,000.00 | 3,000.00 |
### 3.10. Implement SAA Articles 50 and 96, and Annex 6
Advancing the differential premium system and reporting by member banks

1. Concept Paper for advancing the methodology on risk differentiation based on technical guidelines developed by EBA

| KDFI | Q4 2016 | KDFI Strategic Plan 2015-2017 |

### 3.11. Acquis Chapter 10: Information Society and Media

#### 3.11. Policy framework

| 3.11. Implement SAA Article 109 on audiovisual policy, Article 110 on information society, and Article 111 on networks and electronic communications services |
| Creating the conditions for transition to terrestrial digital broadcasting |
| 1. Digitalization Strategy Terrestrial Broadcasting, approved |
| IMC MED RAEPC |
| Q4 2016 | Law on IMC |

| 3.11. Implement SAA Article 109 on audiovisual policy, Article 110 on information society, and Article 111 on networks and electronic communications services |
| Improving the delivery of public services in terms of information technology application in state institutions |
| 1. Electronic Governance Strategy for 2016 to 2020, approved |
| MPA ISA MED |
| Q1 2016 |

| 3.11. Implement SAA Article 109 on audiovisual policy, Article 110 on information society, and Article 111 on networks and electronic communications services |
| Planning the demand for radio frequency and their coordination for new radio-communication technologies |
| 1. The conditions for the use of radio frequencies and awarding procedures of the frequency band 790-862 MHz for broadband and wireless technologies, defined |
| RAEPC MED |
| Q4 2016 | Policies on Electronic Communications Sector – Digital Agenda for Kosovo 2013-2020 |

| 3.11. Implement SAA Article 109 on audiovisual policy, Article 110 on information society, and Article 111 on networks and electronic communications services |
| Introduction of new measures and amending the existing procedures to efficiently and effectively contribute to electronic communications infrastructure development |
| 1. The electronic communications networks’ installation rules, approved |
| 2. The online platform for information on existing ground and underground infrastructure, location and their ownership (percentage in the entire territory of Kosovo - 40%), created |
| 3. Prices for joint use of alternative public infrastructures, are set |
| MED RAEPC MI MLGA MESP Municipalities |
| Q4 2016 | Policies on Electronic Communications Sector – Digital Agenda for Kosovo 2013-2020 |

| 3.11. Implement SAA Article 109 on audiovisual policy, Article 110 on information society, and Article 111 on networks and electronic communications services |
| Creating the CERT at national level, responsible for investigating incidents of networks and electronic communications services security |
| 1. National Centre for Computer Emergency Response - CERT, established and operational |
| RAEPC MED |
| Q4 2016 | Policies on Electronic Communications Sector – Digital Agenda for Kosovo 2013-2020 |

| 3.11. Implement SAA Article 109 on audiovisual policy, Article 110 on information society, and Article 111 on networks and electronic communications services |
| Professional capacity building in the area of electronic communications |
| 1. An official for number portability, employed |
| 2. An official for market analysis and surveillance for postal services, employed |
| 3. An official for European integration and international relations, employed |
| RAEPC |
| Q4 2016 | KASH 2016-2018 |

| 3.11. Implementation and enforcement | 150,000.00 | 150,000.00 |
| 30,000.00 | 30,000.00 |
| 500,000.00 | 500,000.00 |
| 21,662.00 | 21,662.00 |
| 3.11. | Implement SAA Article 109 on audiovisual policy, Article 110 on information society, and Article 111 on networks and electronic communications services | Preparation and implementation of the plan for migration to the new code and the implementation of the regulation on ccTLD | 1. Getting and implementing of telephone country code 2. Getting and implementing of Internet country code ccTLD | RAEPC | Q4 2016 | Sector Policies 2013 - 2020 Government Programme 2015 - 2018 – Measures 1.10.3) | 5,000.00 | 5,000.00 |
| 3.11. | Implement SAA Article 109 on audiovisual policy, Article 110 on information society, and Article 111 on networks and electronic communications services | Ensure development of broadband electronic communications networks in areas where the market has failed to provide the infrastructure development and service provision | 1. 70% of households that have access to broadband 2. 90% of the enterprises that have access to broadband | RAEPC MED MTI | Q4 2016 | Policies on Electronic Communications Sector Digital Agenda for Kosovo 2013-2020 | 40,000.00 | 40,000.00 |
| 3.11. | Implement SAA Article 109 on audiovisual policy, Article 110 on information society, and Article 111 on networks and electronic communications services | Creating opportunities for the citizens to use the high speed internet of 30 Mbps and more | 1. 70% of citizens use the internet connection of 30 Mbps | RAEPC MED MI Municipalities | Q4 2016 | Law on Electronic Communications Policies on Electronic Communications Sector Digital Agenda for Kosovo 2013-2020 | 400,000.00 | 400,000.00 |
| 3.11. | Implement SAA Article 109 on audiovisual policy, Article 110 on information society, and Article 111 on networks and electronic communications services | Stimulation of small and medium enterprises to introduce and use information and communication technologies to improve efficiency and competitiveness in their operations | 1. 10% of enterprises use resource planning systems connected to partner systems 2. 15% of enterprises use customer relations management systems | RAEPC MED | Q4 2016 | Policies on Electronic Communications Sector Digital Agenda for Kosovo 2013-2020 | 30,000.00 | 30,000.00 |
| 3.11. | Implement SAA Article 109 on audiovisual policy, Article 110 on information society, and Article 111 on networks and electronic communications services | Preparation and implementation of the project on establishing the number interoperability system | 1. Number interoperability system, created | RAEPC | Q4 2016 | Medium Term Plan 2015 – 2017 | 400,000.00 | 400,000.00 |
| 3.11. | Implement SAA Article 109 on audiovisual policy, Article 110 on information society, and Article 111 on networks and electronic communications services | Implementation of the regulation for measuring the quality of services | 1. The conditions for the measurement of parameters of quality of internet access, created | RAEPC | Q4 2016 | Medium Term Plan 2015 – 2017 | 30,000.00 | 30,000.00 |
| 3.11. | Implement SAA Article 109 on audiovisual policy, Article 110 on information society, and Article 111 on networks and electronic communications services | Preparation of the tendering process for multiplex to implement | 1. Documentation package for licensing of content providers, drafted 2. Documentation package for licensing | IMC | Q2 2016 | | | |
| Article 111 on networks and electronic communications services | the digitalization strategy of the multiplex operator, drafted |  |  |  |
| 3.11. Implement SAA Article 109 on audiovisual policy, Article 110 on information society, and Article 111 on networks and electronic communications services | Further market liberalization of mobile telephony and broadband mobile services | Opening of frequency bands 800, 900, 1800 and 2100 MHz, realized | RAEPC | Q4 2016 | 20,000.00 | 20,000.00 |

### 3.12. Acquis Chapter 11: Agriculture and Rural Development

#### 3.12. Policy framework


#### 3.12. Institutional reforms and capacity-building

| 3.12. Implement SAA Article 102 in the area of agriculture and rural development | Reformsing the institutional structures in the area of agriculture and rural development and their capacity building, in order to implement the SAA provisions and the transposed acquis | 1. Agricultural Development Agency according to IPARD, reorganized 2. Seven (7) directorates and 20 sectors in the ADA, established 3. Internal Audit Unit within the Paying Agency, established 4. Farm Accountancy Data Sector, reorganized 5. 19 officials in ADA, recruited 6. Number of trained advisers and farmers for agriculture and rural | MAFRD | Q4 2016 | Law n. 03/L-098 on Agriculture and Rural Development ARDP 2014-2020 Law on FADN Law no. 04/L-074 on advisory | 1,377,686.00 | 1,377,686.00 |
| 3.12. | Implement SAA Article 102 in the area of agriculture and rural development | Institutional reforms and capacity building for implementation of the Sector Framework Agreement (IPARD II) | 1. Organizational chart and description of duties for Agriculture Development Agency (ADA) and the Managing Authority, finalized 2. Two or three working meetings of the Monitoring Committee for ARDP, held; 3. Number of recommendations issued the monitoring committee | MAFRD | Q4 2016 | ARDP 2014-2020; Law no. 03/L-098 on Agriculture and Rural Development |
| 3.12. | Implement SAA Article 102 in the area of agriculture and rural development | Further consolidation of municipal advisory information centres for agriculture and rural development | 1. 34 information centres are consolidated and operational 2. 4500 farmers are trained. 3. Number of distributed brochures and leaflets for farmers | MAFRD | Q4 2016 | Law no. 04/L-074 pm advisory services for agriculture and rural development Law no. 03/L-098 on agriculture and rural development Strategy on advisory services for agriculture and rural development e 2012 – 2016 | 700,000.00 | 700,000.00 |
### 3.12. Implement SAA Article 102 in the area of agriculture and rural development

**Strengthening, management and financial control of direct payments and rural development measures**

| 1. Farm records (agricultural, livestock and vineyard), updated and published |
| 2. The amounts allocated to the implementation of measure 101 (investment in physical assets in agricultural economies), 103 (investment in physical assets in processing and marketing of agricultural products), 202 (agro-environment and organic farming), 203 (maintenance and protection of forest), 302 (diversification of farms and business development), 303 (preparation and implementation of local development strategies - LEADER approach), 401 (improved trainings), 402 (advisory services), 501 (technical assistance) and measure on irrigation of farmland |
| MAFRD | Q4 2016 | Law no. 03/L-098 on agriculture and rural development; Program on direct payments and program rural development projects 2016 |
| 18,639,200.00 | 18,639,200.00 |

| 1. Five fairs organized and supported by MAFRD |
| **Promotion of agricultural and livestock production through various fairs in Kosovo** |
| MAFRD | Q4 2016 | MAFRD Annual Plan |
| 25,000.00 | 25,000.00 |

| 1. Analytical document on the assessment of support in the structure and performance of the farm, finalized |
| **Assessing the impact of subsidies and grants in development of agricultural economy** |
| MAFRD | Q4 2016 | ARDP 2014-2020; |
| 300,000.00 | 300,000.00 |

### 3.13. Acquis Chapter 12: Food Safety, Veterinary, and Phytosanitary Policy

#### 3.13. Policy framework

**Implementation of SAA Article 102 in the area of food safety and agro-industry**

| Further development of the policy in the area of food safety and veterinary and phytosanitary in order to implement the SAA provisions and the transposed acquis |
| 1. The Strategy on advancement of food business operators (FBOs), adopted |
| 2. Annual National Plan for official controls and sampling, approved |
| 3. Residue monitoring plan, approved |
| 4. Contingency plans for animal diseases, approved |
| 5. Multi-annual plan for control and eradication of animal diseases, adopted |
| 6. Training plan on food safety issues for inspectors and food Business Operators, approved |
| FVA | MAFRD | Q4 2016 | Law no. 03/L-016 on Food Law no. 2004/21 on veterinary Annual National Plan on official control and sampling Hygienic Package |
| 534,538.00 | 534,538.00 |

#### 3.13. Institutional reforms and capacity-building

**Implementation of SAA Article 102 in the area of food safety and agro-industry**

| Further reform of the institutional structures in the area of food safety, veterinary and phytosanitary, in order to implement the SAA provisions and the transposed acquis |
| 1. Feed sector, created |
| 2. Sanitary, veterinary and phytosanitary Inspectors transferred from Municipalities to FVA |
| FVA | Q4 2016 | Law no. 03/L-016 on food |
| 534,538.00 | 534,538.00 |
| 3.13. | Implementation of SAA Article 102 in the area of food safety and agro-industry | Further human capacity building in the area of food safety and veterinary and phytosanitary, in order to implement the SAA provisions of the and transposed acquis | 1. Two additional experts in public health directorate, recruited 2. Three officials in the feed sector, recruited 3. Number of trainings and educational activities for FBO inspectors 4. Number of training for officials of the animal feed sector 5. Equipment for the associated activities of animal feed sector, purchased 6. The biological material for vaccination activities, purchased 7. Number of trained officials for the health and welfare of animals 8. Equipment for phytosanitary inspectors activities in the field, purchased 9. Number of trained phytosanitary inspectors to use new equipment 10. Number of trainings for laboratory staff on development of new methods | FVA MAFRD OPM MF MLGA | Q4 2016 | Law no. 03/L-016 on food | 1,620,047.00 | 1,620,047.00 |

| 3.13. | Implementation and enforcement | Improving the protection of public health and animal health | 1. Gap analysis of national legislation for sanitary policies, completed. 2. Survey for identification of the disease in the territory of Kosovo and epidemiological monitoring of the situation in the country and the region, conducted 3. Advancing IT system for e-inspections 4. Number of business operators of food of animal and non-animal origins approved and registered 5. Number of sheep and goats vaccinated in the entire territory of Kosovo against the disease brucellosis (Brucella melitensis) 6. Number of pigs vaccinated throughout Kosovo against classical swine fever 7. Number of dogs vaccinated against rabies, echinococcus and poisonous dogs throughout the territory of Kosovo, reported 8. Number of poultry vaccinated against the Newcastle disease 9. Quantity of supply of animal medicines against ticks that carry the disease, Crimean-Congo hemorrhagic fever in the Municipalities of Malisheva, Suharek, Orahovac and | FVA Q4 2016 | Law no. 03/L-016 on food, Law no. 2004/21 on veterinary | 3,024,000.00 | 874,000.00 | 2,150,000.00 |
| 3.13. | Implementation of SAA Article 102 in the area of food safety and agro-industry | Implementation of the training plan for food safety issues for inspectors and FBO officials | 1. Number of FBO official controls  
2. Number of trainings and educational activities for FBO officials | FVA | Q4 2016 | Law no. 03/L-016 on food | 90,000.00 | 90,000.00 |
| 3.13. | Implementation of SAA Article 102 in the area of food safety and agro-industry | Improving livestock controls | 1. Number controls on livestock  
2. Number of animals confiscated (including border) and placed in quarantine | Kosovo Police Customs  
FVA | Q4 2016 | Law no. 2004/21 on veterinary | 100,000.00 | 100,000.00 |
| 3.13. | Implementation of SAA Article 102 in the area of food safety and agro-industry | Improving the identification and registration of animals 5. Number of animals identified and registered, reported on the database I & R | 1. Number of slaughtered animals, reported in the I & R database  
2. Number of births of animals, reported in the I & R database  
3. Number of movements of animals, reported in the I & R database  
4. Number of deaths of animals, reported in the I & R database | FVA | Q1 2016 | Law no. 2004/21 on veterinary | 300,000.00 | 300,000.00 |
| 3.13. | Implementation of SAA Article 102 in the area of food safety and agro-industry | Improvement of controls in the field, of phytosanitary including controls at the border | 1. Number of phytosanitary controls, including controls at the border  
2. Number of samples taken, including at the border  
3. Number of implemented check-lists,  
4. List of plant diseases and plant protection products, updated | FVA | Q4 2016 | Law no. 03/L-016 on food | 67,000.00 | 67,000.00 |
| 3.13. | Implementation of SAA Article 102 in the area of food safety and agro-industry | Improving the performance for the development of new LUV testing methods | 1. Application for extension of the scope of accreditation with new food safety and quality methods as well as for the diagnosis of animal diseases, completed  
2. The technical specifications for the tender for the maintenance, servicing and calibration of laboratory equipment, prepared | FVA | Q4 2016 | Law no. 03/L-016 on food | \( \text{FVA} \) | 470 |


This chapter only contains its narrative section, including short-term measures.

