



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

## **Input to the Progress Report**

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# Contents

LIST OF ABBREVIATIONS AND ACRONYMS .....	3
INTRODUCTION .....	6
<b>1. POLITICAL CRITERIA.....</b>	<b>7</b>
<b>1.1 DEMOCRACY AND RULE OF LAW.....</b>	<b>7</b>
1.1.1 <i>Institutions</i> .....	7
1.1.2 <i>Parliament / Elections</i> .....	7
1.1.3 <i>Public Administration</i> .....	7
1.1.4 <i>Judicial System</i> .....	8
1.1.5 <i>Anti-Corruption Policies</i> .....	9
<b>1.2 HUMAN RIGHTS AND MINORITY PROTECTION .....</b>	<b>10</b>
1.2.1 <i>Human rights and minority protection</i> .....	10
1.2.2 <i>Minority rights, cultural rights and minority protection</i> .....	11
<b>1.3 REGIONAL AFFAIRS AND INTERNATIONAL OBLIGATIONS.....</b>	<b>12</b>
<b>2. ECONOMIC CRITERIA .....</b>	<b>14</b>
<b>2.1. FUNCTIONING MARKET ECONOMY.....</b>	<b>14</b>
2.1.1. <i>Reporting on recent economic developments</i> .....	14
2.1.2. <i>Reporting on monetary and fiscal policies over the reporting period</i> .....	16
2.1.3. <i>Interaction of market forces</i> .....	17
2.1.4. <i>Financial sector</i> .....	18
<b>2.2. CAPACITY TO COPE WITH PRESSURE OF THE COMPETITION AND MARKET FORCES .....</b>	<b>19</b>
2.2.1. <i>Human and physical capital</i> .....	19
2.2.2. <i>Sectoral and enterprise structure</i> .....	20
2.2.3. <i>State influence on competition/competitiveness</i> .....	21
2.2.4. <i>Trade integration</i> .....	21
<b>3. EUROPEAN STANDARDS .....</b>	<b>23</b>
<b>3.1. INTERNAL MARKET .....</b>	<b>23</b>
3.1.1. <i>Free movement of goods</i> .....	23
3.1.2. <i>Free movement of Capital</i> .....	25
3.1.3. <i>Customs and Taxes</i> .....	25
a. <i>Customs</i> .....	25
b. <i>Taxation</i> .....	26
3.1.4. <i>Competition</i> .....	27
3.1.5. <i>Public Procurement</i> .....	27
3.1.6. <i>Intellectual Property Rights and Copyrights</i> .....	28
3.1.7. <i>Employment and social policies</i> .....	29
3.1.8. <i>Education and Research</i> .....	29
<b>3.2. SECTORAL POLICIES .....</b>	<b>30</b>
3.2.1. <i>Industry and SME's</i> .....	30
3.2.2 <i>Agriculture and fishery</i> .....	31
3.2.3 <i>Environment</i> .....	33
3.2.4. <i>Transport Policy</i> .....	34
3.2.5. <i>Energy, including Nuclear Safety</i> .....	36
3.2.6. <i>Information Society and Media</i> .....	37
3.2.7. <i>Financial Control</i> .....	38
3.2.8. <i>Statistics</i> .....	39
<b>3.3. JUSTICE, FREEDOM AND SECURITY.....</b>	<b>41</b>
3.3.1. <i>Visa, borders, asylum and migration</i> .....	41
3.3.2. <i>Money laundering</i> .....	41
3.3.3. <i>Police and fighting organized crime</i> .....	42
3.3.4. <i>Protection of personal data</i> .....	43

**ANNEX 1. LIST OF LAWS APPROVED BY THE ASSEMBLY OF KOSOVO FOR THE REPORTING PERIOD.....45**

**ANNEX 3: SECONDARY LEGISLATION WHICH IS APPROVED IN THE GOVERNMENT OF THE REPUBLIC OF KOSOVO FOR REPORTING PERIOD.....52**

**ANNEX IV - STRATEGIES AND ACTION PLANS WHICH ARE ADOPTED IN THE GOVERNMENT OF THE REPUBLIC OF KOSOVO FOR THE REPORTING PERIOD:.....54**

**ANNEX 5: APPROVED ADMINISTRATIVE INSTRUCTIONS DURING THE REPORTING PERIOD IN THE FIELD OF EDUCATION:.....54**

## LIST OF ABBREVIATIONS AND ACRONYMS

ACA	Anti-Corruption Agency
ACSAP	Anti-Corruption Strategy and Action Plan
AGE	Agency for Gender Equality
AI	Administrative Instruction
AIGK	Association of Independent Journalists of Kosovo
AMPM	Antemortum – Postmortum
CBK	Central Bank of Kosovo
CBP	Cross – border point
CCMP	Central Committee on Missing Persons
CEC	Central Election Commission
CECS	Central Election Commission Secretariat
CEFTA	Central European Free Trade Agreement
CLM	Child Labor Monitoring
CMIS	Case Management Information System
CPC	Corruption Prevention Committee
CPI	Consumer Price Index
DCSA	Department of Civil Service Administration
DMPAR	Department for Management of Public Administration Reform
EC	European Commission
ECAA	European Common Aviation Area
EPAP	European Partnership Action Plan
ERO	Energy Regulatory Office
ESPSM	Electronic System for Pharmaceutical Stock Management
ETF	European Training Foundation
EU	European Union
EULEX	European Union Rule of Law Mission in Kosovo
FADN	Farm Accountancy Data Network
FIU	Financial Intelligence Unit
FMC	Financial Management Control
FMN	International Monetary Fund
FVA	Food and Veterinary Agency
GDDS	General Data Dissemination Standard
GDP	Gross Domestic Product
GGO	Good Governance Office
GPC	Government Privatization Committee
HHI	Herfindalh – Hirschman Index
HIS	Health Information System
IBM	Integrated Border Management
ICMM	Independent Commission for Mines and Minerals
ICP	Institute of Construction Products
IDP	Internally Displaced Persons
IFS	International Financial Institutions
IJPC	Independent Judicial and Prosecutorial Committee
IJPC	Independent Judicial and Prosecutorial Council
ILCD	International Legal Cooperation Division
ILEP	Initial Legal Education Program
IMCPAR	Inter-ministerial Commission for Public Administration Reform
IMGD	Inter-ministerial Group on Decentralization
IOD	Intellectual Property Department
IOM	International Organization for Migration
IOO	Industrial Ownership Office

IPA	Instrument for Pre-accession Assistance
IPAK	Investment Promotion Agency of Kosovo
KACC	Kosovo American Chamber of Commerce
KAD	Kosovo Accreditation Directorate
KBA	Kosovo Business Alliance
KBRA	Kosovo Business Registration Agency
KC	Kosovo Customs
KCC	Kosovo Chamber of Commerce
KCDSEE	Kosovo Company for Distribution and Supply of Electric Energy
KCF	Kosovo Curriculum Framework
KCS	Kosovo Correctional Service
KEK	Kosovo Energy Corporation
KESP	Kosovo Education Strategic Plan
KFA	Kosovo Forest Agency
KGAWP	Kosovo Government Annual Work Plan
KIPA	Kosovo Institute of Public Administration
KJC	Kosovo Judicial Council
KJI	Kosovo Judicial Institute
KOSTT	Electricity Transmission System and Market Operator of Kosovo
KP	Kosovo Police
KPC	Kosovo Procurement Council
KPS	Kosovo Police Service
KSA	Kosovo Standards Agency
LM	Line Ministries
MA	Municipal Assembly
MAFRD	Ministry of Agriculture, Forestry and Rural Development
MCR	Ministry for Communities and Return
MCYS	Ministry of Culture, Youth and Sport
MED	Ministry of Economic Development
MEI	Ministry of European Integration
MESP	Ministry of Environment and Spatial Planning
MEST	Ministry of Education, Science and Technology
MF	Ministry of Finance
MFA	Ministry of Foreign Affairs
MH	Ministry of Health
MHRU	Municipal Human Rights Units
MI	Ministry of Infrastructure
MIA	Ministry of Internal Affairs
MKSF	Ministry for the Kosovo Security Force
MLPA	Ministry of Local Power Administration
MLSW	Ministry of Labor and Social Welfare
MJ	Ministry of Justice
MU	Memorandum of Understanding
MPA	Ministry of Public Administration
MTI	Ministry of Trade and Industry
NGO	Non-Governmental Organizations
NQA	National Qualifications Authority
OAG	Office of Auditor General
OCA	Office for Community Affairs
OCR	Office for Communities and Return
OLEP	Ongoing Legal Education Program
OPM	Prime Minister's Office
OSCE	Organization for Security and Cooperation in Europe

PAK	Privatization Agency of Kosovo
PAR	Public Administration Reform
PIA	Prishtina International Airport
POE	Publicly Owned Enterprise
PPA	Public Procurement Agency
PPRC	Public Procurement Regulatory Commission
PRB	Procurement Review Body
PTK	Post and Telecomm of Kosovo
QMS	Quality Monitoring System
RAE	Roma, Ashkali and Egyptians
RTK	Kosovo Radio and Television
SCAAK	Society of Certified Accountants and Auditors of Kosovo
SEB	Standard Evaluation Body
SEECCEL	South East European Centre for Entrepreneurial Learning
SME	Small and Medium Enterprises
SMESA	Small and Medium Enterprise Support Agency
SMP	Staff Monitored Program
SOE	Socially Owned Enterprise
SOK	Statistical Office of Kosovo
SOP	Standard Operation Procedures
SPO	State Prosecution Office
TAIEX	Technical Assistance and Information Exchange
TAK	Tax Administration of Kosovo
TBP	Tam/Bas Project
TRA	Telecommunication Regulatory Authority
UNDP	United Nations Development Program
UNHCR	Office of the United Nations High Commissioner for Refugees
USAID	United States Agency for International Development
VAPU	Victim Assistance and Protection Unit
VAT	Value Added Tax
VET	Vocational and Education Training
VTC	Vocational Training Centre
WB	World Bank
WG	Working Group
WWRO	Water and Waste Regulatory Office

## INTRODUCTION

The report contains key developments in Kosovo as of 1st of September 2012 until 31st of April 2013. Government of the Republic of Kosovo expressed its readiness to submit data for this period to the Progress Report which is expected to be published in autumn this year.

Data presented in this report focus on the progress made towards:

- implementation of reforms;
- development of legislative and administrative capacities;
- identified challenges in European Commission Feasibility Study on SAA between Kosovo and EU 2012, Progress Report 2011 and Stabilization and Association Process Dialogue meetings conclusions 2012;
- implementation of short-term and mid-term priorities, through SAAAP;

Data structure corresponds to European Commission Progress Report by providing information in three following fields: Political Criteria, Economic Criteria and European Standards.

# **1. POLITICAL CRITERIA**

## **1.1 DEMOCRACY AND RULE OF LAW**

### **1.1.1 Institutions**

In order to further improve the strategic planning and policy coordination, on 5 April 2013 the Government of the Republic of Kosovo adopted the Declaration of Medium-Term Policy Priorities 2014-2016. This Document was drafted in compliance with the Macro-fiscal Framework 2014-2016 issued by the Ministry of Finance. Moreover, the 2013 Government Annual Work Plan was harmonized with the 2013 Annual Budget.

With regard to the decentralization process of the municipality of Northern Mitrovica, the MLGA in cooperation with Mitrovica North Administrative Office (MNAO) has drafted the 2013 Action Plan for Functionalizing the MNAO.

In light of addressing the short term benchmark on ensuring budgetary independence of the Ombudsperson, on 13 December 2012 the Assembly approved the budget proposal of the Ombudsperson. The budget for the Ombudsperson for 2013 has increased from last year's €636,000 to just above €1 million. This allows an increase of staff from 48 to 60 employees.

### **1.1.2 Parliament/ Elections**

Leaders of main political parties have agreed upon Kosovo being a single electoral district and the duration of the election campaign be shortened from one month to 15 days. Recommendations of the EC experts will be taken into account and included in the Law on Elections. However, there are pending issues that have not yet been resolved, such as the voter's list, electoral threshold and conditional voting, which are consequently prolonging the electoral reform process.

With regard to electoral fraud, Basic Prosecution Offices of the Republic of Kosovo have issued a total of 232 indictments for electoral fraud against 1456 persons.

The Central Election Commission (CEC), in cooperation with IFES, is in the process of preparing an awareness raising strategy on implications following electoral fraud.

On 9 April 2013, new CEO of CEC has been elected.

