

Conclusions

The fourth meeting of the SAP Tracking Mechanism (STM) took place in Prishtina on 13 and 14 May 2004, for the first time in the presence of the EU Member States. This meeting was marked by the condemnation of the violent events that occurred in Kosovo in March 2004. UNMIK and the PISG reported on the measures undertaken in particular to bring those responsible to justice and to reconstruct the properties damaged or destroyed. The Commission welcomed the measures undertaken to address the consequences of the March events and stressed that they need to be sustained and bring concrete results.

The Commission underlined that the March events demonstrate the need to keep Kosovo firmly anchored in the Stabilisation and Association Process.

Follow-up of the Thessaloniki Agenda

The Commission presented the state of play of the implementation of the measures foreseen in Thessaloniki Agenda and recalled that the EU is committed to keeping Kosovo associated to the main EU initiatives in the region; encouraging Kosovo to participate in multilateral regional arrangements; granting access to new instrument such as TAIFEX, twinnings and Community programmes.

SAP Report and European Partnership

The Commission presented the main finding of the Kosovo section of the SAP annual Report and the main elements of the European Partnership for Kosovo. The Commission recalled that the overarching short-term priority of the Partnership is to make substantial progress in achieving the Kosovo standards. The Partnership includes also a number of complementary priorities (notably in the medium-term) that need to be addressed by Kosovo to make progress in its European perspective.

As regards the follow-up of the Partnership, the Commission recalled that authorities are invited to prepare an implementation plan specifying the details on how to address the European Partnership priorities, i.e. the concrete legislative and administrative measures, the authorities responsible for the adoption and implementation and the corresponding timetable, the financial implications and the funding sources. Due to the specific situation of Kosovo and the recent publication of the Kosovo Standards Implementation Plan (KSIP), the Commission clarified that the action plan for the implementation of the European Partnership should focus on the complementary priorities not covered by the KSIP. The Commission indicated that the monitoring tool established for the follow-up of the STM could be used for that purpose. The Commission invited UNMIK/PISG to discuss this issue at a more technical level. As regards the European Partnership priorities covered by the KSIP, this document will be used for the monitoring of the relevant priorities.

STM and its relation to Standards for Kosovo

Both sides stressed the mutually reinforcing role of the STM and the Kosovo Standards process. The Commission noted that many of the recommendations issued in the context of previous STM meetings were reflected in the KSIP that was published at the end of March 2004. The Commission stressed the importance of promoting the compatibility with the EU norms when implementing the Kosovo Standards and of keeping and reinforcing the administrative capacity in the area of STM.

As regards the KSIP, the Commission stands ready to continue its support to the implementation of the standards. To this aim, the Commission urged the PISG and UNMIK to proceed with an assessment of the costs related to the implementation of the measures foreseen in the KSIP. UNMIK indicated that all ministries have started identifying the needs related to the implementation of the Standards.

The Commission also asked for an update on how the Kosovo authorities intend to monitor the implementation of the Standards. The Government explained that the structure it has put in place relies on the co-ordination ensured by the Prime Minister Office, which has developed a matrix for following-up the KSIP, and on the Permanent secretaries in the various Ministries. UNMIK expressed its concern about the fact that, contrary to what had been decided when publishing the KSIP, some sections of the KSIP had not yet been revised in the light of the March events.

Economic development

Recalling the worrisome economic situation of Kosovo and the unsustainable path of its public finances, the Commission recalled the recommendations of the European Partnership's economic chapter and in particular urged the PISG, in close cooperation with UNMIK, to:

- prepare a medium term economic strategy, including a medium term expenditure framework consolidating budget and off-budget financing needs which needed to be pursued in close cooperation of all the parties involved and agreed with the IMF; the establishment of such a framework was a precondition for any additional donors' budget support.
- significantly improve the management of the budget which is now characterised by a surplus due to the current system of commitment appropriations and the lack of the investment.

Given the crucial reliance on the private sector to drive growth, the Commission further emphasized the urgency of speeding up the privatisation process, which needed the cooperation of all the parties involved to resolve outstanding impediments.

The PISG reported on the state of play in this area that has a crucial role in Kosovo socio-economic structure. The PISG underlined the unsustainable situation of the Kosovo agricultural sector which is not competitive with the products originating from the neighbouring areas due to: higher costs of production, lack of capital investments, and very difficult access to credit. The PISG indicated that in 2003 the Ministry of Agriculture completed a medium-term strategy for the rural sector, but the lack of an overall economic strategy is a handicap also for agriculture. The PISG stressed the need for proceeding with the land reform and protecting the agricultural land from illegal constructions. Although the Ministry benefits from international assistance and expertise, its administrative capacity needs to be significantly strengthened.

Recalling that agriculture and veterinary and phytosanitary matters are covered by European Partnership⁶, the Commission underlined the need for a coherent strategy for an agricultural sector that would be sustainable with regard to food supply, reasonable producer incomes and a stable rural community. It invited the ministry to identify policy priorities and key strengths, weaknesses, opportunities and threats (SWOT analysis). This discussion continued in later side-meetings.

There was discussion on the possibility of holding a technical follow-up meeting in Brussels.

Next meeting

The Commission proposed that next meeting of the STM could take place in September. The agenda of this meeting will be based on the European Partnership.

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penalty for order
of law on anti-bribery
35 Hope this issue will
be solved soon

⁶ Develop a regulatory framework and appropriate mechanisms to ensure food safety and improved phyto-sanitary controls in line with relevant EU standards, also to improve Kosovo's export opportunities. Develop a policy and a regulatory framework to support viable land reform. Support the protection of agricultural land against unplanned urban development.