### 3.15. Acquis Chapter 14: Transport Policy

Policy framework
### Institutional reforms and capacity-building

#### 3.15. Implement SAA Article 113 in the area of transport: Improvement and development of professional and technical capacities of the Air Navigation Services Agency (ANSA)

<table>
<thead>
<tr>
<th>Description</th>
<th>MIA Q4 2016</th>
<th>EC Regulation (EU) 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 area of civil aviation security</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. ANSA Director appointed</td>
<td>MI Q4 2016</td>
<td>Law on Establishment of ANSA no. 04/L-250</td>
</tr>
<tr>
<td>2. ANSA is operational</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Trainings for lecturers, driving instructors, examiners and trainers, completed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Training of staff (control on the road for dangerous goods), completed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Control of the vehicle emissions testing, conducted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.15. Implement SAA Article 113 in the area of transport: Strengthening of professional and technical capacities in the area of road transport</td>
<td>MIA Q4 2016</td>
<td>Sector Strategy GAWP</td>
</tr>
<tr>
<td>1. Database and the electronic system, designed and functional</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Database and the electronic system for driving schools, professional lecturers, driving instructors, examiners, trainers, drivers candidates, electronic testing, created and functional</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Trainings for lecturers, driving instructors, examiners and trainers, completed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Training of staff (control on the road for dangerous goods), completed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Control of the vehicle emissions testing, conducted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.15. Implement SAA Article 113 in the area of transport: Strengthening of professional and technical capacities in the area of civil aviation</td>
<td>CAA Q4 2016</td>
<td></td>
</tr>
<tr>
<td>1. An official for economic adjustment that will strengthen the capacity to implement regulations 1794/2006 and 390/2013, employed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. An official on aviation legal and regulatory issues, with the aim of increasing the efficiency of the transposition of the acquis, employed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.15.</td>
<td>Implement SAA Article 113 in the area of transport</td>
<td>Strengthening and improving the professional capacities in the area of civil aviation security</td>
</tr>
<tr>
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</tr>
<tr>
<td>3.15.</td>
<td>Implementation and enforcement</td>
<td>Improving services in order to facilitate the road and railway transport of passengers</td>
</tr>
<tr>
<td>3.15.</td>
<td>Implement SAA Article 113 in the area of transport</td>
<td>Improvement and modernization of services in bus stops</td>
</tr>
<tr>
<td>3.15.</td>
<td>Implement SAA Article 113 in the area of transport</td>
<td>Improvement of the existing network, namely identification of economically favourable variant of the R7 highway segment, part of the basic SEETO network</td>
</tr>
<tr>
<td>3.15.</td>
<td>Implement SAA Article 113 in the area of transport</td>
<td>Construction of the road network in Kosovo, R6 highway, part of the basic SEETO network</td>
</tr>
<tr>
<td>3.15.</td>
<td>Implement SAA Article 113 in the area of transport</td>
<td>Construction and expansion of the existing road network</td>
</tr>
<tr>
<td>3.15.</td>
<td>Implement SAA Article 113 in the area of transport</td>
<td>Increasing the security and improvement of national and regional road network</td>
</tr>
<tr>
<td>3.15.</td>
<td>Implement SAA Article 113 in the area of transport</td>
<td>Improving the quality of local roads in the road network</td>
</tr>
<tr>
<td>3.15.</td>
<td>Implement SAA Article 113 in the area of transport</td>
<td>Enhancing and improvement of road traffic safety</td>
</tr>
<tr>
<td>3.15.</td>
<td>Implement SAA Article 113 in the area of transport</td>
<td>Control of regularity of vehicles in roads (mobile controls)</td>
</tr>
<tr>
<td>3.15.</td>
<td>Implement SAA Article 113 in the area of transport</td>
<td>Full implementation of the law on land transport of dangerous goods</td>
</tr>
<tr>
<td>3.15.</td>
<td>Implement SAA Article 113 in the area of transport</td>
<td>Enhancing and improvement of railway infrastructure</td>
</tr>
<tr>
<td>3.16. Implement SAA Article 114 in the area of energy</td>
<td>Development of strategic policies in the sector of radiation protection and nuclear safety</td>
<td>1. Strategy and Action Plan for Radiation Protection and Nuclear Safety, approved</td>
</tr>
<tr>
<td>3.16. Implement SAA Article 114 in the area of energy</td>
<td>Development of strategic policies in the sector of radiation protection and nuclear safety</td>
<td>1. Plan for the preparation and response to radiological and nuclear emergencies, prepared</td>
</tr>
<tr>
<td>3.16. Implement SAA Article 114 in the area of energy</td>
<td>Development of policies on energy internal market</td>
<td>1. Cross-subsidies between tariff groups, removed 2. Competitive electricity internal market, created 3. Legal provisions for the development of competition in the electricity internal market, allowing market entry of new</td>
</tr>
<tr>
<td>3.16.</td>
<td>Implement SAA Article 114 in the area of energy</td>
<td>Improvement and supplementing of policies to support vulnerable customers in the energy sector</td>
</tr>
<tr>
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</tr>
<tr>
<td>3.16.</td>
<td>Institutional reforms and capacity-building</td>
<td>Reforming the institutional structures in the area of energy and nuclear safety and their capacity building, in order to implement the SAA provisions and the transposed acquis</td>
</tr>
<tr>
<td>3.16.</td>
<td></td>
<td>Reforming the institutional structures in the area of energy and nuclear safety and their capacity building, in order to implement the SAA provisions and the transposed acquis</td>
</tr>
<tr>
<td>3.16.</td>
<td></td>
<td>Reforming the institutional structures in the area of energy and nuclear safety and their capacity building, in order to implement the SAA provisions and the transposed acquis</td>
</tr>
<tr>
<td>3.16.</td>
<td></td>
<td>Construction and development of new generation capacities of electricity</td>
</tr>
<tr>
<td>3.16.</td>
<td></td>
<td>Improving the constant supply of electricity</td>
</tr>
<tr>
<td>3.16.</td>
<td></td>
<td>The decommissioning process of gasification</td>
</tr>
<tr>
<td>No.</td>
<td>Action</td>
<td>Description</td>
</tr>
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<td>-----</td>
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</tr>
<tr>
<td>3.16.</td>
<td>Implement SAA Article 114 in the area of energy</td>
<td>Increasing the efficiency of distribution system and supply of electricity</td>
</tr>
<tr>
<td>3.16.</td>
<td>Implement SAA Article 114 in the area of energy</td>
<td>Improvement of transmission and involvement in regional mechanisms to compensate the transit of energy and capacity allocation</td>
</tr>
<tr>
<td>3.16.</td>
<td>Implement SAA Article 114 in the area of energy</td>
<td>Improving infrastructure for energy market purposes, for reducing and monitoring energy losses on the border between KOSTT and KEDS / DSO</td>
</tr>
<tr>
<td>3.16.</td>
<td>Implement SAA Article 114 in the area of energy</td>
<td>Improvement of transmission infrastructure and involvement in regional mechanisms to compensate the transit of energy and capacity allocation</td>
</tr>
</tbody>
</table>

3.17. Acquis Chapter 16: Taxation

3.17.1 | Policy framework
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>3.17.</td>
<td>Implementation of the SAA Articles 39, 40, 70 and 105</td>
<td>Advancing the IT system to enable more efficient work within the KTA, and improving taxpayers services</td>
<td>1. Number of training by area 2. Number of participants by area 3. Number of trained staff in compliance risk management 4. Number of trainings in the area of tax</td>
<td>MF KTA</td>
<td>Q4 2016</td>
<td>KTA Strategic Plan 2015-2020; Government Program 2014-2018; Progress Report 2014; KTA Annual Plan; Annual Plan of Risks Treatment; Strategy on prevention and fight against the informal economy, money laundering and terrorist financing 2014-2018</td>
</tr>
<tr>
<td>3.17.</td>
<td>Implementation of the SAA Articles 39, 40, 70 and 105</td>
<td>General increase of staff skills</td>
<td>1. Number of training by area 2. Number of participants by area 3. Number of trained staff in compliance risk management 4. Number of trainings in the area of tax</td>
<td>MF KTA</td>
<td>Q4 2016</td>
<td>KTA Strategic Plan 2015-2020; Government Program</td>
</tr>
</tbody>
</table>

<p>| 10,000,000.00 | 5,000,000.00 | 5,000,000.00 |
| 250,000.00 | 250,000.00 |
| 3.17. | Implementation and enforcement | | | | | |</p>
<table>
<thead>
<tr>
<th>3.17.</th>
<th>Implementation of the SAA Articles 39, 40, 70 and 105</th>
<th>Reducing the level of informal economy and tax evasion</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. Collection of taxes in the north increased</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Number of visits in order to prevent tax evasion and informal economy</td>
<td></td>
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<tr>
<td></td>
<td>3. Number of controls implemented to prevent informal economy and tax evasion</td>
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</tr>
<tr>
<td></td>
<td>4. The monetary value of the activities conducted</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. Number of cooperation with third parties to identify non-compliant businesses</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6. Number of taxpayers / individuals who do not declare</td>
<td></td>
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<tr>
<td></td>
<td>MF</td>
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<td></td>
<td>KTA</td>
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<td></td>
<td>Q4 2016</td>
<td></td>
</tr>
</tbody>
</table>

| 3.18. Acquis Chapter 17: Economic and Monetary Policy |
| 3.18. | See Block II: Economic Criteria |
| 3.19. Statistics |
| 3.19. Policy framework |
| 3.19. | Implement SAA Article 95 |
| | Improvement of technological infrastructure in KSA |
| | 1. Strategy on dissemination of data developed |
| | 2. Backup strategy for updating the security policies developed |
| | KSA |
| | Q4 2016 |