### **1.1.3 Public Administration**

With regard to advancement in the field of public administration reform, on 7 December 2012 the Government of the Republic of Kosovo adopted Regulation no. 30/2012 on conditions for restrictions on the right to strike in specific services in civil service, Regulation no. 31/2012 for care procedures for civil servants due to physical or mental disability or health problems. Whereas, on 9 December 2012, the Government adopted Regulation no. 33/2012 on allowances in salaries and other compensations for civil servants.

With a view to implementing legal framework on civil service, the Government has adopted the regulations on internal organisational structures of the following institutions:

- Ministry of Trade and Industry (07 December 2012 based on decision 12/107)
- Ministry of European Integration (14 December 2012 based on decision no. 07/108)
- Ministry of Communities and Return (26 December 2013 based on decision no. 09/110)
- Ministry of Local Government Administration (30 January 2013 based on decision 03/114)



- Ministry of Foreign Affairs (30 January 2013 based on decision no. 04/114)
- Market Inspection (27 March 2013 based on decision no. 06/121)

During February 2013, KIPA in cooperation with GIZ and Ministry of European Integration has organised training courses on capacity building for 41 officials, on the subject of approximation of legislation with the *acquis communautaire*.

#### 1.1.4 Judicial System

With a view to completing the legal framework of the judiciary, the Kosovo Assembly adopted the Law no. 04/L-139 on Enforcement Procedure on 20 December 2012, while on 8 March 2012 the Assembly adopted the Law no. 04/L-140 on Extended Powers for Confiscation of Assets acquired by Criminal Offense. Moreover, the MoJ has adopted the AI no.02/2013 on the programme and manner of passing the examination for private enforcement agents.

In order to implement the legal framework of the reform package laws of the judiciary, KJC and KPC have taken all necessary steps to ensure smooth and efficient transition to the new restructured system. Both KJC and KPC, in December 2012/January 2013, approved the new organisational structures for the judiciary and the prosecution, and nominated judges and prosecutors for all basic and appeals courts as well as for basic and appellate prosecution offices. Nominated judges and prosecutors with their support staff have been transferred to basic and appeals court and prosecutor's offices. With the aim of reducing the backlog of cases, on 8 April 2013, the KJC issued a decision for establishing a commission for reviewing the strategy for reducing the backlog of cases.

In February 2013, KPC adopted the annual report of Kosovo prosecutors. As regards the process of appointment for judges and prosecutors, in December 2012 the KPC appointed 22 new prosecutors, of which 6 prosecutors belong to minority communities. With the purpose of encouraging minority communities to apply for vacant positions for prosecutors the KPC has organised information campaigns. Such campaigns were launched on 14 February 2014 and were held in Gracanica, Fushe Kosova, Obiliq, Lipjan, Novoberd, Ranillug, Partesh, Klllokot, Viti, Gjilan, Kamenica, Peja, Istog, Klina, Mamusha, Prizren. The campaigns will continue until June 2013.

Moreover the KPC is in the process of recruiting 43 support staff positions for prosecutors. In support to the SPRK and in order to further strengthen the cooperation with EULEX, the KPC has issued a decision for initiating procedures for transferring five prosecutors to the SPRK. This transfer will be carried out by June 2013. In order to further strengthen their capacities, the KJC has recruited 46 support staff for all levels of the judiciary.

As regards disciplinary measures for prosecutors, KPC treated 16 disciplinary cases during the reporting period, issuing 12 decisions: three reprimands, five suspensions, one refusal report, two decisions for lowering the wage by 50% for a six-month period, and one decision for lowering the wage by 50% for a three-month period. On the other hand, the KJC held five hearing sessions reviewing 11 reports. For the reporting period, the KJC suspended temporarily a judge suspected of a criminal offense.

In order to increase the security for judges and prosecutors, the KPC has established a working group for drafting SOPs for close protection. These SOPs will be approved by the end of June 2013.

With a view to further strengthening the cooperation with EULEX in the area of the rule of law, on 9 November 2012, the MoJ on behalf of the Kosovo Government signed the Compact Agreement with EULEX. Moreover, the MoJ invited EULEX to monitor the election process for appointment of senior officials in Kosovo Correctional Service, respectively for appointment of 3 directors, and 6 deputy directors. In this light, the KPC has extended an invitation to EULEX for monitoring the second wave of appointments for prosecutors.

As regards the international judicial cooperation, in November 2012 the following agreements with Albania were ratified: on extradition, deportation of convicted persons, mutual cooperation on criminal matters. During the reporting period, the Ministry of Justice has processed a total of 3992 requests, such as rogatory requests, verification of authenticity of documents, transfer of judicial procedure, recognition and execution of foreign decisions and extradition requests. Moreover, the Department for International Legal Cooperation is in the final stage of functionalizing its database, while two safe vaults for safeguarding confidential files were acquired. With a view to further strengthening the capacities of the department, training sessions have been organised on the subject of fighting terrorism, mutual legal assistance and on international cooperation in civil matters.

The AMCSA, in accordance to its mandate, has intensified its activities for implementing decisions issued by competent authorities for confiscation of assets. During the reporting period, the AMCSA has realized proceeds in the amount of €85,451.94.

With a view to further enhancing the capacities of the judiciary, during the reporting period, KJI provided specialized trainings for judges and prosecutors on issues of war crimes, professional ethics and case management. 20 judges and 6 prosecutors attended these training sessions. Other trainings provided by KJI are as follows:

Table 1. Trainings provided by KJI

Topics	Judges	Prosecutors	Other	Total
Judicial and professional ethics	11	1	0	12
Legal writing	25	0	0	25
Case management	4	5	0	9
Court management	20	0	23	43
Skills for court proceeding	29	4	11	44
Pleading guilt	14	9	1	24
Total	103	19	35	157

### 1.1.5 Anti-Corruption Policies

With the aim of completing the legal framework in the area of anti-corruption, on 11 February 2013 the Assembly adopted the Law no.04/L-140 on Extended Powers for Confiscation of Assets acquired by Criminal Offense, as well as the Strategy and Action Plan on Anti-corruption. Moreover, the ACA submitted its annual report to the Assembly.

On November 2012, the KPC adopted the Strategy on Inter-institutional Cooperation of Law Enforcement Agencies in the area of the fight against organised crime and corruption.

With regard to the implementation of the laws on anti-corruption, the ACA has processed 131 cases related to conflict of interest. Out of this number, 90 cases have resolved the conflict of interest, 25 cases were found with no basis on conflict of interest, 2 cases are under investigation, in 2 cases a discharge procedure has been initiated, on 4 cases legal opinions were issued while 8 other cases are still under procedure. In relation to declaration of assets, the ACA has initiated 308 offense procedures against senior officials who failed to declare their assets as provisioned by law. ACA has also initiated procedures to investigate possible false declaration of assets.

With a view to strengthening the capacities of judges and prosecutors in issues related to corruption, the KJI has organised specialized trainings on fight against organised crime and corruption for 83 judges, prosecutors, police officers and officials from ACA, Office of the Auditor General and Regulatory Commission for Public Procurement.

## 1.2 HUMAN RIGHTS AND MINORITY PROTECTION

### 1.2.1 Human rights and minority protection

With the aim of addressing the criterion on criminal liability of the media on protection of journalistic sources, the Criminal Code was amended during the reporting period. The amended Criminal Code, which was approved on 19 October 2012 and decreed on 2 November 2012, was rid of Articles 37, 38 and 39, which stipulate criminal liability of the media and protection of journalistic sources.

As far as the implementation of the Law against Domestic Violence is concerned, the three following sublegal acts were approved during the reporting period:

- AI on the treatment of domestic violence offenders under the influence alcoholic-psychotropic substances,
- AI on the psychosocial treatment of domestic violence offenders, and
- SOP on synchronized investigative procedures between institutions involved in the fight against domestic violence

With regard to the implementation of the Law on Hoqa e Madhe and Law on Historical Center of Prizren, the following were approved:

- AI on the establishment of the Implementation and Monitoring Board, approved on 12 February 2013,
- Proposal on the establishment of the Council for Hoqa e Madhe, adopted by the Rahovec Municipal Assembly on 28 February 2013,
- Decision on the establishment of the Office of the Historical Center of Prizren, adopted by the Prizren Municipal Assembly on 21 February 2013

As regards institution building, the Coordinator for Property Rights was accommodated in the OPM's facility and an expert in this field was engaged in March 2013.

In the area of missing persons, the OPM submitted a request at the National Agency of Archives for three cases pertaining to requests received from Belgrade.

Furthermore, as part of preventing and fighting corruption and potential abuse of authority of the staff, the KCS reviewed 12 cases involving misconduct of the KCS staff, of which four (4) were transferred to another workplace, four (4) others received a termination notice and the last four (4) received a written warning for misconduct.

The Kosovo Correctional Service (KCS) drafted a Training Plan for 2013 and held five (5) trainings for 30 KCS inspectors, focusing on properly assisting cases with addiction and strengthening of KCS staff capacities.

In order to further strengthen the capacities of judges and prosecutors on human rights issues, KJI has organised trainings for 28 judges and 4 prosecutors on the European Convention of Human Rights.

With a view to strengthening the capacities and enhancing the performance of labour inspectors, the Labour Inspectorate within the MLSW organised the following trainings:

Table 2: Statistics on trainings held for labour inspectors:

Topics of trainings	No. of inspectors trained
Safety and health at work	25
Prevention of dangerous and violent form of child labour	17
Fight against trafficking in human beings	14

Source: Ministry of Labour and Social Welfare

Table 3: Statistics on disputes related to evictions:

Status of cases	No. of cases
Inherited	82
Received	29
Solved	47
Unsolved	64

Source: Kosovo Judicial Council

Table 4: Statistics of Kosovo courts pertaining to domestic violence:

Status of cases	No. of cases
Inherited	338
Received	258
Solved	226
Unsolved	370

Source: Kosovo Judicial Council

## 1.2.2 Minority rights, cultural rights and minority protection

In the area of respect for and protection of minority rights, an AI on the establishment of the Implementation and Monitoring Council was approved on 12 February 2013, which led to the establishment of the council, made up of five (5) members representing MESP, MCYS, EC Office, OSCE and SOC.

With a view to functionalizing the Office of the Language Commissioner, the Language Commissioner was appointed on 19 December 2012 and assumed responsibility as of January 2013. In addition, the facility and necessary budget for the operation of this office were allocated during the reporting period.

Moreover, a TV channel broadcasting in Serbian language was established within the public broadcaster (RTK) and will start broadcast in May 2013.

Table 5: Budget allocated for the implementation of the strategy and action plan, as well as the 40 recommendations for RAE communities:

Institution	Budget in (€)
Ministry of Health	55,000
Ministry of Local Government Administration	18,000
Ministry of Culture, Youth and Sports	87,216
Ministry of Economic Development	5,000

Source: Prime Minister's Office

As regards alleged ethnically and religiously motivated crimes, the State Prosecutor pressed criminal charges against four (4) persons, whereas the Kosovo Police reported on 17 such investigations.

Table 6: Kosovo Courts' statistics on ethnically and religiously motivated crimes

Status of cases	Nr of cases
Inherited	4
Received	0
Solved	2
Unsolved	2

Source: Kosovo Judicial Council

Regarding the inclusion of minority communities in the Public Administration, the MPA's periodic report notes that minorities make up 10.29% of the total number of employees.

As regards the access to education and decrease of dropout rate among the pupils of the RAE communities, the total number of pupils enrolled in primary and secondary schools for the academic year 2012/2013 is: 1,996 Roma, 1,196 Egyptians and 4,068 Ashkali, whereas 89 pupils have returned to schools.

During the reporting period, the MCR supported the construction of 52 houses for the returnees. The overall number of returnees in 2012 was 422.

Table 7: Infrastructural projects implemented by the MCR during the reporting period:

Projects	Cost in (€)
Construction of a boulevard in the old city centre of the municipality of Shtërpce	42,399.73
Construction of a soccer field and an annex facility in the village of Firaja, Shtërpce municipality	70,000.00
Renovation of two bridges in the village of Verbeshtica, Shtërpce municipality	9,567.90
Installment of water pipes in Bollovan neighborhood, Shtërpce municipality	9,668.00
Construction of a basketball court, Shtërpce municipality	9,503.04
Supply of four city parks with playground equipment, Shtërpce municipality	9,798.00
Reconstruction of the city square, Shtërpce Municipality	9,790.00
Supply with electrical and lighting material for the villages of Opterush and Zoqishte, Rahovec municipality	10,000.00
Supply with gravel for reconstruction of roads in the village of Zoqishte, Rahovec municipality	10,000.00
Construction of a sports hall in the municipality of Shtërpce	500,000.00

Source: Ministry of Communities and Return

Table 8: Projects implemented by the MCR as part of the communities' return and reintegration:

Projects	Cost in (€)
Support of 18 projects of NGOs	117,201.00
Supply of 121 families with construction material	378,000.00
Distribution of hygiene & food packages to the returned families and those in dire financial straits	9,666.90
Distribution of firewood to the returned families and those in dire financial straits	6,993.91

Source: Ministry of Communities and Return

Through its "Stabilization and Reintegration of Communities" project, which aims at supporting individual Start-Up businesses (small and family businesses), the MCR supplied 29 beneficiaries from Klina, Prizren, Shtërpce, Istog and Rahovec with necessary work tools. In addition, 143 projects were approved and are under implementation as part of the "EC Programme for Community Stabilization" (IPA 2011).

### 1.3 REGIONAL AFFAIRS AND INTERNATIONAL OBLIGATIONS

To further improve the legal and institutional framework as well as policies relevant to regional cooperation, in October 2012 a consensus was reached in order to revise the statute of RCC. The decision

was taken during the meeting of RCC's Board of Directors, where Kosovo's formal application was to be included for effective representation based on the inclusiveness principle of the RCC members. During the first quarter of 2013 (28 February), the RCC's Statute and the list of participants was modified as to reflect the results deriving from the agreement.

On 19<sup>th</sup> April 2013, under facilitation of HR/VP Baroness Ashton, Governments of the Republic of Kosovo and Republic of Serbia reached an agreement on normalisation of relations between two countries.

## 2. ECONOMIC CRITERIA

### 2.1. FUNCTIONING MARKET ECONOMY

The Kosovo government has continued with prudent policies during the reporting period, with the aim of maintaining fiscal stability and macroeconomic sustainability.

In March, the IMF has conducted its second assessment on the set of benchmarks of the SBA for the period up to the end of December 2012. As a result, the IMF has granted a positive evaluation on all benchmarks except for the delayed payments and exceeding the limit of the primary deficit for the amount of EUR 1 million. As a result, the Government of Kosovo asked for exclusion of this benchmark from the overall evaluation of the program in this round. The IMF has given a positive evaluation of economic performance in Kosovo as a whole.

In accordance with the requirements of the SBA program, the Government of Kosovo in March 2013 has prepared the amendments of the Law on Public Financial Management and Accountability and submitted it to the Assembly so the fiscal rule can be incorporated in the law. The fiscal rule limiting the overall deficit at -2% of GDP is expected to implement with the budget of 2014.

Part of the preparations for drafting the Medium Term Expenditure Framework 2014-2016, instructions for drafting the sectoral components of the MTEF along with measurable objectives and cost estimates in line with government's statement of priorities have been issued to all budget organizations.

#### 2.1.1. Reporting on recent economic developments

Although on a limited scale, the euro zone crisis has transmitted its effects to Kosovo. Based on preliminary data for the end of 2012, real GDP is estimated to have increased by 2.4%. A decline of consumption and exports has largely contributed to the slower output growth.

The drop on the global demand accompanied with a decline of international prices of metals has led to the decrease of Kosovo's exports for approximately 11% in nominal terms. However, the decline in export of goods has been largely offset by the rise in export of services during 2012 which recorded a 3% increase. Consumption in general has declined in real terms despite increased remittances from abroad. Based on the structure of imports during 2012, private consumption is estimated to have grown by about 0.9% nominally, but it fell for around 1.5% in real terms.

Similarly, the import of goods has fallen by 1% in 2012 compared to the previous year. Import of services has decreased by approximately 18% in 2012, partly driven by the decline in import of goods. However, the largest contributor to the decline of the import of services came from the drop on the import of business services - the largest component of the services import.

The largest share of investments goes to the construction sector. The drop of metals prices in the international markets coupled with the decline of prices in construction has resulted in a positive growth of investments. During 2012, investments in general have increased by a nominal 4.5% or 8.5% in real terms. Public investments grew by a real 7.2% in 2012, thus contributing to the overall increase in investments.

**Table 9: Nominal GDP and its real growth**

Description	2008	2009	2010	2011	2012 est.
ml €					
Consumption	4,345	4,301	4,557	5,023	5,085
Investments	1,094	1,164	1,342	1,531	1,596
Export of goods and services	609	657	835	959	939
Import of goods and services	2,107	2,114	2,443	2,737	2,649
Nominal GDP	3,940	4,008	4,291	4,776	4,972

Real GDP growth, as %	7.2%	3.5%	3.2%	4.5%	2.9%
CPI, as %	9.3%	-2.4%	3.5%	7.4%	2.5%

Source: KAS and Macroeconomic unit (MoF) estimates

The methodology used to calculate the real growth is changed in accordance with the methodology used by the Kosovo Agency of Statistics (KAS). Growth for years 2008-2011 has been calculated by KAS, showing real growth in comparison to the nominal value of the previous year. Same methodology has been used by Ministry of Finance to estimate real growth for 2012 and subsequent years. In April 2013, CBK has published the revised data for the services exports with 2009 as a base year. Data for year 2012 are not incorporated as KAS is expected to update the national accounts in order to reflect these changes from 2009.

### Balance of Payments

Balance of payments estimates for 2012 show a slight increase in the trade deficit, an improvement of the services account, income and transfers account and consequently a significant decline of the current account deficit. Capital and financial account marked a positive balance although much smaller than earlier years.

During 2012, imports of goods marked a slight decrease of 1%. This decline may have been due to the price stability of main products that Kosovo imports such as food products and mineral products (mainly oil derivatives). On the other hand, the fall in prices of key components that Kosovo exports and overall decline in regional level demand has led to a 11.7% decline of export of goods during 2012. The trade balance stood at 42.2% of GDP versus 43.1% in 2011.

On the other hand, exports of services marked an increase of 2.7% in 2012, while imports of services decreased by 18.1%. This increase in export of services was mainly influenced by the increase of services such as travel, communication, construction, and insurance services. As a result, net services as a share of GDP increased to 7.1% from 5.6% in 2011.

As to the income account in 2012, income from compensation of employees recorded a slight decline of 0.6% compared to 38.1% drop of outcome in the form of profit return from foreign direct investments and other foreign investors. As a result, net income account recorded an increase of 35.1% reaching 3.1% of GDP (compared to 2.4% in 2011).

Transfer account has also recorded a significant increase (16.8%). Outward transfers declined by 7.4% as a result of the ongoing reduction of the presence of international missions in Kosovo. Inward transfers increased for 14.4% in 2012. Remittances from abroad have reached EUR 605.6 million, marking an annual growth of 3.6%.

Capital and financial account continues to be characterized by a positive trend, albeit significantly lower than in the previous years. In 2012, this account balance amounted to EUR 140.1 million, which represents a decrease of 66.6% compared to the previous year. The main contributor within the financial account surplus continues to be the category of foreign direct investment (FDI), followed by other investments, while a negative impact on the financial account stems from the continued growth of portfolio investments and reserve assets outside the economy of Kosovo. Still, the largest impact on the decrease of this account in 2012 came from direct investments which declined by 43.7%.

### Trends in unemployment and employment

According to Ministry of Labour and Social Welfare registry data on unemployed, the cumulative number of registered unemployed at the end of December 2012 was 259,341. This represents a decrease of 20.3% compared to the same period of 2011. The category of unqualified persons constitutes about 57% of all the unemployed followed by women (31%) and persons with high school diploma (28%).



During January-December 2012 alone, a total of 24,879 unemployed were registered according to the employment offices. On the other hand, the number of employed persons through employment offices in 2012 reached 90.799 persons.

### **Trend indices on inflation**

After a significant jump in 2011, the level of consumer prices in Kosovo has stabilized marking an increase of 2.5%. This increase was mainly driven by inflationary pressures in the second half of the year. As a result of the great drought, international prices of food increased reflecting directly in the price level in Kosovo. Food prices have contributed by 0.3% in the overall price level. The movement of international oil prices is reflected directly in oil prices in the country. Hence, oil prices have contributed by 0.3% to the rise of consumer price index (CPI) in 2012. Another contributor to the increase of CPI is the utility services, in particular water and electricity (0.9% rise of the consumer price index).

Excluding food and oil prices, core inflation has risen on average by 3.6% indicating that utility prices have indeed been a major contributor.

### **2.1.2. Reporting on monetary and fiscal policies over the reporting period**

Several fiscal policy changes have taken place in the timeframe September 2012-March 2013. First, Law No. 04/L-117 on Road and Ecological tax on vehicles has entered into force on September 28, 2012. The Assembly approved the amendment of Law No. 03/L- 146 on Value Added Tax whereby an extension of the transitional period from 1 January 2013 to 31 December 2014 for exemption of VAT on import and supply of certain goods was made. This includes Annex IV on Agricultural Products, the supply of goods or services from donor grants, and supplies of goods and services made to the United Nations, World Bank and international inter-governmental organizations. In addition, the draft law on exemption of goods from customs tariffs and goods with a zero tariff has been drafted, reviewed by the Assembly Committee on Budget and Finance and approved by the Assembly. Nonetheless, it was turned back by the President for revision.

Prudent fiscal policies in 2012 have resulted in a primary deficit within the limits set by the SBA programme with IMF. Although revenue collection has not been within the planned targets, careful expenditure execution has led to the primary balance of EUR113 million, or about 3% of GDP. As a result, the Government's bank balance has been maintained above the level of EUR 2015.5 million recommended by IMF.

The 2013 budget plans expenditures in the amount of EUR1, 578 million while revenues are planned in the amount of EUR1, 422 million. Primary deficit limit is EUR155 million, which is one of benchmarks of the SBA program, while the overall balance is planned to reach the value of EUR174 million.

As to revenues, although at a declining trend, the largest share of the revenue is expected to come from the border revenues (EUR915 million). Domestic revenues are planned to reach the amount of EUR301 million. During this year, additional revenues are foreseen from lignite royalties and collection of dividends in the amount of EUR30 million. The liberalization of the mobile phone market is expected to bring in additional revenue of EUR 20 million in 2013.

By the end of March 2013, revenue collection reached 11.8% of the plan or EUR270 million nominally. Apart from border revenues, all other revenue categories have performed in line with the plan. Such a positive trend signals that by the end of the year, the revenues will be realized according to the plan, thus making it possible to meet the SBA benchmarks.

As to the execution of expenditure for 2013, current expenditure execution rate stood at 13.7% by the end of March 2013 (or EUR194 million). Approximately 9.8% of the total amount of EUR 621million of planned capital expenditure was realized by the end of March 2013. Consequently, the realization of total expenditure during this stood at 11.2% of the plan. During this period, an amount of EUR1.5 million of repayment was collected from KEK.

### **Total government debt**

Total government debt has had an increasing trend. Total government debt at the end of March stood at EUR 406.6 million or 7.86% of GDP leaving enough room for borrowing. Nominally, the external debt in the first quarter of 2013 was about EUR 332 million, or 82% of total government debt. While domestic debt reached EUR 74 million, or 18% of total debt.

### 2.1.3. Interaction of market forces

#### Size of the private sector

As indicated in the table below, the size of the private sector as a share of GDP has been expanding continuously since 2009. Private consumption constitutes the largest share with an average growth of 17% of GDP since 2009. This may be a result of increased salaries of certain categories of civil servants but it is largely attributable to the continued growth of remittances from the Diaspora and their consumption during their stay in the country. Similarly, private investment has increased by 7% in comparison to 2009.

**Table 10: Private sector as a share of GDP**

Description	2009	2010	2011	2012
	as %			
Private Consumption	90.0	95.4	105.3	107.0
Private Investment	19.1	22.1	25.0	26.1

#### Privatization

From a total of 179 socially-owned enterprises under the liquidation process, only 4 SOEs have completed all liquidation procedures, while for the rest of the enterprises (173) are still in the liquidation process. Privatization Agency of Kosovo during the reporting period has contracted the consortium "Deloitte and Tashko & Pustina" for assistance in providing professional services for the liquidation of Socially-owned Enterprises in the Republic of Kosovo.

Part of the reorganization of 'large' enterprises (SOEs), the Privatization Agency of Kosovo in cooperation with competent institutions and German experts has established four working groups (WG) for four major areas of the reorganization:

- Working Group on Legal Affairs;
- Working Group on Accounting and Finance issues;
- Working Group on determination and appraisal of mineral reserves;
- Working Group on environmental and social issues.

Between November and December 2012, the working groups have developed an action plan which will serve as the bases for drafting the reorganization plan. So far, the registration of assets has been carried out, whereas the determination and appraisal of mineral reserves is underway.

#### Business start up and closure

From September 2012 to mid-April 2013, a total of 6562 new businesses have been registered representing 5.35% of the total number of businesses. At the same time 876 businesses (or 0.71% of the total) ceased their operations. Within the "one-stop-shops" services for business registration across Kosovo, three new municipal centres have opened bringing the total number of business registration centres with a unified and centralized data system to 28 centres.