| 3.19. Institutional reforms and capacity-building |
| 3.19. | Implement SAA Article 95 |
| | Creation of the new department within KSA to increase effectiveness in the publication of official statistics |
| | 1. Department on national accounts created |
| | KSA |
| | OPM |
| | MF |
| | Q4 2016 |
| 3.19. | Implement SAA Article 95 | Administrative Capacity | 1. Number of new positions for sectoral statistics approved  
2. Number of training sessions organized  
3. Number of trained officers | KSA  
OPM  
| 3.19. | Implement SAA Article 95 | Improving the quality of National Accounts (annually and quarterly) | 1. Gross Domestic Product calculated according to ESA 2010 methodology  
2. Supply and use tables-SUT for the reference year 2013 completed  
3. GDP published in T + 90 days (quarterly GDP)  
4. The data of the agricultural census published  
5. Number of tables sent to Eurostat under the ESA 2010, is increased | KSA | Q4 2016 | Official Statistics Programme 2013-2017 as well as Annual Plan 2016 |
| 3.19. | Implement SAA Article 95 | Measuring the informal economy within the private sector | 1. Survey on informal economy conducted  
| 3.19. | Implement SAA Article 95 | Improving the quality of economical statistics in line with the acquis 9. Adjust the classifications according to the Import Price Index (IPI) methodology moving from the Harmonized System (HS) to Classification of Products by activity (CPA) | 1. Data published according to the new Manual of Government Finance Statistics (GFS 2014) on government accounts  
2. STJ data distributed on webpage in the PX format  
3. Quality Report Business Statistical Registry prepared / published (for the first time)  
4. Development of the advanced software for automatic updating of SBR from administrative records and survey data  
5. Operating System implemented for online receipt of data from KTA for Statistical Registration of Businesses  
6. Publication of structural statistics of enterprises in t+ 341 days  
7. Structural indicators for financial credit institutions published (according to Annex VI)  
8. Extension of quarterly short-term indicators for tourism statistics by | KSA  
<table>
<thead>
<tr>
<th>3.19.</th>
<th>Implement SAA Article 95</th>
<th>Shortening the deadline for publication of economic statistics in line with the acquis</th>
<th>KSA</th>
<th>Q4 2016</th>
<th>Official Statistics Programme 2013-2017 as well as Annual Plan 2016</th>
<th>20,000.00</th>
<th>6,000.00</th>
<th>14,000.00</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1. Foreign Trade Statistics (ITS) of goods (monthly data published in T + 29 and annual T + 161)</td>
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<td>2. Quarterly industry statistics published at t + 85 days</td>
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<td>3. Enterprises statistical repertoire quarterly published at t + 32 days</td>
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<td>4. Quarterly energy statistics published at t + 56 days</td>
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<td>5. Quarterly transport statistics published at t + 35 days</td>
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<td></td>
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<td>6. Quarterly hotel and tourism statistics published at t + 75 days</td>
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<td>7. Harmonised Index of Consumer Prices (HICP) published on a monthly basis in t + 12 days</td>
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<td>8. IPI published on quarterly based at t + 71 days</td>
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<td>9. Production Price Index (PPI) published at t + 74 days</td>
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<td>10. Construction Cost Index published at t + 75 days</td>
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<tr>
<td></td>
<td></td>
<td>11. Quarterly trade statistics published at t + 89 days</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>3.19.</th>
<th>Implement SAA Article 95</th>
<th>Improvement of agricultural statistics, in particular, agricultural statistics on plants and livestock in line with the acquis</th>
<th>KSA MAFRD</th>
<th>Q4 2016</th>
<th>Official Statistics Programme 2013-2017 as well as Annual Plan 2016</th>
<th>48,000.00</th>
<th>20,000.00</th>
<th>28,000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2. Survey on crop plants conducted in accordance with Regulation (EC) No 543/20093.</td>
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<td></td>
<td></td>
<td>3. Database notes created for the production of farming production statistics in accordance with Regulation (EC) no. 1200/2009</td>
<td></td>
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<td></td>
<td></td>
<td>4. Survey database created for meat production (slaughter in slaughterhouses and outside the slaughterhouse) under the EC Regulation 1165/2008, Council Directive 96/16 / EC and the</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
| 3.19. | Implement SAA Article 95 | Improving the environmental statistics, particularly the statistics of water, emission-gases (GHGE) in accordance with the acquis 1 | 1. Improving the quality of the survey of industrial and municipal waste by increasing Number of indicators in the questionnaire  
2. The first results of water testing statistics prepared and published  
3. Air statistics in particular emission of gases d into atmosphere | KSA | Q4 2016 | Official Statistics Programme 2013-2017 as well as Annual Plan 2016 | 7,000.00 | 7,000.00 |
2. Households Budget Survey (HBS) published by Eurostat methodology  
3. SILC Database prepared according to SILC document DOC065 2014  
4. Comprehensive jurisprudence statistical data, published  
5. The data on labour market statistics published based on the new classification ISCO 08  
6. Labour Cost Index, published  
7. Education statistics digitized through EMIS program  
8. Statistics on education classified according to ISCED 2011  
9. Comprehensive health statistics, published | KSA  
MH  
KPHI | Q4 2016 | Official Statistics Programme 2013-2017 as well as Annual Plan 2016 | 85,000.00 | 85,000.00 |
| 3.19. | Implement SAA Article 95 | Improving the quality of population statistics in line with the acquis | 1. Census in 4 Municipalities in the north Kosovo, completed  
2. Signing the Memorandum of Understanding between KSA and ARC, for digitization of vital statistics data  
3. Preparation of applications required for digitization of vital statistical data  
4. Vital statistics published by accessing the digital data system | KSA | Q4 2016 | Official Statistics Programme 2013-2017 as well as Annual Plan 2016 | 1,300,000.00 | 1,300,000.00 |
| 3.19. | Implement SAA Article 95 | Improvement of Technological Infrastructure in KSA | 1. The new website available to external users  
2. Internal web management system, is in place  
3. Start staff intranet available for KSA  
4. Development of data distribution strategy  
5. Digital collection of statistical data of the population owned by the ARC  
6. Application for Import Price Index, more efficient in calculation and precision, developed  
7. The module that will enables updating of the platform "KSAdata" in a decentralized mode, developed  
8. Report "Urban and Rural Classification in Kosovo" according to Eurostat recommendations, published | KSA | Q4 2016 | Official Statistics Programme 2013-2017 as well as Annual Plan 2016 | 83,000.00 | 83,000.00 |
| 3.19. | Implement SAA Article 95 | Improvement of statistical methodology (quality) | 1. List of statistical terms extended (80 statistical terms)  
2. Report presenting the sample calculation error (reliability interval and the margin of error), published | KSA | Q4 2016 | Official Statistics Programme 2013-2017 as well as Annual Plan 2016 | 21,000.00 | 21,000.00 |
<table>
<thead>
<tr>
<th>Objective</th>
<th>Description</th>
<th>Responsible Parties</th>
<th>Implementation Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.19. Implement SAA Article 95</td>
<td>Improvement of monetary, financial and external sector statistics, 1. The data balance sheet for Insurance Companies and Pension Funds, published 2. Number of Statistical Product for statistics on interest rates, deposits, new loans and financial statements of microfinance institutions, insurance companies and pension funds, increased 3. Software for compiling and analyzing the statistical series and feature, is fully effective 4. The new Memorandum of Understanding with KSA to clarify responsibilities for the collection, processing, data exchange and dissemination, is signed 5. Statistics published in KCB website, along with the compilation methodology and easily accessible by users 6. Data Structure Definitions (DSD) to transmit data to Eurostat using software package Statistical Data Metadata eXchange (SDMX), implemented 7. Balance of Payments (BOP) and PIN according to codified DSD's 8. SDMX package on Macroeconomic Statistics, installed and operational 9. FDI number in enterprises survey, increased 10. A new statistical software for compiling and analyzing the statistical series, developed</td>
<td>KCB Insurance companies, Pension Funds, KSA</td>
<td>Q4 2016</td>
</tr>
</tbody>
</table>

**3.20. Acquis Chapter 19: Social Policy and Employment**

<table>
<thead>
<tr>
<th>Objective</th>
<th>Description</th>
<th>Responsible Parties</th>
<th>Implementation Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.20. Institutional reforms and capacity-building</td>
<td>Strengthening the institutional capacity of the Labour Inspectorate Number of labour inspectors increased.</td>
<td>MLSW</td>
<td>Q1 2016</td>
</tr>
</tbody>
</table>

**MLSW**

<table>
<thead>
<tr>
<th>Objective</th>
<th>Description</th>
<th>Responsible Parties</th>
<th>Implementation Period</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.20. Sector Strategy 2014-2020 Employment and Social Policies 2. Law no. 04/L-161 on Safety and Health at Work</td>
<td></td>
<td></td>
<td></td>
<td>50,000.00</td>
</tr>
</tbody>
</table>
### 3.20. Implement SAA Articles 82 and 106

**Employment and Social Policies**

#### Strengthening institutional capacity of MLSW and the Social Partners on the drafting and implementation of new legislation

<table>
<thead>
<tr>
<th>Number of trained employees of the Ministry;</th>
<th>Number of social partners trained;</th>
<th>Number of trainings for labour inspectors, held</th>
<th>Number of trained inspectors</th>
</tr>
</thead>
</table>

**MLSW**

| Q1 2016 | Sector Strategy 2014-2021 Employment and Social Policies | 1,000,000.00 | 1,000,000.00 |

### 3.20. Implement SAA Articles 82 and 106

**Employment and Social Policies**

#### Establishment of the Council on Health and Safety at Work

<table>
<thead>
<tr>
<th>The decision to establish the Council for Health and Safety at Work, approved;</th>
<th>The members of the Council on Health and Safety at Work, appointed;</th>
<th>The Council on Health and Safety at Work, is operational</th>
</tr>
</thead>
</table>

**MLSW**

| Q1 2016 | Sector Strategy 2014-2024 on Employment and Social Policies | 5,000.00 | 5,000.00 |

### 3.20. Implement SAA Articles 82 and 106

**Employment and Social Policies**

#### Strengthening institutional capacity of MLSW

<table>
<thead>
<tr>
<th>Number of basic social service providers, licensed;</th>
<th>Number of secondary social service providers, licensed;</th>
<th>Number of superior social service providers, licensed.</th>
</tr>
</thead>
</table>

**MLSW**

| Q1 2016 | Sector Strategy 2014-2025 on Employment and Social Policies | 5,000.00 | 5,000.00 |

### 3.20. Implementation and enforcement

No short-term measure is planned in this category of this chapter of the Programme.

### 3.21. Chapter 20 of the acquis: Enterprise and Industrial Policy

#### Policy framework

<table>
<thead>
<tr>
<th>Presentation of annual achievements in terms of industrial development in Kosovo</th>
<th>The Industrial Development Report 2015 published</th>
</tr>
</thead>
</table>

**MTI**

| Q4 2016 | Strategy for private sector development 2016-2020 | 1,500.00 | 1,500.00 |

#### Presentation of achievements in relation to small and medium enterprises

<table>
<thead>
<tr>
<th>The report on the situation of SMEs in Kosovo in 2016, published</th>
</tr>
</thead>
</table>

**MTI**

| Q4 2016 | The annual plans of the Ministry | 30,000 | 30,000 |

#### Work towards integration into the European and international mechanisms

<table>
<thead>
<tr>
<th>Preparing the request for application</th>
</tr>
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</table>

**MTI**

| Q4 2016 | |

### 3.21. Institutional reforms and capacity-building

#### Strengthening of institutional and administrative capacity of the Department of Industry staff.

<table>
<thead>
<tr>
<th>An official for the construction area, within the Department of Industry, recruited</th>
</tr>
</thead>
</table>

**MTI**

| Q4 2016 | Industrial annual report | 5,340 | 5,340 |

#### Administrative capacity building within the Department of Industry and CEISA for improvement of the business environment in Kosovo

| Director of the directorate for promotion of private sector recruited; |
| Director of the directorate for development of private sector |
| An investment promotion officer recruited; |
| 50 advisory voucher scheme offered |

**MTI**

| Q4 2016 | The annual report on SMEs | 650,000.00 | 150,000.00 | 500,000.00 |
| 3.21. | Implement SAA Articles 99 and 100 | Creation of the mechanism to facilitate access to credit of young entrepreneurs. | 1. Kosovo Fund for Credit Guarantee, established 2. Kosovo Fund for Credit Guarantee, operational | MTI | Q1 2016 | KCHC Chamber of Commerce | 1,000,000.00 | 1,000,000.00 |
| 3.21. | Implementation and enforcement | | | | | | |
| 3.21. | Implement SAA Articles 99 and 100 | Implementation of the recommendations of the Small Business Act. | 1. To increase the implementation of the SBA 8a Dimension "Skills of SMEs" level 3+ 2. Increase implementation of Dimension 6 wv SBA "Access to Finance" level 3.5+ 3. Establish partnerships for entrepreneurship learning | MTI MEST OEK AmCham | Q4 2016 | MTI | 2,155,000.00 | 155,000.00 | 2,000,000.00 |
| 3.21. | Implement SAA Articles 99 and 100 | Construction of a physical infrastructure, complete and ready to conduct business activities in Gjakova and Prizren | Operational economic zones in Gjakova and Prizren | MTI | Q4 2016 | MTI | 335,000.00 | 335,000.00 |
| 3.21. | Implement SAA Articles 99 and 100 | Implementation of policies for private sector development | 1. Two meetings with relevant departments at the local level to improve the dialogue between central and local level, held | MTI UNDP | Q4 2016 | MTI | 16,000.00 | 16,000.00 |
| 3.21. | Implement SAA Articles 99 and 100 | Gap analysis regarding the implementation of the Small Business Act | 1. Assessment of private sector development through the Small Businesses Act, implemented 2. The final report on the implementation of SBA, published | MTI MEST MLSW MCYS MED MESP MAFRD | Q4 2016 | MTI | 10,000.00 | 10,000.00 |
### 3.22. Chapter 21 of the acquis: Trans-European Networks

This chapter only contains its narrative section, including short-term measures.

### 3.23. Acquis Chapter 22: Regional policy and coordination of structural instruments

This chapter only contains its narrative section, including short-term measures.