#### Business environment, judicial system and administrative capacities

With the aim of improving the overall business environment, the systems of the Kosovo Business Registration Centre has been fully integrated with the Tax Administration System thus enabling provision of business services in one place including the issuance of certificate of registration, fiscal number, VAT certificate and Customs certificate. The time needed for registering a business is 1-3 days; for all individual businesses and the general partnerships, registration is done within one day whereas for corporations its three days. Registration of new businesses is free of charge.

With the aim of further enforcing the property rights, the Commission for property claims, implementation of property restitutions and administration, during the reporting period has issued 15,485 decisions to parties and 7,977 decisions have been implemented including all forms of enforcement such as repossession, management, and closure of the case on party's request.

#### **2.1.4. Financial sector**

Kosovo financial sector continued to expand its activities during 2012, reaching a total value of assets of EUR 3.8 billion excluding CBK assets (78.2% of GDP in 2012). Banks remain the dominant financial intermediaries with 74.0% of the total financial sector assets (excluding CBK assets), followed by Pension Funds and Insurance companies with 19.5% and 3.4%, respectively.

Banking sector is mainly foreign owned (89.6% of banking assets). The total number of the banks operating in Kosovo increased to 9, due to a new bank entering the market in 2012.

Three largest banks in June 2012 comprised around 69% of total banking assets. The degree of concentration indicated through Herfindahl-Hirschman Index (HHI) for assets has dropped in 2012 to 1,972 points compared to 2,101 points in June 2011.

Loans in 2012 reached the value of EUR1.76 billion (EUR1.78 billion in March 2013). The credit growth pace has slowed down to 3.8% y/y in March 2013, compared to 13.48% y/y in March of 2012 (4.3% y/y in February 2013). Despite the uncertainties in the global financial markets, the banks' perceptions for a relatively stable economic environment in Kosovo have induced a further lending. The continuous credit growth in Kosovo may reflect the continuous real economic growth in the country as well as the increased confidence of the banks towards the private sector. Moreover, in the first part of the year 2012, banks have reported an increase for the credit demand, especially from small and medium enterprises while the demand decreased from large enterprises. Loans to enterprises in March 2013 comprised 68.2% (69.8% in March 2012), whereas loans to households 30.8% (30.6% in February 2013) of the loan portfolio in 2012.

Deposits in 2012 reached the value of EUR2.28 billion (EUR2.27 billion in March 2013). Growth of bank deposits was at 8.8% y/y in March 2012 (8.7% y/y in March 2013). Household deposits represent the main source of banks' resources with 72% of total deposits.

Total liquidity assets to total assets ratio in March 2012 stood at 30.4% (31.1% in March 2013). The loans to deposit ratio decreased to 78.6% in March 2013, from 82.2% in March 2012.

Non-performing loans in March 2013 stood at 7.6%, compared to 6.0% in March 2013 (7.8% in January 2013). Nevertheless, the coverage on NPLs with provisions remains relatively high at 115.5% (111.6% in 2012). All banks in Kosovo are well capitalized. Even though the capital adequacy ratio has lowered to 14.4% in December 2012, after a relatively long period of around 17%, it is still above the required rate by the CBK. However it should be noted that the significant change in Capital Adequacy Ratio is due to the regulatory changes given that with the new regulations it is required that banks deduct the lending to related parties from Tier 1 capital and include in the risk weighted assets the operational risk.

The interest rate spread between loans and deposits stood at 9.85% on average in 2012 (9.6% in March 2013). The banking system of Kosovo has reported a positive profit of EUR 19.2 million in 2012, however, the profit represents a decrease of 46.7% compared with the profit of 2011. Until December 2012, banking system of Kosovo counted 3,727 employees, compared with 3,728 employees in December 2011 (3,726 employees until January 2013). In the first quarter of 2013, the reported profit of the banking sector was EUR6.2 million.

Regarding the insurance market at the end of 2012, a total of 13 insurance companies operated in the market, ten of which offer non-life insurance whereas three offer life insurance products. The ownership structure of the insurance market is dominated by seven foreign-owned companies, two with mixed ownership and three with domestic ownership. The share of insurance system in the financial sector is low with only 3.4% of total financial assets or about 2.7% as a share of GDP.

## **2.2. CAPACITY TO COPE WITH PRESSURE OF THE COMPETITION AND MARKET FORCES**

### **2.2.1. Human and physical capital**

#### **Human capital**

As to the human capital development trend in the field of education, the total number of students in public universities and three private colleges was around 100,000 during the academic year 2012-2013. With the aim of enhancing research capacities, 18 grants were allocated for scientific projects and 20 scientific papers were published in various scientific areas of study. Nine projects are funded through small scientific projects of the national science program, thus contributing to the development of research infrastructure in higher education. A total of 32 PhD candidates were supported during October 2012-March 2013 for their doctorate programs abroad. In the first quarter of this year, Kosovo Accreditation Agency (KAA) has accredited 12 doctoral programs at the University of Prishtina.

The number of students in the upper secondary level stood at 104,208 for the academic year 2012/2013. Regarding the classification of schools by professional curricula, 57% of students are in vocational schools while 43% are in the gymnasium. The student per teacher ratio for upper secondary level is 19.2, while the ratio of students per class is 31.2.

Concerning the measures for meeting the requirements of the labour market, the process of equipping cabinets of Vocational Training Centres (VTC) has continued. VTC in Gjilan became fully operational in November 2012 with a total of 10 training classrooms. Also, in Ferizaj the centre is equipped with laboratories and trainers to enable the provision of training programs in professions that are developed under the vocational professional education framework (electricians, carpenters, welders, plumbers, plasterers, business administration, and accounting). Curricula have been reviewed and a standardized certificate of accreditation has been developed for those vocational occupations. During October-December 2012, around 909 candidates attended training in VTC's, of which 549 men, 360 women, 42 minorities and 42 people with disability. Also, in January/February 2013, 1366 jobseekers were included in the training programs (out of this number, 571 are carried out from the previous year). Broken down, 517 are women, 849 men, 55 minorities and 11 persons with disabilities.

Through the Employment Management information system, during this period 24, 879 new job seekers were registered, of which 10, 437 women, 3,324 minorities and 140 persons with disabilities. Aiming to ameliorate the structural unemployment in Kosovo, public employment services through public projects, training schemes and vocational training centres have mediated in the employment of a total of 7,692 jobseekers, of which 1,024 are from minorities.

Modernization of public employment services has continued. Improvement of software, hardware and installation of IT equipment in the Employment Offices has continued along with the centralization and creation of additional modules in the database. Also, a fully operational Employment Management Information System (EMIS) is underway, thus creating a complete database of jobseekers.

#### **Physical capital**

Both private and public investments have shown an upward trend from 2009 onwards. Private investments are dominated by construction while a significant proportion of public investment is dedicated to the construction of Route 7 and the start of construction of the Route 6. In 2013, about EUR217 million will be allocated for the construction of Merdare- Morina highway and EUR29 million are allocated for the start of the highway Prishtina-Hani i Elezit.

**Table 11 Private and Public investments, 2009-2012**

Description	2009	2010	2011	2012
	ml €			
Public Investment	400.4	455.4	528.2	550.2
Private Investment	766.0	886.6	1,003	1,046

*Note: Data for 2012 are an estimate*

During 2012, there was a sharp decline in FDI. So far, the foreign investments are largely related to the privatization process. Along with the slowdown of the privatization process and the limited offers for the remaining socially-owned enterprises, FDI investments have dropped as well. Additionally, the euro area crisis has been a major contributor to such a decline.

**Table 12: Foreign Direct Investments (FDI) as % of GDP and its stock from 2004**

Description	2009	2010	2011	2012
FDI as % of GDP	7.0	7.7	7.9	4.4
FDI stock, in ml €	1,493.2	1,824.3	2,203	2,419

Regarding the road infrastructure, construction of 59 kilometres of the Morine-Merdare highway was finalized by the end of year 2012. Two regional road projects with a combined length of 8.4 km and a local road 3.1 km long were completed as well. Similarly, the M9 segment Slatina - Gjurgjica is implemented at 96% completion rate, while the M2 segment Shkabaj - Millosheva is realized at the rate of 95%.

## 2.2.2. Sectoral and enterprise structure

### Reform and liberalisation of network industries

As regards developments in the telecommunication sector, Law No. 04/L-109 for Electronic Communications was adopted by the Assembly of Kosovo in October 2012. This Law substitutes the Law on Telecommunications (No.2002/7), due to the needs to keep up with technological developments and associated services in the field of electronic communications. The law is harmonized with the EU Regulatory Framework for electronic communications of 2009. Among others, the law provides transition from the licence regime to the regime of General Authorization for the provision of electronic communications and networks. It provides better opportunities and improved quality of environment for new investment and fair competition in the telecommunication sector.

The strategic document on "Policies of the Electronic Communications Sector - Kosovo Digital Agenda 2013-2020" has been adopted in March 2013. In view of market liberalization reforms, Government has approved on the 24th of August 2012 the Decision no. 04/88 for further liberalization of the mobile telecommunications services in order to enable the use of already available frequency resources of existing licensed operators to provide services and networks of next generation of broadband mobile telecommunications services.

As regards to the main indicators of the telecommunications market, the number of fixed telephony users decreased from 85,030 in the third quarter of 2011 to 84,424 users at the end of the third quarter of 2012 (in percentage, -1.61%). At the same time, the fixed telephony penetration rate stood at 4.85% for residents. The total number of mobile phone users at the end of the third quarter 2012 reached 1,668,895, which constitutes an increase of 9.76% (or 148,453 users) compared to third quarter-2011. Mobile telephony penetration has reached 95.92% at the end of the third quarter 2012. Number of lines with broadband internet access reported by operators has reached 142,573 at the end of the third quarter 2012. According to the latest official data reported by operators, penetration for households with broadband Internet access is 47.99%, while Internet penetration per 100 inhabitants stood at 8.19% in the third quarter of 2012.

As to the development of the energy regulatory framework, the following bylaws were issued in the reporting period: Administrative Instruction No. 01/2013 on targets of renewable energy sources, Administrative Instruction no. 14/2012 for the promotion of energy efficiency of end user and energy services, and Administrative Instruction no. 09/2012 on labelling of electricity equipment.

## **Sectoral Structure**

### **Small firms**

Small and medium enterprises comprise over 99% of the total number of enterprises in Kosovo (KBRA, 2012). Classification by size shows that 98.39% are micro enterprises, 1.36% is small enterprises, 0.20% is medium size and 0.05% is large enterprises. As regards the breakdown by the number of employees, micro-enterprises (1-9 employees) employ 65.2%, small enterprises (10-49 employees) employ 8.72%, and medium size ones (50-249 employees) employ 7.74% of total employed in the private sector (KBRA, 2012).

By ownership, SMEs that are registered as individual businesses comprise 88.72%; partnerships comprise 2.91%, limited liability companies 7.39%, joint stock companies 0.33%, foreign companies 0.50%, SOEs 0.02%, public enterprises 0.01%, agricultural cooperatives 0.06% and enterprises under the jurisdiction of the KPA make 0.03% of the total number of enterprises.

### **2.2.3. State influence on competition/competitiveness**

#### **Large state-owned enterprise**

In the energy sector, privatization of Distribution and Supply of Electricity (KEDS) is in the closing stage. Payment of the purchase price of KEDSC (EUR26.3 million) by the buyer consortium Calik-Limak to the Kosovo Budget is the last stage of financial closure. Long Stop date is May 3, 2013. Ministry of Economic Development issued a decision to establish three working groups that will deal with the drafting of the decommissioning process of TC Kosovo A, social impact assessment and financial assessment. Modalities of financing this process will be discussed in the coming donor conference in May 2013.

In the telecommunications sector, the privatization of telecom (fixed and mobile telephony) has been completed. The announcement of the preferred bidder for the privatization of 75% of the shares of PTK (excluding postal services) was completed in April 2013 with a government decision approving the sale.

#### **State Aid**

According to article 8 of the law, the Government of the Republic of Kosovo with the Decision no. 11/93 dated 04.10.2012 has appointed members of the Commission on State Aid, and their mandate determined. The state aid office which will be the monitoring authority within the independent Competition Authority is currently being established. Therefore, Control and Monitoring Agreements signed between the POEs and the Ministry of Economic Development which regulate the manner of using state aid, reporting quarterly on the use and audit method of such funds are currently being used as monitoring mechanism for state aid to public enterprises.

During 2012, state aid was given mainly for implementation of capital projects and cost coverage of energy, purchase of crude oil for heating, train fares and water provision services. The amount of aid granted to 20 central and local public enterprises in 2012 was EUR31 million (or around 0.6-0.7% of GDP). Whereas, the amount of state aid planned to be granted to POEs in 2013 will be EUR 29 million.

State aid in the form of subsidies and grants for capital projects is allocated to the energy, rail, central heating, and water and waste sectors.

### **2.2.4. Trade integration**

In the timeframe of September 2012-February 2013, the trade exchange with EU stood at EUR 518.4 million. Imports from EU reached EUR 469.9 million or 39% of total imports. For this period, exports to the EU reached EUR48.4 million or 35% of total exports. Main exporting partners include Italy and Germany, whereas the major importing partners are Germany, Italy, Greece and Slovenia.

Nickel, copper waste and scrap, raw skins of bovine animals, water vapour turbines and other vapour turbines, zinc concentrates are the major exported products. While the structure of imports is dominated by petroleum oils and oils obtained from bituminous minerals, vehicles, tobacco, and medicaments.

## **3. EUROPEAN STANDARDS**

### **3.1. INTERNAL MARKET**

#### **3.1.1. Free movement of goods**

The Technical Regulation No.01/2013 on technical requirements for wood panels has been adopted this January.

Ministry of Trade and Industry has been reorganized in terms of its functioning structure. The new structure is designed based on EU best practices and the examples taken from the other countries. Department of Trade has been restructured and will have three divisions: Division for Trade Agreements, Trade Defence and one for Trade Policy; the Agency of Investment Promotion and that of SME Development are merged; two units have been established, one for strategic goods and the other for required reserves of oil; the Office of Industrial Property and the Department of Metrology have been transformed to the agency level; the Department of Budget and Finance has been transformed to a division and placed under the Department of Finance and the General Services; also, the Department of Consumer Protection has been established, as a separate unit.

The Inter Ministerial Council for Trade Policy has established the technical-level group, the so-called Trade Policy Working Group (TPWG). Under the TPWG, five specific sub-working groups have conducted several meetings, as follows: subgroup on agriculture (4 meetings), subgroup on trade facilitation (4 meetings), Subgroup on services (3 meetings), Subgroup on Industry (2 meetings), and Subgroup on trade agreements (1 meeting).

Along the preparation of the impact assessment of trade aspects of an SAA, a services database has been developed based on the WTO list 120 and their classification based on four modes. The database will be updated continuously.

Trade Policy subgroups are engaged in collecting data on tariff barriers and questionnaires within the monitoring activities of implementation of CEFTA. The first meeting of the Working Group on Customs Risk Management was held this April. So far, the following meetings of the subcommittees and working groups of CEFTA have taken place in the first quarter of 2013: one meeting of the Subcommittee on trade barriers, sub-working group on services, meeting of the CEFTA Steering Committee, CEFTA's strategic meeting, and the meeting of the Subcommittee on Agriculture, Sanitary and Phytosanitary.

#### **Standardization**

A total of 352 standards were adopted in this reporting period. These standards are divided into the following sectors: 123 standards for Transport and Postal Services, 19 standards for Personal Protective Equipments, 103 standards for Petroleum and Gas, and 107 standards for Machinery. All standards approved in the previous year were published in a standards catalogue in print and electronic format.

#### **Accreditation and Conformity Assessment**

The amended AI No.19/2012 for assigning of Content and Use of Accreditation Emblem was adopted in December of last year.

Three pre-assessments, seven assessments and relevant accreditations were performed in Kosovo Accreditation Directorate (KAD). Four assessments for authorization regarding two Test Laboratories and two Inspection Bodies were performed. Accreditation field of the Laboratory for Quality Control of Pharmaceutical Products has been expanded. Accreditation staff has been trained by the German Institute of Metrology (PBT), in a total of six trainings. Then, four training sessions were conducted for 63 representatives of the Conformity Assessment Bodies (CAB). Two trainings were conducted on SK ISO / IEC 17025 and SK ISO / IEC 17020 standards. In this period, DAK has resolved all non-conformities found by evaluators of the European Association for Accreditation.

Further achievements in the field of Accreditation and Conformity Assessment include completion of the laboratory on electric magnitude with metering system for testing of electricity meters and



comparator with high accuracy class of 0.01 for calibration of measuring system and referent etalons. Within this project, the staff is certified for testing and calibration of electric meters, measurement standards and reference-working etalons and multifunctional instruments. Further staff certifications and training include the verification of electronic and inductive meter, thermometer, electric magnitude, volume, flow and power.

### **Metrology**

With the aim of further approximating legislation, the amended Law on Metrology was adopted in September of last year. Secondary legislation for Metrology was further developed with the approval of AI No. 17/2012 (November 2012), for Metrologic Conditions for weights with nominal mass from 1 mg to 50 Kg, and AI No. 16/2012, on meteorological conditions for etalon weights with nominal mass of 50 kg to 5000 kg.

Functionalizing of the Central Laboratory of Metrology of Kosovo (KCML) is achieved with completion of the laboratory on electric magnitude with metering system for electricity meters testing and comparator with high accuracy class of 0.01 for calibration of measuring system and referent etalons. For the first time etalons of Metrology are calibrated according to the requirements for accreditation which include the following calibrations: referent etalon of electric measuring laboratory and referent etalons of thermometry calibrated in September of last year at Quality Institute of Slovenia "SIQ"; primary etalon for mass (E2 class weights) calibrated this March in TUBITAK-UME of Turkey. For further development of Metrology Laboratories in compliance with international standards, etalon tracking chain was conducted for etalons of electric measures laboratory, thermometry laboratory, and flow laboratory. The number of certified officials is six in total, while overall number of staff is thirteen.

### **Market surveillance**

In terms of legal development, general security sector of products is continuously improved through the adoption of amending and supplementing the Law on General Product Safety 04/L-078, which was approved and promulgated by the President dated 05.02.2013. Also, the Law No.03/L-181 on Inspectorate and Market Surveillance has been approved in April 2013. Based on this law, the Work Regulation regarding internal organization of trade inspectorate is adopted on 27.03.2013.

Implementation of technical regulations regarding conformity of the EU includes: Regulation No. 03/2012 on the safety of toys, Regulation No. 02/2012 for electrical equipment for designated for use within certain voltage limits, Regulation No. 01/2013 on technical requirements for wood tiles, Regulation No.13/2012 for information about products that are hazardous to consumers, Regulation No. 11/2012 for the content of raw material and textile labels, Regulation No. 10/2012 on labelling of main parts material of footwear dedicated for sale to consumers, Regulation No. 08/2012 for personal protective equipments, Regulation No. 06/2012 for gas equipment, Regulation No.05/2012 for ski lift for the transfer of people, and Regulation No.04/2012 for crystal glass products.

As to the capacity development, the following trainings were held in the reporting period:

- two trainings of Market Inspectors and Customs Officers on the implementation of the Regulation on Toys Safety and the Regulation on Electrical Appliances with low voltage;
- one training for the regulation of electrical equipments with low voltage with 40 participants including economic operators dealing with manufacture, import and sale of electrical equipments, and
- Training for the implementation of the Regulation on toys safety (18 January 2013), with attendance of 30 participants, including economic operators who deal with the manufacture, import and sale of toys.

### **Consumer protection**

The new Law on Consumer Protection was approved in November 7, 2012. The law is based on EU legislation and covers areas previously not addressed such as: Label of goods, sale through auction, discounts, advanced payments, door to door contracts, financial services (consumer credit, interest rate), contracts for overdraft and credit cards, unfair consumer contract terms, unfair commercial practices,

misleading commercial practices, aggressive commercial practices, comparative and misleading advertisements and purchase, and sale through internet.

In terms of awareness campaigns, during the last quarter of 2012, the customer protection department has sent phone text messages through VALA Operator to all of its clients. Roughly 800.000 consumers were informed on the free number they may call in case they encounter any irregularity. In this context, on 03.14.2013 a roundtable was organized to promote the new Law on Consumer Protection.

When dealing with complaints directed to the Department of Consumer Protection, it is important to note that from September 2012 to April 2013, a total of 125 complaints have been received and out of the total, 76 complaints have been reviewed.

### **3.1.2. Free movement of Capital**

As to the legislative developments, the amended and supplemented Law 2012/04-L-133 for the establishment of deposit insurance system for financial institutions has been approved in December 2012.

Nine new regulations are adopted and 12 regulations are amended since November of 2012 with the aim of further developing the supervision of the financial system and payments in line with Basel requirements and for the implementation of the law on Banks, Microfinance Institutions and Non Bank financial Institutions Those regulations are:

- Regulation of loan risk management;
- Regulation on capital adequacy of banks
- Regulation on changes in the equity accounts;
- Regulation on licensing of banks and branches of foreign banks;
- Regulation on deposit equivalent to equity for branches of foreign banks;
- Regulation on large exposures;
- Regulation on restrictions on holding of immovable property and movable property;
- Regulation on transactions with persons connected with the bank and bank employees;
- Regulation on the risk of foreign exchange activity;
- Regulation on the management of liquidity risk;
- Regulation on operational risk management;
- Regulation on consolidated supervision of banking groups;
- Regulation on bank mergers and acquisitions;
- Regulation on bank reporting of to the CBK;
- Regulation on disclosure of information by banks;
- Regulation on external audits of banks;
- Regulation on internal control and internal audit;
- Regulation on the effective rate of interest and disclosure requirements, 19) Regulation for directors and senior managers of banks.
- Regulation on opening and closing branch offices and subsidiaries outside and inside Kosovo
- Regulation on opening representative offices inside and outside of Republic of Kosovo

In the field of insurance, the Regulation on procedures for dealing with compensation claims for damages arising from the compulsory insurance of motor liability insurance was adopted last December.

### **3.1.3. Customs and Taxes**

#### **a. Customs**

The Customs TIMS electronic system has been replaced with ASYCUDA World. The latter system is fully operational now. During the reporting period, six Border Crossing Points with Serbia have become functional in line with the provisions of the MoU and the technical protocol agreed in negotiations

between the two countries. The technical and physical infrastructure in those border points is almost complete, except the full implementation of customs clearance of goods at Jarinje and Brnjak. The border facilities of Vërmica and Merdarë have been upgraded and the construction of the garage for detailed examination in Vërmica has been completed. The Blueprint's findings are addressed and Customs is constantly working on their completion.

Regarding the cooperation and mutual assistance in customs matters, during the reporting period three agreements were signed with the Government of Austria, Hungary, and Poland.

As to the measures against the informal economy, the presence of anti-smuggling units has been increased (24/7), particularly in the Mitrovica region. The number of cases detected during this period is 101, with 43 of them in Mitrovica region. The number of undertaken inspections is 24, 5 cases were referred to the prosecutor, 6 cases reported to the disciplinary procedures, and 1 case to the Police Inspectorate.

During the reporting, customs officials have attended a total of 241 trainings. Training topics include trade related money laundering, secret operations, asset seizure, prevention of weapons of mass destruction, X-Ray EXBS (the Export Control and Related Border Security), Integrated risk planning and management, COGNOS, customs measures for IPR protection, Tariff modules I and II, etc.

#### **b. Taxation**

A total of 1,279 fiscal numbers were issued in this reporting period, while 1,527 fiscal electronic devices were installed. Issuance of fiscal devices to petroleum selling points (gas stations) has started in November 2012.

In order to increase voluntary compliance and fight tax evasion during the reporting period a number of activities have taken place. A total of 5,536 compliance visits were conducted, including 1,142 office compliant visits, 631 educational compliance visits, and 121 visits to prevent failure to fulfil tax obligations. In addition, 391 monitoring visits and 97 consultations (meetings) with police, prosecutors and customs have been carried out as well. Out of the total number of controls carried out during the reporting period, 65 of them are controls that are based on risk analysis. While random checks during this period are 304 cases. Approximately 938 automatic notifications for debts were issued to taxpayers. In addition, 28,697 visits were made in relation to debt collection and implementation of mandatory collection procedures. As a result of such visits, there was an additional turnover of EUR63.8 million.

A total of 25,957 taxpayers have filed their taxes through the electronic online system EDI. Taxes declared through the online system are: Value Added Tax, Pension Contributions and Withholding Tax (Personal Income Tax). TAK system is also interconnected to information systems of other government institutions such as: Customs, the Ministry of Internal Affairs, the Ministry of Public Administration (MPA), the Pension TRUST, the Central Bank, the Kosovo Business Registration Agency (KBRA), the Kosovo Judicial Council, the Ministry of Labour and Social Welfare.