### 3.24. Chapter 23 of the acquis: Judiciary and Fundamental Rights

#### Policy framework

##### Judicial System

| 3.24. Implement SAA provisions in the area of judiciary (Article 83) | Approving the policy framework that aims to develop the capacities of judges and prosecutors | 1. 2016 Training Programme adopted  
2. Annual KJI report drafted  
3. Group for identification and analyzing of the acquis, established  
4. 3rd Annual KJC report  
5. Report with all identified Chapter 23 acquis acts, published | KJI  
KJC  
KPC | Q4 2016 | | |
|----------------|-----------------------------------------------|-------------------------------------------------------------------------------------------------|---|---|---|
| 3.24. Implement SAA provisions in the area of judiciary (Article 83) | Comprehensive gap analysis current situation regarding the transposition of the acquis in the area of criminal justice. | 1. Group for identification and analyzing of the acquis, established  
2. External experts, recruited  
3. Number of acquis acts, identified  
4. Number of acquis acts, aligned  
5. Report with all identified Chapter 23 acquis acts, published | MoJ MEI  
KJC | Q4 2016 | 350,000.00 | 50,000.00 | 300,000.00 |
| 3.24. Implement SAA provisions in the area of judiciary (Article 83) | Implementation of Backlog Reduction Plan | 1. Number/percentage of reduced cases by area | KJC | Q2 2016 | |
| 3.24. Implement SAA provisions in the area of judiciary (Article 83) | Approval of the Public Communication Strategic Plan | 1. Increase the transparency in recruitment of the spokesperson for all basic and special prosecutions  
2. Establish cooperation and communication with the public and civil society  
3. The KPC homepage on the work of KPC, updated  
4. Number of conferences held | KJC | Q2 2016 | |
| 3.24. Implement SAA provisions in the area of judiciary (Article 83) | Approval of the Strategy on Reduction of Cases and Alternative Procedures | 1. Number of cases is reduced by 30% | KPC | Q3 2016 | |
| 3.24. Implement SAA provisions in the area of judiciary (Article 83) | Continuous implementation of security measures for judges, prosecutors, supporting staff and witnesses | 1. Number of reported cases of threats against judges  
2. Number of reported cases of threats against prosecutors  
3. Number of reported cases of threats to the supporting staff  
4. Number of reported cases of intimidation against witnesses  
5. Number of close protection measures, provided | KPC  
KJC  
MIA | Q3 2016 | | | |
| 3.24. | Implement SAA provisions in the area of judiciary (Article 83) | Further advancement of private enforcement system | 1. Number of private enforcers appointed
2. Number of cases executed by private enforcement procedure, reported
3. Number of private enforcement reports, published
4. Number of trainings for private enforcers, held | MoJ | Q4 2016 |
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<tbody>
<tr>
<td>3.24. Anticorruption Policy</td>
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<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of judiciary and anticorruption policy (Articles 83 and 91)</td>
<td>Approval of the policy framework for the role of the judiciary in the fight against corruption</td>
<td>1. KJI annual report published</td>
<td>KJI KJC KPC Courts, Prosecutions</td>
<td>Q4 2016</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1. Comprehensive analysis of the achievements and the need for restructuring the ACA, conducted</td>
<td>KACA</td>
<td>Q4 2016</td>
</tr>
</tbody>
</table>
| | | | 1. Law on ACA
2. Law on prevention of conflict of interest
3. Law on declaration, origin and control of property | |
| 3.24. | Implement SAA provisions in the area of judiciary and anticorruption policy (Articles 83 and 91) | Review the mandate of Anti-Corruption Agency | 1. Strategy for fight against corruption 2015-2020, developed and approved
2. Punitive policies (increasing the amount of the penalties for corruption offenses), amended
3. The information exchange system between authorities on the fight against corruption, created
4. Rapid Response Teams in the corruption cases on different tenders, created
5. Interinstitutional cooperation centres in the fight against corruption, created
6. The financial forensic service in the State Prosecutor's Office, created
7. Special Committee of 7 prosecutors to analyze the forms of solving corruption cases, created | KJC KPC | Q4 2016 |
| | | | 1. Strategy on Execution of Criminal Sanctions, adopted
2. Vocational training programs for prisoners according to EU standards, prepared | MoJ | Q4 2016 |
<table>
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<tr>
<th>3.24</th>
<th><strong>Fundamental Rights</strong></th>
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<tbody>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4)</td>
</tr>
<tr>
<td></td>
<td>OPM (OGG)</td>
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<td>Q1 2016</td>
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<td></td>
<td>Government Work Plan (2015-2018) APSAA 2015 Progress Report of the European Commission 2014 for Kosovo Law no. 05/L-019 on the Ombudsman (LAP), Law no. 05/L-020 on Gender Equality (LGE) and Law no. 05/L-021 on Protection from Discrimination</td>
</tr>
</tbody>
</table>

| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) |
|       | OPM (OGG)               |
|       | MEST                   |
|       | Q4 2016                 |
|       | Law no. 05/L-019 on the Ombudsman (LAP), Law no. 05/L-020 on Gender Equality (LGE) and Law no. 05/L-021 on Protection from Discrimination |

| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) |
| Prevention of domestic violence and promotion of gender equality | 1. National Strategy against Domestic Violence, approved 2. The Kosovo Program for Gender Equality, approved |
|       | MoJ OPM (AGE)           |
|       | Q1 2016                 |
|       | Law no. 05/L-020 on Gender Equality (LGE) and Law no. 05/L-021 on Protection from Discrimination |