Furthermore, TAK has conducted workshops with taxpayers in all regions to inform them on filing the annual statement and other updates. The tax administration has also designed and prepared the following forms:

- Residency certificate, which is available at Office for Services and Education of Taxpayers;
- Certificate on Pension contribution and Withholding Tax on Wages.
- Certificate on Withholding Tax on Interest, rents and non-residents.

The Tax Administration during this period has conducted and provided technical support for staff training mainly in the areas of legislation, IT, and Data Integrity Preservation. The German Society for International Cooperation (GIZ) has also provided technical support for the training of staff on the topic of Indirect Methods. The total number of trainings in this reporting period is 44 with 399 officials taking part in them.

### **3.1.4. Competition**

Based on Law No. 04/L-024 on State Aid, Article 17, the Ministry of Finance has approved the "Regulation 01/2012 on Procedures and Forms of Notice on State Aid", which entered into force on 08.10.2012. This Regulation sets forth the procedures for state aid notification, procedures in the event of unlawful aid, procedures for existing schemes and procedures for reporting and monitoring. Similarly, this regulation defines the state aid notification forms and annual report forms.

Kosovo Competition Authority during this reporting period has taken these decisions:

- Decision to abrogate the agreement regarding price fixing for tickets among road transport agencies in the Peja region;
- Conclusion to monitor the insurance industry regarding determination and market share in auto liability to third party;
- Decision to abrogate the agreement and concerted practice for setting and raising the price of bread and flour in the Pristina region.

When it comes to abuse of dominant position, KCA has during the reporting period carried out the following activities:

- Monitoring of electricity tariffs in Kosovo, the region, and cooperation with the Energy Regulatory Office ;
- Recommendation to MTI to review decision No. 01/4508 dated 11.06.2012 on the protection of local production of cement in Kosovo;
- Recommendation dedicated to the Directorate of Accreditation within MTI, regarding the authorization of more inspection bodies and laboratories for quality control of petroleum.

Other KCA activities include the following opinions provided for relevant institutions:

- Opinion given to the Ministry of Health regarding the draft law for banning tobacco exposure in public places;
- Provision of professional opinion to the request of the "Kalo & Associates" on the prohibition of exposure of the tobacco products in the Republic of Kosovo;
- Opinion on the draft law on public transport regarding public transport fees;
- Opinion regarding concentrations and the actions taken to deal with such concentrations with the American Chamber of Commerce and other institutions.

### **3.1.5. Public Procurement**

Public Procurement Regulatory Commission, based on Article 8 of the Law No. 04/L-042 on Public Procurement, has issued Administrative Instruction No. 01/2012 (12.19.2012), for submission of procurement planning and additional information. Further, PPRC has issued Administrative Instruction No. 02 /2012, dated 12.26.2012, for clarification of the legal basis for the implementation of procurement procedures under Article 32, paragraph 4, Article 35 and 61 of the law on public procurement.

Regarding capacity building, PPRC recruited a legal officer in February 2013 and an administrative assistant in March 2013. To fulfil obligations under the new Law on Public Procurement, the PRB recruited two review experts on March 20, 2013. PRB has also recruited 11 experts in September of last year. It is important to note that these experts are not on regular contract, but they are hired on needs basis and when the nature of the case or the complaint has to do with issues or technical specifications for which internal review experts don't have sufficient knowledge.

In the light of capacity building, basic training for public procurement for 2013 began on April 12 and will end on May 3. Roughly 50 to 55 officials will benefit from this training which is organized by KIPA and PPRC. During the last three months of 2012, an advanced training for public procurement has taken place. The training was attended by 499 officials from all Kosovo contracting authorities.

Three planned monitoring sessions and two requested monitoring were conducted in the first quarter of this year by the Department for Monitoring and Supervision of the PPRC. A total of 56 monitoring were completed in 2012 in order to improve monitoring of the published notices of contracting authorities on

the PPRC website. Regarding the negotiated procedures without publication of a contract notice, 84 notifications were issued between January and March 2013. For the same period, according to written requests of the authorities responsible for prosecution of suspected cases, PPRC has provided a total of 14 interpretations.

As to the increased transparency of the public procurement process, PRB has received 74 complaints from economic operators in the first quarter of this year alone. Out of this, 54 were reviewed by the PRB, and 20 are in the process. Thirty-five percent of the complaints reviewed have gone in favour of economic operators, while 38% in favour of contracting authorities and the remaining 27% are in the process of being reviewed.

### **3.1.6. Intellectual Property Rights and Copyrights**

Provisions on infringement of Copyright Law and circumventing the technological measures were inserted in the Criminal Code, which entered in force on January 1, 2013. National Strategy against Piracy and Counterfeiting 2012-2016 was adopted on October 4, 2012 by the Government of Kosovo. The Strategy was drafted by Copyright and Related Rights Office, Industrial Property Office, Kosovo Customs and other enforcement institutions. The overall strategy objective is to decrease the level of piracy and counterfeiting, increase productivity in the creative industry, identify the main causes of increase of piracy and counterfeiting.

Task Force against Piracy was established on January 30, 2013, by the Government of Republic of Kosovo. The Task Force is composed of Copyright Office, Industrial Property Office and other enforcement institutions. Its main mission is the implementation of the Strategy against Piracy and Action Plan. The action plan coordinates activities of enforcement institutions on fighting piracy, organizing awareness campaigns for copyright and piracy consequences, and proposing legislation on Implementing Strategy against Piracy.

It is worth noting that on October 19, 2012, the Commission for review of complaints directed against decisions from Industrial Property Office (IPO) was established. As of October 19, 2012, 33 complaints have been reviewed. This commission is composed of three members, two with a permanent status appointed by the Minister and the third member is selected on ad-hoc basis and appointed by the Director of IPO.

In the context of capacity building and cooperation, a number of memorandums of understanding have been signed, including that between the IPO and the Office of Copyright signed in December of last year. Another Memorandum of Understanding was signed between the Office of Copyrights and Market Inspectorate this January. The memorandum foresees expansion of cooperation between Market Inspectorate and the Office of Copyrights. Its purpose is to fulfil the legal obligations of the fight against piracy and respect of copyright and related rights. Two IPO officials attended workshop training in November 2012 at the Regional School of Public Administration in Montenegro regarding the enforcement of industrial property rights.

IPO has organized a series of seminars on December 2012, throughout 4 municipalities of Kosovo within the framework of awareness campaign for the business community. Participants have been familiarized with the notion of patents, trademarks, industrial design registration procedures and the role of the Industrial Property Office. From September 2012, IPO has published six bulletins. These bulletins include publication of requirements/applications for registration of the industrial property buildings and registered cases. The total number of cases published in the bulletins is 4,728.

In terms of combating counterfeit goods, Kosovo Customs for the reporting period, has intervened in 26 cases for goods under suspicion of violating intellectual property rights. The quantity of prohibited goods is 35.307 pieces, worth EUR158, 430. During this reporting period 3 new risk profiles were created in relation to goods that infringe intellectual property rights. IPAS database for registering industrial property objects is functional. The database has been populated with about 4500 cases since last September, namely industrial property objects.

### **3.1.7. Employment and social policies**

As regards the legal approximation, in September 2012 the amended Law no.2012/04-L119 on Strikes has been adopted. For better implementation of the Labour Law, an AI for compensation of the rate of injury and professional diseases caused at work has been drafted and adopted by the government. In order to ensure that social policies address poverty and social exclusion, in the last quarter of 2012, Law on Amending and Supplementing the Law no 04/L-096 on Social Assistance Scheme in Kosovo has been adopted. To implement this law, the Administrative Instruction No 15/2012 on the calculation of monthly social assistance amounts has been issued.

On the implementation of policies that facilitate the transfer from unregistered to registered employment, the Labour Inspectorate has undertaken measures for implementing the Law on Labour and fighting informal economy, where they have issued penalties for 737 subjects. During the first quarter of 2013, the labour inspectorate has inspected a total of 1,352 entities of private and public sector. A follow up inspection was carried out for 539 entities. Labour inspectorate has conducted 30 joint inspections with other law implementing and supervision institutions with the purpose of fighting informal economy. As result of these inspections, 814 workers and 66 business entities have been legalised.

In order to conduct social inclusion policies and undertake anti-discrimination measures for endangered groups, including decentralization of social services the proposal for establishing the Committee for Welfare, Social Inclusion and Decentralisation has been passed. As a result on 13.02.2013 the Strategy on Decentralisation of Social Services 2013-2017 has been adopted.

With the aim of conducting negotiations on social security with regional and EU countries, the Ministry of Labour and Social Welfare working group has met with Montenegrin authorities in September 2012, where the exchange of information on social security was discussed extensively. Similarly, Kosovo and Macedonian delegations have met in December 2012 to harmonize the bilateral agreement and confirm the security period for implementing the pension rights. Consequently, an agreement on the confirmation of the security period for realizing the pension rights has been signed by both countries.

As to the development of administrative capacities of Labour Inspectorate, five new inspectors have been recruited and the following training sessions were held for inspectors:

- Three day training on the topic of "Exercise of Supervisory Inspection of Employers in Working Subjects";
- Five days training for 25 labour inspectors on occupational safety and health, while 17 work inspectors, are trained in the field "preventing threatening and violent forms of children labour" and,
- One training session for 14 inspectors on the topic of "Anti-trafficking with human beings".

Regarding the legislative framework of the health sector, two laws have been adopted: Law on Health adopted on 13.12.2012 and the Law on Tobacco adopted on 05.11.2012.

As to the provision of health care services to RAE community and other communities, 30 cases of roma, ashkali and Egyptian community are tested in the first quarter of 2013 where 13 capillary blood samples and 17 venous blood samples have been taken. A total of 37 children of the Roma, Ashkali and Egyptian community have been vaccinated. The implementation of the methadone project is ongoing where 89 patients have benefited so far.

On institutional capacity building in the field of healthcare services, the first contracts have been signed with University Clinical Centre of Kosovo and regional hospitals. The new organizational structure of the Ministry of Health is approved by the Ministry of Public Administration on 06.02.2013.

### **3.1.8. Education and Research**

The Law Nr.04/ L - 143 on Adult Education and Training has been approved on 13.12.2012. Also, from September 2012 to April 2013 are approved A total of 31 Administrative Instructions have been adopted

during the reporting period on development of education system for teachers, its financing, performance and competencies of teachers education management system.. For a detailed list of all AIs, please refer to Annex V.

The Managing Board for Supervision of the Kosovo Education Strategic Plan (KESP) 2011-2016 has been established in the last quarter 2012. For the quality assurance in the sector of education in the last quarter of 2012 has commenced the application of the program for training and licensing the teachers of pre-university education. 1500 teachers are re-qualified, and mechanisms and procedures on functionality of the licensing process are operational while 24 centres for professional enhancement have been established. Over 9.000 teachers or 39% of the total number have been trained in 2012.

During the last quarter 2012, part of the implementation of the Education Strategic Plan 2010-2015, 40 teachers are trained on the working methodology with children with special needs and autism. Four primary schools are included into the literacy project, where all school staff in 7 municipalities are trained. In addition, an inter-sectoral group has been established for the implementation of the international document for the International Classification for Disabilities. To enhance the teaching quality, up to march of this year, 13,964 teachers were enrolled in the ECDL program where 51% are certified in 4 modules and 28% are certified in 7 modules.

As regards the education in minority languages, history and music books are provided for the 9th grade in Bosnian language. On the research capacities, 32 PhD candidates have been supported on their studies abroad during October 2012- March 2013. Through the small scientific projects of the national scientific program, 9 projects are funded to help further develop the research infrastructure of the high education. So far, in the first quarter 2013, Kosovo Accreditation Agency (KAA) has accredited 12 programs of PhD studies in the University of Prishtina. Five day training has been conducted on international research projects with participation of 40 persons of the scientific community. Republic of Kosovo is part of the international mechanism of the science and research and has participated in the 7th Framework Project (FP7). An electronic platform (KOS NET) has been developed and pilot e-contents were created by the end of last year to launch the e-learning in Kosovo educational system.

Kosovo has continued to benefit from various EU programs for scholarships and mobility schemes such as CEEPUS, TEMPUS, and Erasmus Mundus.

## **3.2. SECTORAL POLICIES**

### **3.2.1. Industry and SME's**

As to the development of cooperation in the SME sector, the Minister of MTI has in December 2012 signed the Memorandum of Understanding with Austrian Development Agency (ADA) and Swiss Office for Cooperation and Development (SDC) on implementation of Voucher Counselling and Training Scheme (VCTS), a project co-funded by the project "Promotion of the SME's in Kosovo" (KOSME) with ADA and SDC. Regarding VCTS for Entrepreneurship, a feasibility study has been conducted by the KOSME project experts in April of 2013. The study also examined the possibilities for creation and functioning of the Credit Guarantee Scheme (CGS).

In addition, the power sub-station and the necessary gridding have been installed in the Drenas Business Park making the park operational at full capacity.

#### **Investment Promotion Agency**

Investment Promotion Agency has been engaged in the implementation of Investment Promotion Strategy 2011-2013 measures including the identification of potential investors and sectors. The identified priority sectors are: sub-contracting of work within customer support centers, agri-business, food processing and packaging, mines and energy, textile and leather, wood and metal processing, and tourism. In this light, five companies have been prequalified for the New Brezovica touristic project (April 2013).

A number of investment promotion conferences and forums were held in the reporting period including the conferences held in Paris, Bursa, Budapest and Berlin and forums with Swiss, Italian, French and Turkish authorities. Moreover, IPAK representatives have organized several fairs including the financial fair of the Kosovo Bank Association, ExpoKos 2012, Nature 2012, and General Fair 2012. Promotion materials published in this reporting period include the "Guide on how to invest successfully in Kosovo" and 16 other publications with focus on sectors with potential for investment in every municipality.

### **3.2.2 Agriculture and fishery**

Considering the importance and potential of the agricultural sector to the country's economic development, Kosovo government authorities have marked further progress by adopting a considerable number of laws:

- Law No. 04/L-085 on Organic Farming, adopted, decreed and published in Official Gazette of the republic of Kosovo No.28/16 October 2012;
- Law No. 04/L-090 for supplementing and amending the Law No. 03/L-098 on Agriculture and Rural Development, decreed and published in Official Gazette of the republic of Kosovo No.28/16 October 2012;
- Law No. 04/L-041 on Production, Collection, Processing and Trading of Tobacco, adopted, decreed and published in Official Gazette of the republic of Kosovo No. 26/25 November 2012;
- Law Nr.04/L-120 on Plant Protection, adopted, decreed and published in Official Gazette of the republic of Kosovo No.01/17/01/2013;
- Law No.04/L-127on Agriculture Census, adopted, decreed and published in Official Gazette of the republic of Kosovo No.01/17 January 2013.

In order to fulfil the primary legislation with secondary legislation, MAFRD has adopted the following A.I.s:

- A.I. No. 05/2012 on Land Consolidation, (on 27.12.2012);
- A.I. No. 07/2012 on Methodology for Clarifying Ownership in the unfinished projects regarding Land Consolidation, (on 27.12.2012);
- A.I. No. 08/2012 on Assessment of Fertility and Sustainability of Land Involved in the Land Consolidation projects (on 27.12.2012);
- A.I. No. 09/2012 on Criteria and the Contents of the Written Agreement (on 27.12.2012);
- A.I. No. 10/2012 on Financial Compensation for Trees, Crops and other Immovable Objects in Land Exchange (on 27.12.2012);
- A.I. No. 12/2012 on Animal Identification and Registration (on 29.10.2012);
- A.I. No.14/2012 for amending and supplementing of A.I. No. 03/2012 on Measures and Support Criteria in Farming and Rural Development (on 16.11.2012);
- A.I. No.01/2013 on Support Measures and Criteria for Less Developed Rural Zones, (on 15/01/2013);
- A.I. No.02/2013 for Determining the Amount of Financial Compensation and Services Rendered in the Field of Viticulture and Winery offered by the Office of Viticulture and Winery, (on 20/03/2013);
- A.I. No.03/2013 on Support Measures and Criteria for Agriculture and Rural Development for 2013, (on 22.03/2013); and
- A.I. No.04/2013 for Direct Payment in Farming for 2013, (on 22/03/2013).

Furthermore, during this reporting period the following regulations and decisions were adopted:

- Regulation No. 01/2012 on Duties, Responsibilities, Competences and Organisation Structure of the Agriculture Development Agency, (on 28.12.2012);
- Decision No. 04/119, for Establishment of the Working Commission regarding Agriculture Census (on 13/03/2013).

As for plans and programs, the Program for Agriculture and Rural Development for 2013 with measures 1, 2, 3, 4 and 8, is finalized. With the aim of drafting the Agriculture and Rural Development Strategy



and Plan (ARDSP) 2014-2020, MAFRD has created working groups: Competitive ability, Rural Diversification and LEADER, agro-environment and less favoured areas.

Regarding Agriculture Census, the questionnaire and guidelines together with the Kosovo Agency of Statistics are finalized. The Market Information System (MIS) is fully operational and the data available increased from 230 to 475 agricultural products. The certification and categorization for 64 types of wine is completed.

With MTEF 2013-2015, the MAFRD Budget for 2013 is higher for 10.27% as in 2012. In 2014 are foreseen 31,859,230.00 EUR, same budget is foreseen for 2015 (31,859,230.00 EUR).

Regarding the forestry sector, the National Forest Inventory Report (NFI) was completed. During this period, the Central Inspectorate of Forestry (KFA) for the period October-March has carried out 625 controls at business entities, regional directorates, municipalities, markets, road movements and forest plots. Whereas 300 records have been compiled, 126 summonses released and 308.68 m<sup>3</sup> of wood mass was confiscated.

In the local level 3,168 summonses were raised, out of which 2,183 offences for wood mass of 3,124.32 m<sup>3</sup>, and 985 penal summonses for wood mass of 4,759.82 / m<sup>3</sup>. Furthermore, from the Court the positive judgments for 452 minor offences and 174 criminal offenses have been issued. The suspended subjects were 262 (248 minor offenses and 14 criminal offences) and the Court has rejected 39 cases (4 criminal offences and 35 minor offense). The amount of damages under these judgments is 1,690.70 m<sup>3</sup> in total, while expressed in monetary value is 129,406.83 EUR.

Electronic registry of farmers (REF) is updated and up to this period, where 24,376 farmers have been introduced in the system. Regarding the Simplified System of Land Parcels Identification so far 37 municipalities are included. The number of plots in LPIS is 49,063 with a surface of 53,854ha. In comparison with 2012, the percentage of applications in 2013, has increased for approximately 30%.

As far as institutional reforms and the establishment of new institutional structures, the Department of Technical and Advisory Services has been established (on 02.10.2012), and the Regulation No. 01/2012 on the Duties, Responsibilities, Competences and Organizational Structure of the Agency for Agricultural Development was approved (on 12/28/2012).

Regarding the developments of institutional capacity, in the first quarter of 2013 at the Kosovo Institute for Public Administration (INAP), five officials of MAFRD from different sectors have been trained, while 82 municipal officials, NGOs and farmers received training in the field of agriculture and rural development organized by MAFRD. In addition, 17 days of training about advisory services in the agriculture sector was organized for 30 Municipal Councillors. At the same time, 7 editions and 70 consultations were held with farmers in most municipalities of the Republic of Kosovo.

Regarding the information for grants and subsidies, about 11,000 farmers were informed through Municipal Counsellors, where 3,000 leaflets on "Rural Development Programme 2013" were distributed in all municipalities of Kosovo, although about 4,000 farmers were supported about the methodology for filling the applications for grants and subsidies.

Based on the Program for Rural Development for the year 2013, 525 farmers were trained for the use of grants and subsidies methodology. While the Forestry Agency in cooperation with the Norwegian Forests Group (NFG) has offered trainings for private forest owners and other stakeholders with three manuals: manual for Forestry, manual for treatments of new oak forests and manual for maintenance of forest roads.

### **Food Safety**

In the process of completing the legal framework, the Food Veterinary Agency (FVA), has approved:

- Regulation No. 27/2012 for Determination of Microbiological Criteria in Food (on 14.12.2013);
- Regulation No. 18/2012 on the Import of Unprocessed Milk (on 17.08.2012).

According to the national disease monitoring and food control plan, veterinary practices contracted by the FVA, according to the national sampling plan, have collected 1.930 blood samples which have been sent for laboratory analysis at the Food and Veterinary Laboratory of the FVA. The blood samples have been taken from animals from the following municipalities: Gjilan, Istog, Kamenica, Lipjan, Novoberde, Obiliq, Peja and Podujeva.

In addition, laboratory analyses on suspicious cases for Brucellosis, Enterotoxaemia, and Chlamydiosis have been conducted. Thus, 43 goats, and one cattle which resulted positive for Brucellosis have been destroyed.

According to reports and the disease notification system at the Food and Veterinary Laboratory, all samples of animals considered suspicious for diseases have been analyzed. In the first quarter of this year (2013) testing of 99 samples for microbiological analysis have been carried out, whereas in the food chemistry laboratory 500 samples were analyzed for the presence or non-presence of Aflatoxion of imported and domestically produced products.

As far as the development of the animal by-products recycling plant goes, the FVA has procured the budget for 2013 with a value of 1,000,000 euro. The Food and Veterinary Laboratory (FVL) has been supplied with new equipment for analysis of monitoring and diagnosing of animal diseases as well as equipment for analysis of residues in food for confirmatory analysis. The FVA has started with the control of animal markets and their licensing in all of Kosovo's territory. With the purpose to better inform the public, leaflets, licensing application, media reports and billboards which will be placed at the entrance of the animal markets have been prepared. So far six (6) animal markets have been inspected.

Three Standard Operating Procedures (SOP) have been approved during this reporting period: a) for sample taking; b) a general SOP; and c) SOP for residues sampling. During this period in the I&R database from the field, the following data have been reported:

- Movement - 8140 cattle and 6021 sheep;
- Births - 73513 cattle and 43550 sheep, goat, and pigs;
- Slaughter - 1083 cattle; and
- Import - 2957 cattle.

As regards the increase of the capacity of the working staff, during this period the FVA has employed 20 people. The FVA has prepared a training plan for 2013, whereas until now 26 phytosanitary inspectors have been trained on flour fortification. Furthermore eight (8) veterinary inspectors have been trained on slaughter control and ten (10) on veterinary residues. The FVA has contracted 28 private veterinary practices for conducting field veterinary services.

### **3.2.3 Environment**

In the legislative field, MESP has continued the process of completing the legal framework by adopting these laws:

- Law No. 04/L-087 on National Park "Sharri" was approved by Assembly on 13 December 2012, Decree no. DL-59-2012, (on 26 December 2012);
- Law No. 04/L-086 on National Park "Bjeshkët e Nemuna" was approved by Assembly on 13 December 2012, Decree -no.DL-60-2012, (on 26 December 2012); and
- Law No.04/L-147 on Kosovo Waters was approved on 19 March 2013, Decree no. DL-11-2013, (on 05 April 2013).

During this reporting period, the following Administrative Instructions are approved:

- A.I No. 22/2012, on Administrative Fees for Issuance of the Building Permit & Fees for the Infrastructure Regulation (on 19 November 2012);
- A.I No.23/2012, on Management of Disposed and Waste Tires (on 05 December 2012);

- A.I No.24/2012, on the Content, Form and the Manner of Issuing the ID and Design of Uniforms for Nature Supervisors and Guards (on 05 December 2012);
- A.I No. 25/2012, for the Environmental Permits (on 10 December 2012);
- A.I No. 26/2012, on the Cross- border movement and trade in wild protected species ( on 10 December 2012);
- A.I Nr. 15/2012, on Managing of the Waste Landfills approved by the Government on 07 December 2012.

In the process of implementing the legislation in force and the environmental policies, 4 municipalities have adopted the Municipal Development Plans (MDP) and Urban Development Plans (UDP). Since a part of competencies for the waste management is transferred to the municipalities, so far 13 local action plans for waste management are adopted (Prishtina, Elez Han, Viti/Vitina, Decan/Decane, Junik, Pejë/Pec, Malisheva, Gracanicë/Gracanica, Klokot, Ranillugë/Ranilug, Partesh, Novobrdó and Kamenica).

Regarding implementation of the A.I No.19/2012, on Management of End-of-Life Vehicles and Their Components, the MESP Inspectorate has initiated 13 court proceedings, which addressed the remarks of the inspectors and significantly improved the implementation level of operators.

The air quality monitoring network is extended with another three static monitoring stations which are located within the KEK area (Obiliq/ Obilic, Dardhishte and Palaj-KosovaMont). Whereas, during December 2012, as a part of the Joint Information System for the Environmental Reporting (JISER), report on the Air Quality, Report for the Environmental Hotspots and Report for the Protection Zones are submitted in the European Environmental Agency/EIONET, while through the EEA the air emission data (CLRPT/EMEP) are reported to the UNECE. Preliminary scores from the 2012-2013 data flow cycle published by EEA confirm that Kosovo improved its reporting quality (<http://www.eionet.europa.eu/dataflows/pdf2012>).