<p>| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities |
| Improving the correctional institutions system | 1. Strategy for Execution of Criminal Sanctions, approved |
|       | MoJ                      |
|       | Q4 2016                 |
|       | Law no. 04/L-149 for the execution of |</p>
<table>
<thead>
<tr>
<th></th>
<th>Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4)</th>
<th>Improving the respect for property rights</th>
<th>1. National Strategy on Property Rights, approved</th>
<th>MoJ</th>
<th>Q4 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4)</td>
<td>Advancing policies to the on protection of of workers’ rights and social policies</td>
<td>1. Strategy on Social and Economic Council, approved</td>
<td>MLSW</td>
<td>Q4 2016</td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4)</td>
<td>Improving the level of security for communities</td>
<td>1. National Strategy for Community Safety 2016-2021, approved</td>
<td>MIA</td>
<td>Q4 2016</td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4)</td>
<td>Improve the implementation of the Law on the Use of Languages</td>
<td>1. Strategy for the Protection and Promotion of Language Rights, approved</td>
<td>OPM (Languages Commissioner)</td>
<td>Q1 2016</td>
</tr>
<tr>
<td>3.24.</td>
<td>Judicial System</td>
<td></td>
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<tr>
<td><strong>3.24.</strong></td>
<td>Implement SAA provisions in the area of judiciary (Article 83)</td>
<td>Ensuring continuous operation of KJC</td>
<td>1. The remaining KJC members, appointed</td>
<td>Assembly KJC</td>
<td>Q1 2016</td>
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<td><strong>3.24.</strong></td>
<td>Implement SAA provisions in the area of judiciary (Article 83)</td>
<td>Capacity building, evaluation and operation of courts and prosecutions</td>
<td>1. Increased number of prosecutors and judges 2. Vacant positions for judges and prosecutors belonging to minorities, filled 3. Selection criteria for minority judges and prosecutors, facilitated 4. Number of candidates who have passed the preparatory exam for judges and prosecutors 5. Number of specialized trainings for judges and prosecutors 6. Number of training for supporting staff 7. Number of associates and professional experts in courts and the prosecutions, increased 8. 50 professional collaborators to support the work of prosecutors throughout the prosecutorial system in Kosovo, engaged 9. Performance assessment of judges and prosecutors, implemented on time 10. Capacity building of KJC to monitor the implement their decisions 11. Capacity building of KPC to monitor the implementation of their decisions 12. Increased number of judges dealing with serious crimes</td>
<td>KJC KPC</td>
<td>Q4 2016</td>
</tr>
<tr>
<td><strong>3.24.</strong></td>
<td>Implement SAA provisions in the area of judiciary (Article 83)</td>
<td>Establishment of the office for management of licenses and court interpreters</td>
<td>1. Additional staff, recruited 2. Commission of office for management of licenses for court interpreters, established 3. The exam for interpreters, organized 4. Number of issued licenses</td>
<td>KJC</td>
<td>Q4 2016</td>
</tr>
<tr>
<td><strong>3.24.</strong></td>
<td>Implement SAA provisions in the area of judiciary (Article 83)</td>
<td>Making operational the division for disputes related to foreign investors within the Department for Economic Issues of the Basic Court in Pristina</td>
<td>1. Budget for making operational of the Division for disputes allocated 2. Additional staff, recruited 3. Number of completed cases</td>
<td>KJC</td>
<td>Q3 2016</td>
</tr>
<tr>
<td><strong>3.24.</strong></td>
<td>Implement SAA provisions in the area of judiciary (Article 83)</td>
<td>Making operational the division for disputes related to foreign investors within the Department for Economic Issues of the Basic Court in Pristina</td>
<td>1. Budget on making operational of the Division for disputes allocated 2. Additional staff, recruited 3. Number of completed cases</td>
<td>KPC</td>
<td>Q1 2016</td>
</tr>
<tr>
<td>Implement SAA provisions in the area of judiciary (Article 83)</td>
<td>Department for War Crimes within the SPRK</td>
<td>War Crimes Division, allocated 2. Three prosecutors, transferred 2. Number of solved war crime cases</td>
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<td>3.24.</td>
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<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of judiciary (Article 83)</td>
<td>Increasing the number and quality of human resources for DPO and Disciplinary Commission</td>
<td>1. Number of additional recruited staff 2. Number of trainings held</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>KJC</td>
<td>Q1 2016</td>
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<td></td>
<td>KPC KJC</td>
<td>Q4 2016</td>
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</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of judiciary (Article 83)</td>
<td>Reforming the institutional structures for capacity building in the justice system</td>
<td>1. KJI is transformed to the Justice Academy 2. Number of private enforcers, certified 3. Number of notaries, licensed 4. Number of bankruptcy administrators, certificated 5. Number of trainings for notaries, 6. Number of trainings for mediators 7. Number of training for private enforcers 8. Number of awareness raising campaigns for mediation</td>
<td></td>
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<td></td>
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<td>Assembly MoJ</td>
<td>Q4 2016</td>
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<td></td>
<td></td>
<td>KJC</td>
<td>Q3 2016</td>
<td>200,000.00</td>
</tr>
<tr>
<td>3.24.</td>
<td>Anticorruption Policy</td>
<td>Capacity building of the justice system to fight corruption 4.</td>
<td>Number of specialized trainings for the implementation of confiscation procedure 1. Number of prosecutors, trained 2. Number of police members, trained 3. Number of judges, trained 4. Number of officials for handling cases of conflict of interest, trained 5. Number of officers for handling cases of declaration of asset, trained 6. Number of officials for handling cases involving the monitoring of</td>
<td></td>
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<td></td>
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<td></td>
<td>KPC KJC</td>
<td>Q4 2016</td>
<td>120,000.00</td>
</tr>
</tbody>
</table>
| 3.24. | Implement SAA provisions in the area of judiciary and anticorruption policy (Articles 83 and 91) | Prioritization of high-level cases of organized crime and corruption | 1. Number of prosecutors, specialized in the criminal charges  
2. Number of identified cases of corruption in each prosecution  
3. Number of resolved corruption cases in each prosecution  
4. Number of resolved corruption cases in each court | KPC  
KJC  
KACA | Q4 2016 |
| 3.24. | **Fundamental Rights** | | | | |
| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) | Improving the system of correctional institutions and prevention of torture and ill-treatment in prisons | 1. 5 (five) additional officers, as part of National Preventive Mechanism against torture and other cruel, inhuman or degrading treatment, recruited | Ombudsperson | Q1 2016  
Ligi no. 05/L -019 on Ombudsperson |
| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) | Monitoring of discrimination cases and respect for the LBBTI community rights | 1. The monitoring group responsible for development of monitoring mechanism and its implementation, established | KP  
KPC  
KJI  
Ombudsperson | Q4 2016 |
| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) | Monitoring of gender-based violence cases | 1. Include gender-based violence in CMIS program | KP  
KPC | Q4 2016 |
| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) | Implementation of anti-discrimination legislation and investigation of cases of violation | 1. Right (8) officials in the Office for Protection against Discrimination (OMBUDSPERSON), recruited | Ombudsperson | Q4 2016  
Law no. 05/L -019 on Ombudsperson  
Law no. 05/L -021 on Protection from Discrimination |
| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) | Regulation of wartime sexual violence survivors | 1. The Commission for verification of victims of sexual violence during the war, established  
2. Number of victims who have been granted the status of wartime sexual violence victim, identified | President | Q4 2016  
Regulation on the process of recognition and verification of the status of sexual violence victim |
<table>
<thead>
<tr>
<th>3.24.</th>
<th>Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4)</th>
<th>Improving the institutional infrastructure in the area of free legal aid</th>
<th>1. Facilities for the regional AFLA offices in Gjakova and Ferizaj, ensured 2. Staff in regional AFLA offices in Gjakova and Ferizaj, employed 3. Budget for the functioning of the regional AFLA offices in Gjakova and Ferizaj, allocated</th>
<th>Free Legal Aid Agency MPA</th>
<th>Q4 2016</th>
<th>Law on Free Legal Aid</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4)</td>
<td>Awareness and information of citizens about their rights in case of violations of such rights in accordance with the new package of laws on human rights</td>
<td>officials at central and local level on legal package on human rights</td>
<td>MLGA KIPA</td>
<td>Q4 2016</td>
<td>Law no. 05/L-019 on the Ombudsman Law no. 05/L-020 on Gender Equality and Law no. 05/L-021 on Protection from Discrimination</td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4)</td>
<td>Promotion of equal opportunities and fight against discrimination</td>
<td>1. Number of trainings for education officials in the area of anti-discrimination 2. Number of trainings for Pupils and Parents Councils and community safety</td>
<td>MEST OPM</td>
<td>Q4 2016</td>
<td></td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4)</td>
<td>Promotion of equal opportunities and fight against discrimination</td>
<td>1. Number of trainings for police officers in the area of human rights, focusing anti-discrimination, provided</td>
<td>KP</td>
<td>Q4 2016</td>
<td></td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4)</td>
<td>Promotion of equal opportunities and fight against discrimination</td>
<td>1. Number of trainings for prosecutors and judges in the area of human rights, focusing on anti-discrimination, provided</td>
<td>KJI</td>
<td>Q4 2016</td>
<td></td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4)</td>
<td>Staff capacity building to implement the new mandates arising from the package of laws on human rights</td>
<td>1. Ombudsperson staff raining plan, drafted 2. Trainings of municipal officials on package of laws on Human Rights, held</td>
<td>Ombudsperson MLGA</td>
<td>Q4 2016</td>
<td>Law no. 05/L-019 on the Ombudsman (LAP), Law no. 05/L-020 on Gender Equality (LGE) and Law no. 05/L-021 on Protection from Discrimination</td>
</tr>
<tr>
<td>3.24.</td>
<td>Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4)</td>
<td>Improving the system of correctional institutions and enhancement of professional capacities of correctional service</td>
<td>1. Number of trainings of correctional institutions</td>
<td>MoJ</td>
<td>Q4 2016</td>
<td></td>
</tr>
</tbody>
</table>
| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) | Strengthening specialized resources network to improve the free legal aid | 1. Number of signed inter-institutional agreements  
2. Number of specialized training courses for the AFLA staff | Free Legal Aid Agency | Q4 2016 |
| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) | Institutional capacity building in the area of juvenile justice | 1. Correctional centre for juveniles in Lipjan, operational  
2. Number of trainings for prosecutors who deal with cases involving juveniles provided  
3. Number of juveniles subject to educational-corrective measures, treated  
4. Number of staff trained  
5. Number of staff recruited | KPC, KJI, MoJ | Q4 2016 |
| 3.24. | Personal Data Protection | Institutional capacity building in the area of personal data protection | 1. Number of recruited officers for personal data protection (in the remaining Municipalities) | NAPDP | Q4 2016 |
| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) | Institutional capacity building in the area of personal data protection | 1. Number of trainings on information technology for NAPDP officials  
2. Number of training for officials of personal data protection in the municipalities and number of beneficiaries | NAPDP | Q4 2016 |
| 3.24. | Implementation and enforcement | Institutional capacity building in the area of personal data protection | 1. Number of criminal judgments executed  
2. Number of civil judgments executed  
3. Nr. of resolved cases through mediation  
4. Nr. of inspections of the Commission for notary  
5. Number of resolved cases through mediation procedure  
6. Number of cases with guilty plea procedure and suspension  
7. Number of awareness campaigns and information of the public on mediation | KJC, MoJ, KPC | Q4 2016 |
| 3.24. | Judicial System | Ensure implementation of civil and criminal judgments and mechanisms for implementation of laws and decisions of the judiciary | 1. Number of criminal judgments executed  
2. Number of civil judgments executed  
3. Nr. of resolved cases through mediation  
4. Nr. of inspections of the Commission for notary  
5. Number of resolved cases through mediation procedure  
6. Number of cases with guilty plea procedure and suspension  
7. Number of awareness campaigns and information of the public on mediation | KJC, MoJ, KPC | Q4 2016 |
| 3.24. | Implement SAA provisions in the area of judiciary (Article 83) | Implementation of the strategy backlog reduction and use of alternative procedures | 1. Reduction of Number of inherited cases by 30%  
2. Raising awareness of the population on alternative ways of dispute resolution | KPC, KJC, MoJ | Q1 2016 |
| 3.24. | Anticorruption Policy | Ensure confiscation of unjustified property | 1. Number of seized assets  
2. The value of seized assets | KPC, MoJ (AMSCP) | Q4 2016 |
<p>| 3.24. | Implement SAA provisions in the area of judiciary and anticorruption policy (Articles 83 and 91) | Continuation of treatment of conflict of interest cases | 1. Number of cases of conflict of interest, treated 2. Number of cases of avoided conflict of interest, treated 3. Number of cases of conflict of interest, addressed | KACA | Q4 2016 | Law on Prevention of Conflicts of Interest Law on ACA, Rules of Procedure of ACA |
| 3.24. | Implement SAA provisions in the area of judiciary and anticorruption policy (Articles 83 and 91) | Handling cases of corruption in public procurement activities | 1. Number of activities monitored 2. Number of issued opinions | KACA | Q4 2016 | Law on Prevention of Conflicts of Interest Law on ACA, Rules of Procedure of ACA |
| 3.24. | Implement SAA provisions in the area of judiciary and anticorruption policy (Articles 83 and 91) | Ensure increased number of resolved corruption cases in Court | 1. Number of resolved cases of corruption in the court | KJC | Q4 2016 | |
| 3.24. | Implement SAA provisions in the area of judiciary and anticorruption policy (Articles 83 and 91) | Continuing the declaration of property by senior officials | 1. Number of declarations of property, published 2. Number of reported sanctions imposed for non declaring of property | KACA | Q4 2016 | |
| 3.24. | Implement SAA provisions in the area of judiciary and anticorruption policy (Articles 83 and 91) | Increasing the treatment of conflict of interest cases according to Criminal Code | 1. Number of criminal charges on conflict of interest and false declaration 2. Number of treated cases by Prosecutions of conflict of interest and false declaration on criminal offences | KACA, KPC | Q4 2016 | Criminal Code, Law on ACA, Rules of Procedure of ACA |
| 3.24. | Implement SAA provisions in the area of judiciary and anticorruption policy (Articles 83 and 91) | General awareness raising on the fight against corruption | 1. Number of awareness raising campaigns to present corruption | KACA | Q4 2016 | Strategy and action plan on anti corruption 2013-2017 |
| 3.24. | Implement SAA provisions in the area of judiciary and anticorruption policy (Articles 83 and 91) | Ensuring harmonization of statistics | 1. Tracking mechanism reports on cases of corruption and organized crime, regularly published | KPC | Q4 2016 | |
| 3.24. | Implement SAA provisions in the area of judiciary and anticorruption policy (Articles 83 and 91) | Providing the report on the latest developments of the top 50 most serious cases in judicial system | 1. Number of processed cases in the court 2. Number of solved cases | KPC | Q4 2016 | |</p>
<table>
<thead>
<tr>
<th>3.24.</th>
<th><strong>Fundamental Rights</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4)</td>
<td>Provide free legal aid to all citizens of Kosovo, regardless of ethnicity</td>
</tr>
<tr>
<td>Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4)</td>
<td>Advancing the protection and respect of children rights</td>
</tr>
<tr>
<td>Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4)</td>
<td>Implementation of the Law on Ombudsperson</td>
</tr>
<tr>
<td>Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4)</td>
<td>Protection of freedom of expression, media content monitoring</td>
</tr>
<tr>
<td>Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4)</td>
<td>The protection, monitoring and promotion of rights and fundamental freedoms by Ombudsperson</td>
</tr>
<tr>
<td>Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4)</td>
<td>Fighting corruption, smuggling, nepotism and discrimination in the prison system</td>
</tr>
</tbody>
</table>
| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) | Efficient solution and reduction of procedure duration before the Court and Prosecution, respecting Article 6 of the European Convention on Human Rights | Improved execution of judicial and administrative decisions in the area of property rights | Promotion and strengthening of human rights protection, including those of the LGBTI community | 4. Number of inspections of illegal benefits and privileges of prisoners 
5. Number of supervisory visits on the implementation of legislation by the central KCS Office 
6. Number of processed complaints by prisoners 
7. Constructed/renovated Detention Centers 
8. Number of identified illegal transfer cases | 1. Number of resolved cases by prosecutors through alternative procedures | KPC | Q4 2016 | KPA | Q4 2016 | MIA | KPC | KJC | Q4 2016 | Government Decision (05/161) on the Establishment of Advisory and Coordination Group at National Level on LGBT Rights Police handling cases of members of the LGBT community |
| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) | Ensure the freedom of expression and demonstration of results on cases of attacks against journalists | 1. Number of initiated investigations on cases of attacks and threats against journalists | MIA KPC IMC | Q4 2016 |
| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) | Implementation of the Law against domestic violence | 1. Number of investigated cases of domestic violence 2. Number of reported minority community victims assisted by the Helpline | MIA KPC | Q4 2016 |
| 3.24. **Protection of Minorities and Cultural Heritage** | | | | |
| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) | Prevention and prosecution of cases of theft and vandalism at cemeteries and religious buildings | 1. Number of investigations and prosecutions cases 2. Number of cases of executed judgments and decisions | MIA KPC KJC | Q4 2016 |
| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) | Providing the conditions for the return of internally displaced persons | 1. Database on displaced persons developed 2. Profiling of displaced persons within Kosovo, developed 3. Number of displaced persons returned and registered in the municipality 4. Number of reconstructed houses | MCR MLGA | Q4 2016 |
| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) | Supporting the projects for return, reintegration and community stabilization | 1. Number of projects supported | MCR | Q4 2016 |
| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) | Closing of collective centres in Strpce | 1.5 collective centres in the municipality of Strpce, closed | MCR | Q4 2016 |
| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) | Supporting the projects on employment of minority communities | 1. Number of employment projects supported and implemented 2. Number of minorities employed in public institutions | OPM (ORC) MPA | Q4 2016 |
| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) | Continued implementation of the Law on Use of Languages | 1. Number of issued recommendations by the Commissioner | Languages Commissioner (OPM) | Q4 2016 |
| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) | Improve the access of | 1. Number of enrolled minority | MEST | Q4 2016 |
| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) | Implementation of the Strategy and Action Plan for RAE communities and improving the level of civil registration for Roma, Ashkali and Egyptian communities | Number of persons from RAE community, registered | MLGA | Q4 2016 | Strategy on Integration of RAE communities | 1,416.00 | 1,416.00 |
| 3.24. | Implement SAA provisions in the area of fundamental rights and protection of minorities (Articles 3 and 4) | Implementation of the legislation on cultural heritage | Number of violations and illegal construction in protected sights | MLGA | Q4 2016 | Law on Cultural Heritage Law on Spatial Planning Law on Prizren Historic Center and Law on Hoxha e Madhe | 2,160.00 | 2,160.00 |
| 3.24. | Personal Data Protection | Implementation of the legal framework in the area of personal data protection | Number of inspections on the implementation of legal provisions on personal data protection | NAPDP | Q4 2016 | | 50,000.00 | 50,000.00 |
| 3.25. Acquis Chapter 24: Justice, Freedom and Security | Policy framework | | | | | | | |
| 3.25. | Border Management | Further improvement of the policy framework in the area of border management, in order to implement the provisions of the SAA and aligned legislation | Number of new and revised SOPs related to the work and operation of BMNC | MIA | Q4 2016 | | | |
| 3.25. | | | Number of new and revised SOPs for IBM, based in KDA, EU Blueprint, European standards and best practices | MIA | Q4 2016 | | | |
| 3.25. | | | Manual on border inspections by FVA, finalized | FVA | Q2 2016 | | | |
### 3.25. Documentation Security

No short-term measures are planned in this category of this chapter of the Programme.

### 3.25. Asylum

No short-term measures are planned in this category of this chapter of the Programme.

### 3.25. Migration

<table>
<thead>
<tr>
<th>Implement SAA Articles 85, 86, 87 and 88 in the area of migration</th>
<th>Further improvement of the policy framework on migration, with a view to implementing the provisions of the SAA and aligned legislation</th>
<th>1. Easy Migration profile, updated to 1. Q3 2016</th>
<th>1. MIA</th>
<th>1,620,000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2. Emergency Action Plan for the large inflows of migrants, drafted</td>
<td>2. Q2 2016</td>
<td>2. MIA</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Readmission and reintegration Operating Procedures of unaccompanied children, developed and approved</td>
<td>4. Q2 2016</td>
<td>4. MIA, MLSW</td>
</tr>
</tbody>
</table>

### 3.25. Fight against Money Laundering and Terrorist Financing

No short-term measures are planned in this category of this chapter of the Programme.

### 3.25. Fight against Narcotics

No short-term measures are planned in this category of this chapter of the Programme.

### 3.25. Fight against Organized Crime and Police Cooperation

<table>
<thead>
<tr>
<th>Implement SAA Article 91 in the area of fight against organized crime</th>
<th>Further improvement of the policy framework on fight against organized crime, in order to implement the SAA provisions and to aligned legislation</th>
<th>1. Joint manual on KPC/KP standardization procedure, drafted</th>
<th>1. Q1 2016</th>
<th>1. MIA</th>
<th>1,620,000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2. The agreement between the law enforcement agencies with the purpose to establish the IT Coordination Council which defines the priorities on the prevention of organized crime, signed</td>
<td>2. Q1 2016</td>
<td>2. KPC</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Forms of cooperation with Europol, defined (after the expiry of the mandate of EULEX)</td>
<td>5. Q2 2016</td>
<td>5. MIA, MFA</td>
<td></td>
</tr>
</tbody>
</table>

### 3.25. Fight against Terrorism

No short-term measures are planned in this category of this chapter of the Programme.

### 3.25. International Legal Cooperation in Criminal and Civil Matters

<table>
<thead>
<tr>
<th>Gradually transpose into national legislation the EU acquis on international legal cooperation in criminal and civil matters</th>
<th>Intensification of international legal cooperation and increase the capacities of DILC</th>
<th>1. Joint specialized training plan between law enforcement institutions, drafted</th>
<th>Q4 2016</th>
<th>MoJ</th>
<th></th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td>2. KJC</td>
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<td>KJC</td>
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<td>3. KPC</td>
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<td>KPC</td>
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<td>4. KJI</td>
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<td>KJI</td>
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</tbody>
</table>

### 3.25. Institutional reforms and capacity-building

No short-term measures are planned in this category of this chapter of the Programme.

### 3.25. Border Management

<table>
<thead>
<tr>
<th>Implement SAA Article 85 in the area of border management</th>
<th>Continue the institutional reforms and institutional capacity</th>
<th>1. Joint three-lateral centre Kosovo-Albania-Montenegro, established</th>
<th>1. Q1 2016</th>
<th>1. MIA</th>
<th>1,328,600.00</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2. BMS, KV, DC, KM, KFVA databases, established</td>
<td>2. Q4 2016</td>
<td>2. MIA</td>
<td>978,600.00</td>
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<td></td>
<td>350,000.00</td>
</tr>
<tr>
<td>3.25.</td>
<td>MIA</td>
<td>3. Q2 2016</td>
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<tr>
<td>3. Number of staff at the Joint Border Management centres with Macedonia and Albania for combating of organized crime and other issues of public safety, (promotion of staff)</td>
<td>MIA</td>
<td>Q2 2016</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>4. KBMC Training Program, drafted</td>
<td>MIA</td>
<td>Q3 2016</td>
<td></td>
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</tr>
<tr>
<td>5. Open Source Analyst in KBMC, recruited</td>
<td>MIA</td>
<td>Q3 2016</td>
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<tr>
<td>6. Qualified Intelligence analyst, recruited</td>
<td>MIA</td>
<td>Q4 2016</td>
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</tr>
<tr>
<td>7. Upgrading and standardization of CCTV and ANPR system under the KBMC development plan;</td>
<td>MIA</td>
<td>Q4 2016</td>
<td></td>
<td></td>
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<tr>
<td>8. FVA Unit for Risk Analysis and Evaluation, established</td>
<td>MIA</td>
<td>Q4 2016</td>
<td></td>
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<tr>
<td>9. Border Police training curriculum on basic, advanced and specialized trainings, developed and updated</td>
<td>MIA</td>
<td>Q4 2016</td>
<td></td>
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</tr>
<tr>
<td>10. Improvement of infrastructure and upgrading of equipment of KPC</td>
<td>MIA</td>
<td>Q4 2016</td>
<td></td>
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</tr>
<tr>
<td>11. Joint Interstate Integration Risk Analyses Model, created</td>
<td>MIA</td>
<td>Q4 2016</td>
<td></td>
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</tr>
<tr>
<td>12. Cooperation protocols governing the use of equipment of two or more authorities at border/transnational level, drafted</td>
<td>MIA</td>
<td>Q4 2016</td>
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</tbody>
</table>

### 3.25. Visas

No short-term measures are planned in this category of this chapter of the Programme.

### 3.25. Document Security

No short-term measures are planned in this category of this chapter of the Programme.

### 3.25. Asylum

Continue the institutional reforms and institutional capacity building in the area of asylum, in order to implement the SAA provisions and approximated legislation

<table>
<thead>
<tr>
<th>3.25.</th>
<th>MIA</th>
<th>3. Q2 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Number of specialized trainings for judges who deal with the examination of asylum cases and Number of participants</td>
<td>KJI, KJC</td>
<td>Q4 2016</td>
</tr>
<tr>
<td>2. Number of staff trainings on the identification and profiling of asylum seekers, especially those without identification documents, and Number of participants</td>
<td>MIA</td>
<td>Q4 2016</td>
</tr>
</tbody>
</table>

### 3.25. Migration

Continue the institutional reforms and institutional capacity building in the area of migration, in order to implement the SAA provisions and approximated legislation

<table>
<thead>
<tr>
<th>3.25.</th>
<th>MIA</th>
<th>3. Q2 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Completion of staff of Retention Centre of Foreigners</td>
<td>MIA</td>
<td>Q2 2016</td>
</tr>
<tr>
<td>2. Decision on the institutional mechanisms for integration of foreigners</td>
<td>MIA</td>
<td>Q3 2016</td>
</tr>
<tr>
<td>3. Additional DCAM database module on foreigners and interlink with relevant institutions, completed</td>
<td>MIA</td>
<td>Q3 2016</td>
</tr>
<tr>
<td>4. Number of staff trainings on integration of foreigners</td>
<td>MIA</td>
<td>Q4 2016</td>
</tr>
<tr>
<td>3.25.</td>
<td>Fight against Money Laundering and Terrorist Financing</td>
<td></td>
</tr>
<tr>
<td>------</td>
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</tr>
<tr>
<td>3.25.</td>
<td>Implement SAA Article 89 in the area of fight against money laundering and terrorist financing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Continue the institutional reforms and institutional capacity building in the area of money laundering and terrorist financing, in order to implement the SAA provisions and approximated legislation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. Number of specialized trainings for judges and prosecutors in the area of money laundering and financial crime and terrorist financing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Number of joint trainings of law enforcement agencies in the area of money laundering, financial crime and terrorist financing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. KJI, KJC, KPC</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. MIA, KP, FIU Customs (MF), KTA, KCB</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.Q4 2016</td>
<td></td>
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<td></td>
<td>2.Q4 2016</td>
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<td></td>
<td>2. 30,000</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>3.25.</th>
<th>Fight against Narcotics</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.25.</td>
<td>Implement SAA Article 90 in the area of fight against narcotics</td>
</tr>
<tr>
<td></td>
<td>Continue the institutional reforms and institutional capacity building in the area fight against drugs, in order to implement the SAA provisions and approximated legislation</td>
</tr>
<tr>
<td></td>
<td>1. Observatory of Drugs, established</td>
</tr>
<tr>
<td></td>
<td>2. National Coordinator for combating drugs, appointed</td>
</tr>
<tr>
<td></td>
<td>1. MIA</td>
</tr>
<tr>
<td></td>
<td>2. MIA</td>
</tr>
<tr>
<td></td>
<td>1. Q4 2016</td>
</tr>
<tr>
<td></td>
<td>2. Q2 2016</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3.25.</th>
<th>Fight against Organized Crime and Police Cooperation</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.25.</td>
<td>Implement SAA Article 91 in the area of fight against organized crime</td>
</tr>
<tr>
<td></td>
<td>Continue the institutional reforms and institutional capacity building in the area fight against organized crime, in order to implement the SAA provisions and approximated legislation</td>
</tr>
<tr>
<td></td>
<td>1. National Commissioner for overseeing the interception process by KJC, appointed</td>
</tr>
<tr>
<td></td>
<td>2. Number of specialized trainings on organized crime for judges and prosecutors</td>
</tr>
<tr>
<td></td>
<td>3. The necessary equipment and information technology to implement the covert investigation and observation measures, ensured</td>
</tr>
<tr>
<td></td>
<td>4. KPC liaison Unit (including space, relevant SOPs, necessary staff recruitment, staff training and information technology as part of implementation of the law on interception), established and operational</td>
</tr>
<tr>
<td></td>
<td>6. SOCTA report 2016 to 2018, drafted</td>
</tr>
<tr>
<td></td>
<td>1. KJC</td>
</tr>
<tr>
<td></td>
<td>2. KJI, KPC, KJC</td>
</tr>
<tr>
<td></td>
<td>3. MIA</td>
</tr>
<tr>
<td></td>
<td>4. KJC</td>
</tr>
<tr>
<td></td>
<td>6. MIA</td>
</tr>
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<td></td>
<td>Q4 2016</td>
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<td></td>
<td>3. Q4 2016</td>
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<td>3. 140,000.00</td>
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<td></td>
<td>6. 10,000.00</td>
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</table>

<table>
<thead>
<tr>
<th>3.25.</th>
<th>Fight against Terrorism</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.25.</td>
<td>No short-term measures are planned in this category of this chapter of the Programme.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3.25.</th>
<th>International Legal Cooperation in Criminal and Civil Matters</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.25.</td>
<td>No short-term measures are planned in this category of this chapter of the Programme.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3.25.</th>
<th>Border Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.25.</td>
<td>Implement SAA Article 85 in the area of border management</td>
</tr>
<tr>
<td></td>
<td>Ensure regular and systematic control of the state border, in accordance with the IBM concept, in order to implement the SAA provisions and</td>
</tr>
<tr>
<td></td>
<td>1. Number of new BCP defined</td>
</tr>
<tr>
<td></td>
<td>2. Number of front-line controls</td>
</tr>
<tr>
<td></td>
<td>3. Number of operational plans based on risk analysis reports</td>
</tr>
<tr>
<td></td>
<td>4. Number of profiles of people based on intelligence information and other information</td>
</tr>
<tr>
<td></td>
<td>1. MIA</td>
</tr>
<tr>
<td></td>
<td>2. MIA</td>
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<td></td>
<td>3. MIA</td>
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<tr>
<td></td>
<td>4. MIA</td>
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<td>5. MIA</td>
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<td>1. Q4 2016</td>
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<td>2. Q4 2016</td>
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<td>10,600,000.00</td>
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<td>10,600,000.00</td>
</tr>
<tr>
<td>3.25.</td>
<td><strong>Document Security</strong></td>
</tr>
<tr>
<td>3.25.</td>
<td><strong>Migration</strong></td>
</tr>
</tbody>
</table>
| 3.25. | Implement SAA Articles 85, 86, 87 and 88 in the area of migration | Enhance cooperation of the authorities in preventing and combating irregular migration | 1. Number of irregular migration cases investigated  
2. Number and criminal groups arrested for alleged irregular migration activities.  
3. Number of investigations and international operations on irregular migration cases.  
4. Number risk analysis reports in the framework of the fight against smuggling with migrants  
5. Number of profiles of people based on intelligence information and other information  
6. Number of Kosovar asylum seekers in Schengen countries and A5 (based on EUROSTAT)  
7. Awareness campaign on the prevention of irregular migration | 1. MIA  
2. MIA  
3. MIA  
4. MIA  
5. MIA  
6. MIA  
7. MEI | 1. Q4 2016  
2. Q4 2016  
3. Q4 2016  
4. Q4 2016  
5. Q4 2016  
6. Q4 2016  
7. Q4 2016 | 15,000.00 | 15,000.00 |

| 3.25. | Implement SAA Articles 85, 86, 87 and 88 in the area of migration | To ensure efficient procedure for treatment of foreigners staying illegally in Kosovo | 1. Number of foreigners equipped with a Residence Permit  
2. Number of foreigners staying illegally expelled from Kosovo  
3. Number of foreigners placed in the Detention Centre for Foreigners | 1. MIA  
2. MIA  
3. MIA | 1. Q4 2016  
2. Q4 2016  
3. Q4 2016 | |

| 3.25. | Fight against Money Laundering and Terrorist Financing | Demonstrate concrete results in the area of combating money laundering and terrorist financing | 1. Number of cases / reports on suspicious transactions, reviewed by the FIU  
2. Number of cases investigated for money laundering  
3. Number of cases investigated in connection with the terrorism financing  
4. Number of cases handled by the Prosecution  
5. Number of court decisions | 1. FIU  
2. KP, FIU  
3. KP  
4. KPC  
5. KJC, KPC | 1. Q4 2016  
2. Q4 2016  
3. Q4 2016  
4. Q4 2016  
5. Q4 2016 | |

| 3.25. | Fight against Narcotics | Demonstrate concrete results on fight against drugs | 1. The amount of drugs seized  
2. Number of drug cases investigated, including financial investigations  
4. Number of persons and criminal groups arrested in drug cases  
5. Number of information exchanged  
6. Number of international operations  
7. Number of cases handled by the prosecution | 1. MIA  
2. MIA  
4. MIA  
5. MIA  
6. MIA  
7. KPC | Q4 2016 | |
| 3.25. | **Implement SAA Article 92 in the area of fight against terrorism** | Demonstration of concrete results in the area of fight against terrorism | 1. Number of cases investigated 2. Number of persons detained by KP 3. Number of exchanged information 4. Number of cases handled by the Prosecution 5. Number of court decisions 6. Preparation and updating the list of terrorist groups 7. Number of awareness campaigns on prevention of terrorism (5 obligatory campaigns) | 1. MIA 2. MIA 3. MIA 4. KPC 5. KPC, KJC 6. MIA-KP 7. MIA |
| 3.25. | **International Legal Cooperation in Criminal and Civil Matters** | Intensification of international legal cooperation | 1. Number of processed cases in matters of international legal cooperation, including also with Republic of Serbia | MoJ | Q4 2016 |
### 3.26. Acquis Chapter 25: Science and Research
#### 3.26. Policy framework

<table>
<thead>
<tr>
<th>Implement SAA Article 107</th>
<th>Approval of the new strategic framework and implementing measures in the area of research and innovation</th>
<th>MEST Government</th>
<th>Q2 2016</th>
<th>Law no. 04/L-135 on scientific research</th>
<th>40,000.00</th>
<th>40,000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implement SAA Article 107</td>
<td>Strengthening capacities to increase participation in the EU Program Horizon 2020</td>
<td>MEST</td>
<td>Q4 2016</td>
<td>EU Framework Programme for Research and Innovation</td>
<td>62,000.00</td>
<td>62,000.00</td>
</tr>
</tbody>
</table>

#### 3.26. Institutional reforms and capacity-building

| Implement SAA Article 107 | 1. 10 experts as support to National Point, appointed; 2. Grants for application for Horizon 2020, approved; 3. Number of sessions and outreach activities; 4. Trainings for the National Contact Point, provided. | MEST | Q4 2016 | | | |

#### 3.26. Implementation and enforcement

No short-term measures are planned in this category of this chapter of the Programme.

### 3.27. Acquis Chapter 26: Education and Culture
#### 3.27. Policy framework

| Implement SAA Article 118 | Improving the strategic framework in education | MEST Government | Q4 2016 | 1. Law on higher Education 2. Strategic Plan for Education in Kosovo 2011-2016 3. Kosovo vision for skills 2020 4. UNICEF five-year program for education in Kosovo | 595,000.00 | 48,000.00 | 547,000.00 |
|--------------------------|--------------------------------------------------------------------------------------------------------|-----------------|--------|----------------------------------------|----------|----------|
| Implement SAA Article 108 | Developing the strategic framework in the area of cultural heritage | MCYS | Q4 2016 | 1. Law no. 02/L-88 on Cultural Heritage; 2. Programs Policy document of DTP | | | |

### 3.27. Institutional reforms and capacity-building
| 3.27. | Implement SAA Article 118 | Improving institutional capacity in pre-university and higher education | 1. State Examinations Agency established and staffed; 2. EPPRCM in school and municipal level, established; 3. Independent Students' Union of Kosovo, established; 4. The statutes of the Universities, revised. | MEST Government Assembly University Municipalities | Q4 2016 | 1. Law on Higher Education 2. AI 19/12 on the establishment and strengthening of teams for prevention and response dropout and non-registration in compulsory education. 3. AI for the establishment and functioning of the Students Union in Kosovo | | 3.27. | Implement SAA Article 118 | Technical capacity building for Inclusive Education | 1. 2 resource centres in Mitrovica and one in the Municipality of Pristina are equipped with information technology | MEST Municipalities | Q2 2016 | Information and Communication Technology for Education | 35,000.00 | 35,000.00 | 3.27. | Implement SAA Article 108 | Ensuring institutional development, development of innovation in the area of cultural heritage | Innovation in the fields of cultural heritage, developed. | MCYS | Q4 2016 | DCH Program policy document | | 3.27. | Implement SAA Article 108 | Further enhancement of expertise in the area of cultural heritage | Post-graduate training and courses in the area of cultural heritage, approved. | MCYS | Q4 2016 | DCH Program policy document | | 3.27. | Implementation and enforcement | Implementation of the action plan of inter-ministerial strategy for health promoting schools 2009-2018 | 1. Health promotion materials, developed; 2. Awareness raising activities in schools on health and environment, implemented. | MEST Municipalities Schools | Q4 2016 | 1. Inter-ministerial strategy for health promoting schools 2009-2018; 2. Kosovo Education Strategic Plan 2011-2016 | 10,000.00 | 10,000.00 |
| 3.27. | Implement SAA Article 118 | Harmonization of education programs with labour market needs | 1. Study on labour market needs, conducted; 2. Existing curricula, revised; 3. Instructional materials for grades 12 for competency centres in Ferizaj and Prizren drafted. | MEST | Q4 2016 | 1. Law no. 04/L-138 on Education and Vocational Training; 2. Kosovo Education Strategic Plan 2011-2016 | 60,000.00 | 40,000.00 | 20,000.00 |
| 3.27. | Implement SAA Article 118 | Increasing the level of attendance of children in preschool educational institutions and attendance of children with special needs | 1. Guidelines for teachers on evaluation of students with special learning needs, implemented; 2. The percentage of participation in pre-school institutions, increased; 3. Finalization and piloting of the core curriculum for preschool level; 4. The package of materials for parents information on the importance of education of children with special needs and explanation of the registration process, drafted. | MEST | Q4 2016 | 1. AI no. 07/2012 on professional assessment of children with special educational needs; 2. Law no. 04/L-032 on Pre-University Education; 3. New Curriculum Framework of Kosovo | 72,000.00 | 57,000.00 | 15,000.00 |
| 3.27. | Implement SAA Article 108 | Supporting youth policy focused on young entrepreneurs | 1. Supporting of around 30% of youth in start-up businesses as a last stages of supporting young entrepreneurs, functionalised 2. Financial support for Youth Action Councils and Youth Centres, secured | MCYS | Q4 2016 | Strategy and Action Plan for Youth 2013-2017 | 670,000.00 | 200,000.00 | 470,000.00 |
| 3.27. | Implement SAA Article 108 | Improving care and maintenance of cultural heritage | 1. Inventory system of cultural heritage, revised and supplemented; 2. Care and promotion of cultural heritage, improved; 3. Organization of three regional/international conferences on cultural heritage. | MCYS | Q4 2016 | 1. Law no. 02/L-88 on Cultural Heritage; 2. DCH Program Policy Document | 120,000.00 | 120,000.00 |
| 3.27. | Implement SAA Article 108 | Improving international cooperation in the area of culture | 1. International agreements on cultural cooperation, signed; 2. Participation in the EU Programme Creative Europe, enabled. | MCYS | Q4 2016 | 1. Law no. 02/L-88 on Cultural Heritage; 2. DCH Program Policy Document | 120,000.00 | 120,000.00 |

### 3.28. Acquis Chapter 27: Environment

#### 3.28. Policy framework

#### 3.28. Implement provisions of SAA

### Further development of

1. Action Plan on air quality, approved

### MESP

### Q4 2016

### Law no. 03/L-
<table>
<thead>
<tr>
<th>Implement provisions of SAA</th>
<th>Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</th>
<th>Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</th>
<th>policies on protection and improvement of air quality</th>
<th>2. Legislation for transposition of the Directive on industrial emissions, analyzed</th>
<th>3. The national plan on emission reduction (NPER), approved</th>
<th>MED MF MI MTI Operators</th>
<th>160 on air pollution protection Law no. 03/L-043 on prevention and pollution integrated control</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.28.</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Improving waste management system in Kosovo</td>
<td>1. The master plan for municipal waste management, drafted</td>
<td>MESP MED MLGA Association of Kosovo Municipalities NGO Publicly Owned Companies for Waste Management</td>
<td>Q2 2016</td>
<td>Law no. 04 / L-60 on Waste</td>
</tr>
<tr>
<td>3.28.</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Improving access, quality, financial sustainability of environmental performance of waste management sector</td>
<td>1. Evaluation and sector reform plan on solid waste management, prepared</td>
<td>2. A prefeasibility study of municipal waste landfill in Gjilan and Dragash, completed</td>
<td>MESP MED MLGA Association of Kosovo Municipalities NGO Publicly Owned Companies for Waste Management</td>
<td>Q2 2016</td>
</tr>
<tr>
<td>3.28.</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Improve policies on water protection from detrimental actions</td>
<td>1. The measures program on protection of water from detrimental actions, adopted</td>
<td></td>
<td>MESP MAFRD MED MIA Municipalities</td>
<td>Q2 2016</td>
</tr>
<tr>
<td>3.28.</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Improvement of policies for managing the national park &quot;Bjeshket e Nemuna&quot;</td>
<td>1. Spatial plan on national park &quot;Bjeshket e Nemuna&quot;, approved</td>
<td></td>
<td>MESP Assembly</td>
<td>Q1 2016</td>
</tr>
<tr>
<td>3.28.</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Improvement of policies on protection of nature values - biodiversity</td>
<td>1. Action Plan on Biodiversity 2016-2020, approved</td>
<td></td>
<td>MESP Government Assembly</td>
<td>Q3 2016</td>
</tr>
<tr>
<td>3.28.</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Improvement of strategic policies on non-wood forest products</td>
<td>1. Strategy on non-wood forest products 2015 to 2020, approved</td>
<td></td>
<td>MAFRD MESP MLGA Municipalities</td>
<td>Q3 2016</td>
</tr>
<tr>
<td>3.28.</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Improving policies on forestation of bare land</td>
<td>1. The national program for forestation of bare land 2016 to 2025, approved</td>
<td>MAFRD MESP MLGA Municipalities APP</td>
<td>Q4 2016</td>
<td>Law no. 03/L-025 on Environment Protection</td>
<td></td>
</tr>
<tr>
<td>3.28.</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Integration of risk reduction into development policies and plans</td>
<td>Strategy on disasters risk reduction, approved</td>
<td>MIA EMA MESP</td>
<td>Q2 2016</td>
<td>Strategy on disasters risk reduction</td>
<td></td>
</tr>
<tr>
<td>3.28.</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Improvement of policies on ecological tax collection with the aim to increase capital investments in environment</td>
<td>1. Mechanism for ecological tax collection, created</td>
<td>MESP MF</td>
<td>Q4 2016</td>
<td>Law no. 03/L-025 environment protection, Law no. 04/L-147 Kosovo Waters Article 77</td>
<td></td>
</tr>
<tr>
<td>3.28.</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Improvement of climate change policies</td>
<td>1. Action plan on climate change, approved</td>
<td>MESP MED MF MI</td>
<td>Q3 2016</td>
<td>Strategy on Climate Change 2014-2024</td>
<td></td>
</tr>
<tr>
<td>3.28.</td>
<td>Institutional reforms and capacity-building</td>
<td>Strengthening institutional capacities for implementation of legislation in the area of environment</td>
<td>1. Municipal environment officers are trained on environment legislation</td>
<td>MESP MEST Municipalities NGO</td>
<td>Q4 2016</td>
<td>Law no. 03/L-025 on environment protection</td>
<td>30,000.00</td>
</tr>
<tr>
<td>3.28.</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Training of central and local level inspectors on implementation of environment legislation</td>
<td>1. Number of workshops 2. Number of official trained</td>
<td>MESP Municipalities</td>
<td>Q4 2016</td>
<td>Law no. 03/L-025 on environment protection</td>
<td>5,000.00</td>
</tr>
<tr>
<td>3.28.</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Strengthening local administrative capacities on implementation of waste law</td>
<td>1. Number of workshops in municipalities on drafting municipal plans and waste regulations 2. Number of staff, trained</td>
<td>MESP Municipalities</td>
<td>Q4 2016</td>
<td>Law. 04/-L-60 on Waste</td>
<td>20,000.00</td>
</tr>
<tr>
<td>3.28.</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Making operational the forest information system</td>
<td>1. Integration of municipalities and other institutions of central level in forest information system</td>
<td>MAFRD MESP MLGA Municipalities APP</td>
<td>Q4 2016</td>
<td>Law no. 2003/3 on Kosovo Forests Law no. 02/L-</td>
<td>202,000.00</td>
</tr>
<tr>
<td>3.28.</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Institutional capacity building in water sector</td>
<td>1. Authority of river basin region, established and operational 2. Institute for water, established and operational</td>
<td>MESP MF MH Q1 2016</td>
<td>Law no. 03/L-025 on Environment Protection</td>
<td>328,000.00</td>
<td>328,000.00</td>
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<tr>
<td>3.28.</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Awareness raising of citizens on environment legislation</td>
<td>1. Environmental lectures with educational staff student of levels VI-IX in 25 schools</td>
<td>MESP MEST Municipalities NGO Q4 2016</td>
<td>Law no. 03/L-025 on Environment Protection</td>
<td>30,000.00</td>
<td>30,000.00</td>
</tr>
<tr>
<td>3.28.</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Improvement of air quality monitoring (control) system</td>
<td>1. Number of air emission measurements 2. Number of trained staff of MESP / DMM / KHMI</td>
<td>MESP Q4 2016</td>
<td>Law no. 03/L-160 on air pollution protection</td>
<td>260,319.00</td>
<td>260,319.00</td>
</tr>
<tr>
<td>3.28.</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Improvement of waste management system in Kosovo</td>
<td>1. Information system software on waste management, developed 2. Number of campaigns for public awareness on waste management system</td>
<td>MESP MED MLGA Association of Kosovo Municipalities NGO Publicly Owned Companies for Waste Management Q2 2016</td>
<td>Law no. 04/L-60 on Waste</td>
<td>1,089,800.00</td>
<td>1,089,800.00</td>
</tr>
<tr>
<td>3.28.</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Improvement of access, quality, financial sustainability of environment performance of waste management sector</td>
<td>1. Inventory for hazardous waste and assessment of state of play of hazardous waste, prepared</td>
<td>MESP MED MLGA Association of Kosovo Municipalities NGO Publicly Owned Companies for Waste Management Q2 2016</td>
<td>Law no. 04/L-60 on Waste</td>
<td>104,500.00</td>
<td>104,500.00</td>
</tr>
<tr>
<td>3.28.</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Determination of fees on compensation of water use, the discharge of water, gravel and concessions</td>
<td>1. Decisions on water usage charges issued 2. Decisions on water discharge payments issued 3. Decisions on gravels, issued 4. Decisions on concessions issued</td>
<td>MESP Municipalities Q1 2016</td>
<td>Law no. 04/L-147 on Kosovo Waters Government Annual Programme</td>
<td>18,000.00</td>
<td>18,000.00</td>
</tr>
<tr>
<td>3.28.</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Protection of water by observing ecological acceptable flow of water courses (rivers)</td>
<td>1. The criteria for acceptable ecological flow, defined</td>
<td>MESP MED MAFRD</td>
<td>Q1 2016</td>
<td>Law no. 04/L-147 on Kosovo Waters</td>
<td>28,000.00</td>
</tr>
<tr>
<td>3.28.</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Classification of surface and underground water quality</td>
<td>1. The criteria for the classification of surface water quality, defined 2. Surface water quality, specified 3. The criteria for the classification of underground water quality + A455so, defined 4. Underground water quality, defined</td>
<td>MESP MH KEPA RWC</td>
<td>Q1 2016</td>
<td>Law no. 04/L-147 on Kosovo Waters, Annual Government Programme – Legislative Strategy</td>
<td>56,000.00</td>
</tr>
<tr>
<td>3.28.</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Definition of cleaning water zones</td>
<td>1. The criteria and number of cleaning zones, defined</td>
<td>MESP MH KPHI KEPA</td>
<td>Q4 2016</td>
<td>Law no. 04/L-147 on Kosovo Waters, Annual Government Programme – Legislative Strategy</td>
<td>28,000.00</td>
</tr>
<tr>
<td>3.28.</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Inventory of species of plants, animals, natural habitat types and their cartographic presentation</td>
<td>1. The first phase of the preparation of inventory, finalized</td>
<td>MESP MAFRD</td>
<td>Q4 2016</td>
<td>Strategy and Action Plan on Biodiversity 2011-2020</td>
<td>534,330.00</td>
</tr>
<tr>
<td>3.28.</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Environmental education and awareness on the protection of nature (Botanical Garden)</td>
<td>1. Location selected 2. Preparation of implementation project</td>
<td>MESP MAFRD Prishtina Municipality University of Prishtina</td>
<td>Q4 2016</td>
<td>Strategy and Action Plan on Biodiversity 2011-2020</td>
<td>40,000.00</td>
</tr>
<tr>
<td>3.28.</td>
<td>Implement provisions of SAA Article 115 on environment, Article 116 on climate change and Article 117 on civil protection</td>
<td>Improvement of inter-institutional cooperation on climate change and functioning of the Council</td>
<td>1. Number of regular meetings of the council for climate changes 2. Reports prepared on Climate Change</td>
<td>MESP MAFRD MED MF</td>
<td>Q2 2016</td>
<td>Climate Change Strategy 2014-2024</td>
<td>30,000.00</td>
</tr>
</tbody>
</table>
### 3.29. Acquis Chapter 28: Consumer and Health Protection

#### 3.29. Policy framework

#### 3.29. Consumer Protection

2. Action Plan on implementation of the Consumer Protection Programme 2016-2020, drafted | MTI | Q1 2016 | Consumer Protection Programme 2016 – 2020 | 4,000.00 | 4,000.00 |
|-------------------------|---------------------------------------------------------------|---------------------------------|-----|--------|---------------------------------|---------|---------|
| Implement SAA Article 81 | Finalization of gaps analysis regarding the harmonization of domestic legislation with that of the EU in the area of Consumer Protection | 1. Incorporate the findings in amending the law on consumer protection deriving from first assessment  
2. The final findings of the assessment incorporated in the drafting of the law on consumer protection | MTI | Q2 2016 | Consumer Protection Programme 2016 – 2020 | 3,000.00 | 3,000.00 |
| Implement SAA Article 81 | Membership of the Department of Consumer Protection to international ICPE networks (International Consumer Protection and Enforcement Network) | 1. Submission of annual reports to ICPE Centre to inform about the work of the Department on Consumer Protection  
2. Participation of consumer protection officers in the workshops organized by ICPE with the purpose of preparing for membership  
3. Participation in the conference organized by ICPE, in which occasion the membership of Kosovo to ICPE is proposed.  
4. Full Membership of the Department for Consumer Protection to ICPE | MTI | Q4 2016 | Consumer Protection Programme 2016 – 2020 | 6,000.00 | 500.00 | 5,500.00 |

#### 3.29. Health Protection

3.29. No short-term measures are planned in this category of this chapter of the Programme.

#### 3.29. Institutional reforms and capacity-building

#### 3.29. Consumer Protection

| Implementation of SAA Article 21 | Institutional administrative capacity building of the Department for Consumer Protection with the aim to effectively receive complaints | 1. A training on communication techniques, handling customer complaints and on Consumer Protection in the area of Food, organized.  
2. Promotion of Vocational Training for the Association for Consumer Protection, organized.  
3. The remodelling of the website for Consumer Protection | MTI | Q3 2016 | Consumer Protection Programme 2016 – 2020 | 6,000.00 | 500.00 | 5,500.00 |

#### 3.29. Health Protection

3.29. Implement SAA Article 106 | Institutional Capacity Building for blood transfusion | Transfer of blood transfusion units from regional hospitals to the national centre of blood transfusion | MH | Q4 2016 | Law on blood transfusion | 30,000.00 | 30,000.00 |

3.29. Implement SAA Article 106 | Administrative capacity building for blood transfusion centres | 1. The appointment of the National Coordinator for Transplantation | MH | Q4 2016 | Law 04-L-192 on transplantatio | 31,164.00 | 31,164.00 |
| 2. Training of seven officials from the Blood Transfusion Centre for the management of quality services of blood transfusion. | n of tissues and cells |  |

| **3.29. Implementation and enforcement** |  |

<table>
<thead>
<tr>
<th><strong>3.29. Consumer Protection</strong></th>
<th>Improving the quality of service provision and awareness raising among consumers.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Two round tables on consumer protection on oil quality and services provided by gasoline pumps and the Electronic and Postal Services, organized</td>
<td></td>
<td>MTI Q4 2016 Consumer Protection Law Consumer Protection Program 7,000.00 7,000.00</td>
</tr>
<tr>
<td>2. Distribution of information leaflets in schools and streets.</td>
<td></td>
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<td>3. Short videos on consumer protection broadcasted through local TV channels.</td>
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<tr>
<td>4. Participation in direct radio broadcasts to communicate directly with consumers on issues related to consumer protection.</td>
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<tr>
<td>5. Awareness raising lectures on consumer protection organized in schools and universities in different cities throughout Kosovo.</td>
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<tr>
<td>6. Regular communication with customers through social networks (FB and Twitter) in respect to important issues related to consumer protection.</td>
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</tr>
</tbody>
</table>

| 3.29. Implement SAA Article 81 Receipt and review of complaints received from customers. |  |
| --- | --- | --- |
| 1. Number of complaints received |  | MTI Q4 2016 Consumer Protection Law Consumer Protection Program |
| 2. Number of complaints resolved showing the outcome of the resolution of complaints. |  |  |
| 3. Number of complaints unreviewed, and the reason why they have not been reviewed |  |  |

| 3.29. Implement SAA Article 81 Receipt and review of the complaints received from consumers about financial services |  |
| --- | --- | --- |
| Number of complaints received in relation to Financial Services |  | KCB Q4 2016 Consumer Protection Law Consumer Protection Program |
| 2. Number of complaints resolved by mentioning the areas of complaints examined and the outcome of settlement of complaints |  |  |
| 3. Number of complaints not reviewed, and the reason why they have not been reviewed |  |  |

| **3.29. Health Protection** | Implementation of the National Programme on Cancer Control in Kosovo 2014-2020 |  |
| 1. Number of oncology services, realized |  | MH Donors Q4 2016 National Program of Cancer Control in 23,000.00 23,000.00 |
| 2. Number of mammograms, realized |  |  |
### 3.29. Implement SAA Article 106

**Protection of the Health of Mother, Child and Reproductive Health**

1. Number of family planning activities, implemented
2. Number of effective perinatal care activities, implemented
3. Effective Perinatal Care training for 75 health workers, organized
4. Family planning training for 80 health workers, conducted
5. Training for youth on family planning for 100 participants, organized

| Donors | Q4 2016 | The strategy for maternal, child and reproductive health 2011-2015 | 145,000.00 | € 30,000.00 | 115,000.00 |

### 3.30. Acquis Chapter 29: Customs Union

#### 3.30. Policy framework

| Implement SAA Articles 17, 18, 19, 39, 48, 75, 93 and 104, and Protocol 3 | Improving the strategic framework | 1. Kosovo Customs Strategy 2015-2018 approved | KC | Q4 2016 | Annual Plan | 20,000.00 | 20,000.00 |

| Implement SAA Articles 17, 18, 19, 39, 48, 75, 93 and 104, and Protocol 3 | Improving the trainings planning framework | 1. Trainings plan based on the requirements of the relevant Departments and Section of KC, prepared |
2. The Framework of the Medium term Training Plan (2014 - 2016), and setting priorities focusing on capacity building in the field of trade facilitation, classification of goods, application of rules of origin and customs measures for protection of intellectual property, finalized |


#### 3.30. Institutional reforms and capacity-building
| 3.30. | Implement SAA Articles 17, 18, 19, 39, 48, 75, 93 and 104, and Protocol 3 | Administrative capacity building in the area of customs and inter-institutional and international cooperation | 1. The total number of training sessions held and Number of officers, trained 2. Capacity building for two additional customs officers in Origin Sector 3. Customs staff training for the correct application of rules of origin 4. Enhancement of the capacity to combat the informal economy, in the area of intellectual property protection 5. Tracking and updating the changes arising from the Convention PEM, SAA and FTA with Turkey, CEFTA 6. Number of joint customs operations with other local institutions such as KP, Prosecution, EU-LEX and other law enforcement stakeholders, increased 7. Actions and inter-institutional and international coordination for membership of KC to WCO and other international conventions 8. Number of facilities at border crossing points (BCP), improved | KC | Q4 2016 | Customs Strategic Plan 2015-2018, Action Plan 2016, PEM Convention, CEFTA Agreement | 50,000.00 | 50,000.00 |
| 3.30. | Implement SAA Articles 17, 18, 19, 39, 48, 75, 93 and 104, and Protocol 3 | Improving the current electronic system INES | 1. The current electronic system INES for registering and online application for protection of IPR with COPIS system, harmonized and functionalized 2. INES electronic system monitored | KC | Q4 2016 | Customs Strategic Plan 2015-2018, Action Plan 2016 Medium Term Framework Training Plan (2014-2016) | 5,000.00 | 5,000.00 |

### 3.31. Acquis Chapter 30: External Relations

This chapter only contains its narrative section, including short-term measures.

### 3.32. Acquis Chapter 31: Foreign, Security and Defence Policy

This chapter only contains its narrative section, including short-term measures.

### 3.33. Acquis Chapter 32: Financial Control

**Policy framework**
2. The annual report on the functioning of MOFK published  
3. The annual report on the functioning of IA system published | MF  
OPM  
OGA  
MPA  
MEI | Q4 2016 | LMPF and LIA | 4,600.00 | 4,600.00 |
<table>
<thead>
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</tr>
</thead>
<tbody>
<tr>
<td>3.33. Implement SAA Article 97</td>
<td>Updating of Corporate Development Strategy</td>
<td>1. OGA action plan revised</td>
<td>OGA</td>
<td>Q4 2016</td>
<td>Law on G and OGA</td>
<td></td>
</tr>
<tr>
<td>3.33. Institutional reforms and capacity-building</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| 3.33. Implement SAA Article 97 | Enhancement of managerial responsibility | 1. Council for overseeing the implementation of the CBPF Strategy as well as improvement of the internal control system is established  
2. Actual modified accounting and reporting presented  
3. The information published on the website of CBFP  
4. Number of actions implemented by the findings and recommendations of the external audit | MF  
Treasury  
Budget  
MPA  
MLGA  
OPM  
CHU | Q4 2016 | PIFC Strategy 2015-2019 | 11,500.00 | 1,500.00 | 10,000.00 |
| 3.33. Implement SAA Article 97 | Increasing of institutional and administrative capacities | 1. Records for risk management in 5 established BO  
2. Scheme for the training of chief financial officers developed  
3. IA certification scheme created  
4. Number of internal auditors licensed  
5. Number of participants and professional trainings in the area of MOFK -and IA | MF  
CHU/MF  
CHU/IA | Q4 2016 | PIFC Strategy 2015-2019 | 24,000.00 | 14,000.00 | 10,000.00 |
| 3.33. Implement SAA Article 97 | Increasing of institutional and administrative capacities | 1. Auditor general appointed  
2. Number of professional auditors increased  
3. Number of training sessions held  
4. Number of participants in trainings | OGA | Q4 2016 | NDS | 50,000.00 | 50,000.00 |
| 3.33. Implement SAA Article 97 | Advancing of information technology to develop institutional quality | 1. Software for a more effective audit installed and functional  
2. More efficient use of staff time using this software  
3. Reduced costs of using this software instead of paper  
4. Official premises used more efficiently  
5. The risk identified and registered in every phase  
6. Increased consistency of audits | OGA | Q4 2016 | NDS, Mission reports | 70,000.00 | 70,000.00 |
| 3.33. Implementation and enforcement | | | | | | |
| 3.33. Implement SAA Article 97 | Increasing the function of internal audit | 1. Number of internal audits planned and carried out, compared to the previous year, increased  
2. Number of IA implemented recommendations, compared to the previous year, increased | MFCHU/MFK  
CHU/AB | Q4 2016 | PIFC Strategy 2015-2019 | 3,200.00 | 3,200.00 |
| 3.33. Implement SAA Article 97 | Improving the quality | 1. Mandatory audits on regularity and | OGA | Q4 2016 | Law on GA | 2,350,000.00 | 2,000,000.00 | 350,000.00 |
|  | of mandatory audits on regularity and non-statutory Performance audits | non-statutory audits on performance in accordance with ISSAI completed 2. Growing number of non-statutory audits on performance and audits of IT 3. Annual Audit Report published | and OGA, NDS, Audit Work Plan |
|---|---|---|
| 3.34. Acquis Chapter 33: Financial and Budgetary Provisions | This chapter only contains its narrative section, including short-term measures. |
| 3.35. Acquis Chapter 34: Institutions | This programme does not cover this chapter at this stage of EU accession |
| 3.36. Acquis Chapter 35: Other issues | This programme does not cover this chapter at this stage of EU accession |
| 3.34. Acquis Chapter 33: Financial and budgetary provisions | TOTAL COST | 269,926,576.00 | 229,556,117.00 | 40,370,459.00 |