In the area of the human capacity building, MESP has continued with the trainings within the RENA program, where 3 officials concerning the EIA/SEA, and another 2 officials concerning investment planning and development of the environmental financial planning have been trained. With regard to climate change, 3 MESP officials benefited from a workshop on "Building knowledge and the functioning of accurate accounting of allowances under the EU ETS" (on 25 October 2012), and "Building knowledge and capacity in the RENA countries to improve GHG emissions inventories in the framework of the MMD" (on 26 October 2012).

In order to strengthen the implementation of the environmental policies, MESP held trainings for the inspectorate in the field of border inspections as well as the integrated environmental permits.

Moreover, in cooperation with the Swedish Chemicals Agency (KEMI), during the period 04-26 March 2013, one inspector has been trained in the ITP 299 EU program with topic "Strategy on Management with Chemicals".

In order to inform and involve the civil society in the planning processes, MESP held two seminars: National Seminar for the Climate Changes - opportunities, benefits and the challenges of the EU Policies and Legislation within the Regional Environmental Network for Integration (October 2012) and the Thematic Round- table for the Strategy for European Integration in the Environmental sector (November 2012).

### **3.2.4. Transport Policy**

As to operational developments in the sector of civil aviation, Kosovo has continue to transpose the aeronautics legislation (aviation acquis) into its legal framework. As a result, regulations which have been entered into force in the reporting period are as follows:

- Regulation 1/2013 (MI) that transposes the Regulation (EC) No 80/2009 on the code of conduct for computerised reservation systems;

- Regulation 2/2013 (MI) that transposes the Regulation (EC) No. 1107/2006 on the rights of disabled persons and persons with reduced mobility when travelling by air;
- Regulation 05/2012 (CAA) that transposes the Regulation (EC) No. 805/2011 laying down detailed rules for air traffic controllers' licenses and certain certificates;
- Regulation 6/2012 (CAA) that transposes the Regulation (EC) No. 1034/2011 on safety oversight in air traffic management and air navigation services;
- Regulation 7/2012 (CAA) that transposes the Implementation Regulation of Commission (EU) No. 1035/2011 laying down common requirements for the provision of air navigation services; and
- Regulation No. 01/2013 (RRA) on Network Statement.

In the context of developments in the area of civil aviation, the Civil Aviation Authority (CAA) has continued the formal and complex process of certification for the Air Navigation Services Provider (ANSP) according to EU standards.

On 23 - 25 October 2012, CAA was audited by a team of auditors of the ISIS program (program of the European Commission - Implementation of the single sky legislation in South Eastern Europe). CAA has managed to develop the necessary documentation and implement the applicable regulations pertaining to the management of air traffic to almost the same level as EU Member States. On a scale of performance indicators of 1 to 10, auditors assessed the CAA with 9.5. As a result of the implementation of the ECAA Agreement and market liberalization of air transport, there is a continuing growth trend in passenger traffic. The number of passengers in 2012 in Prishtina International Airport has been increased by 7.37% comparing to 2011. In the first quarter of 2013, this increase was 19%.

In the sector of road transport, the Council for Road Traffic Safety held its meeting on 6 September 2012. In order to increase the awareness toward road traffic safety, the campaign in primary schools is ongoing where 4000 brochures and 20000 leaflets on road safety were distributed.

Regarding the developments in the railway sector, during this reporting period the Railway Regulatory Authority (RRA) has given the licenses to the InfraKos and TrainKos on 15 November 2012 based on legal provisions in force. Also, in the area of safety, RRA has given the Safety Authorization for InfraKos and the Safety Certificate for TrainKos on 24 January 2013. Considering the international cooperation, RRA participated in a meeting of National Safety Authorities organized by European Railway Agency (ERA), from 19 - 22 February in Lille, France. On the other hand, the Aeronautical Accident and Incident Investigation Commission (AAIIC) for the first time participated in a meeting of national railway and accident investigation bodies organized by the European Railway Agency (National Investigation Bodies Meeting organized by the European Railway Agency) on 12/13 March 2013 Lille, France. Also, in the area of European cooperation regarding investigation of accidents and incidents of civil aviation security, AAIIC has participated as an observer in two regular meetings of European Network of Civil Aviation Safety Investigation Authorities, held on 13/ 14 September and 31 January - 1 February 2013 in Brussels. AAIIC is a monitoring member, equal to other non-member countries of EU included in this European network.

In context of intensifying Kosovo's efforts for membership in international organizations, since the February 2013, Kosovo has moved from its provisional status member to full membership in International Motor Vehicle Inspection Committee (CITA). With regard to the international cooperation, the MI has actively participated in all SEETO meetings.

As far as concern to vertical and horizontal road signaling, the project is in the implementation phase and so far the project has been implemented 70%. Related to implementation of standards for technical regulation of vehicles, 2010 vehicles did not pass the test of technical regularity. Also, 49 licenses for transporting goods, 3 licenses for transporting hazardous goods, and licenses 2 for transporting passengers were issued, while in regard to internal transport of passengers, 1069 authorizations as well as 3 contracts for subsidized transporting were issued and signed.

In the area of road infrastructure, implementation of R7 project is ongoing, respectively work in segments 1-6 were completed. The sections completed include 60.4 km of motorway from Vërmica

(border with Albania) until M9 Junction in Gjurgjicë. Also, in section 8, 9% and in section 9, 17% of works has been completed, while work in segment 7 is in the expropriation process.

Furthermore, after the GoK decision for establishing the Inter-ministerial Steering Committee for R6 Highway, section Prishtina – Hani i Elezit, MI has completed all the necessary preparations for implementation of this strategic project. As a result, the Transaction Advisor has been selected and started to work.

As regards implementation of the program for road maintenance, 3.1925 km of main roads and regional ones are maintained (summer and winter maintenance) as well section 1-5 of the motorway. Furthermore, 20 contracts for capital projects were signed, where 3 of them are completed, whereas the remaining 17 will be completed during this year. Also, in terms of upgrading national road N2 Pristine – Mitrovice, 7.5 km are completed and for national road N9, Pristine – Peja, 8 km are completed. Funds for the maintenance of main road and regional ones, including motorway are ensured.

In the context of increasing human capacity in railway sector, RRA has employed new three officials. Whereas, in terms of strengthening professional capacity regarding road transport, 196 drivers in transport of goods and 61 drivers in transport of passengers were trained and certified with CPC certification. Additionally, 38 drivers for transport of dangerous goods were trained and certified with ADR certificate. Furthermore, 5 officials were certified as ECO driving trainers by TÜV AKADEMI in Ulm, Germany (15 until 19 of April 2013). Moreover, 8 persons participated in training centers for inspection of gas emission in Ljubljana-Slovenia (24 February – 02 March 2013) and Unterneukirchen in Germany (10 – 16 November 2012). As to strengthen capacity in the field of civil aviation security, two inspectors of Civil Aviation Security attended the training “Air Cargo Security” organized by the International Air Transport Association (IATA) from 22-26 April 2013 in Geneva.

### **3.2.5. Energy, including Nuclear Safety**

Given the importance of the development of the sector, the Government of Kosovo has further marked progress in the energy legal framework, such is the adopting the following two AI's:

- AI no 01/2013 on Renewable Energy Sources targets, approved on January 31, 2013;
- AI no 14/2012 on Promotion of Energy end use Efficiency and Energy Services, approved on October 31, 2012).

As of October 2012, the Kosovo Agency for Radiation Protection and Nuclear Safety is not under the Ministry of Environment but operates as an independent agency within the Office of Prime Minister. As part of the institutional development, on December 2012 the Agency's staff (in total three) has been trained on Radioactive Waste Management, including lightning rods (as part of the regional IPA project for Kosovo, Montenegro and FRY of Macedonia).

By a Government decision of 19 December 2012, three working groups for Decommissioning of TPP Kosova A were established. These groups will draft the process of decommissioning, social impact assessment and financial assessment as well. These groups have drafted their annual working plans.

On 17 December, by the Government decision the MTI Internal operation Regulation was approved. This regulation foresees the establishment of the Unit/Division for obligatory petroleum product reserves within the Department of State Commodity Reserves.

The Electricity Market Design was finalized and adopted by ERO Board on March 2013. However, the market regulations will be approved by the end of the second quarter of 2013. During the reporting period, the ERO Board has issued three initial authorisations for the following RES generation capacities:

- 3.2MW of hydro potential;
- 9.85MW of hydro potential; and
- 30MW wind.

During the period December 2012-April 2013, the Project Steering Committee (PSC) for “Kosova e Re Power Plant” has reviewed the Request for Proposal and Transaction Agreements, whereas on 05 April, the request and agreements were approved and announced.

During the reporting period, the KARPNS has started with the procedures of license issuance and authorisations. The Agency has issued as follows:

- Two authorisations to various technical support operators for activities in the area of radioactive waste management, November 2012;
- Three licenses for two operators: one license for transportation of radioactive sources and another for the use of these sources in industrial radiography for KEK purposes on November 2012; and the third license was issued for the second operator on transportation of Cs-137 source, April 2012;
- One license to KEK for the use of such radioactive sources, April 2013.

By the end of March 2013, KOSTT together with KEK have successfully carried out projects in upgrading and improving the grid. The upgrade and development include the following:

- Packet Project SS 110/20(10) kV Gjlani 5 with transmission lines;
- Packet Project SS 110/20(10) kV Palaj with transmission lines;
- Packet Project SS 110/20(10) kV Prishtina 7 with transmission lines 110 kV;
- Expansion of SS110/35/10(20) kV Prizren 1 with distribution lines on level 10(20) kV;
- Expansion of SS110/35/10(20) kV Peja 1 with distribution lines on level 10(20) kV;
- Expansion of SS110/35/10(20) kV Ferizaj 1 with distribution lines on level 10(20) kV;
- Replacement of high tension equipment of SS 400/220 kV Kosova B on level 400kV.

In regard of air quality monitoring in the TPP’s area, in December 2012 three air quality monitoring equipments were installed. These stations are further transferred to the ownership of the Kosovo Agency for Environmental Protection. The data collected by the Kosovo Hydro-Meteorological Institute will be submitted to the MED for the Kosova e Re project.

KEK has successfully installed the Electro Precipitator Filters in two A units; one in Unit A5 on September 2012 and the other in Unit A3 on December 2012. According to KEK monitoring system, the limit of dust emission has fallen to 50 mg/Nm<sup>3</sup>.

The MED has successfully implemented projects on EE and RES, such as the project on promoting and raising awareness on EE and use of RES to the public and consumers, and the study on biomass potential towards the production of biofuels. All the data on identified biomass potentials and production scenarios will further serve in implementing obligations, i.e. Directive 2009/28/EC. Another project successfully implemented is the public building energy audit, through which 48 public buildings were audited.

The project implementation unit of co-generation project TPP Kosova B and Termokos has successfully carried out several important activities:

- Drafted and approved the expropriation elaborate, which is submitted to the Municipality of Prishtina for further expropriation procedures.
- Approved the projection of building two connection stations, the heat extraction and heat receiver station, one in TPP Kosova B and the other in Termokos.
- The contractor was selected the contractor which will install/layout heating tubes from Termokos to TPP Kosova B.

### **3.2.6. Information Society and Media**

In the context of completion the primary legal framework, Law No. 04/L-109 on Electronic Communication has been adopted by the Kosovo Assembly on 04 October 2012. Concerning secondary legislation, regulation on cost accounting according to Fully Distributed Cost (FDC) method was approved on 21 June 2012 (Decision No. 221) by the Board of Regulatory Authority of Electronic and Postal Communication (RAEPC).

With regard to implementation of appropriate policies for development of ICT, the strategic document "Policies of Electronic Communication – Digital Agenda Sector for Kosovo 2013-2020" has been adopted by the Government with the decision No. 02/119 on 13 March 2013. In addition, GoK on 24 October 2012 has adopted the decision (No.04/88) to further liberalization of mobile telecommunication services, while on 29 October 2012 has adopted decision (No.01.89) of country's call sign Z6 as a call sign of all amateur radio services for the whole territory of Kosovo. As a result of completed market analysis for fixed and mobile telephony, the Board of RAEPC on 27 March 2013 has launched the public consultation of the draft report for market analysis, in which case the obligations for Providers with Significant Market Power (SME) are expected to be removed. In the area of radio frequency, the plan for using the radio frequencies has been adopted on 28 February 2013 by the Board of RAEPC and at the same time, the plan for monitoring and using radio frequencies has been finalized.

Concerning the developments in the field of interoperability for interactivity of ICT system, Government of Kosovo has approved Interoperability Framework on 13 February 2013 with decision No. 08/115.

As regards to institutional developments in the field of media, within framework of completion process of appointing members of Independent Media Commission (IMC) another member of IMC from Serb community has been appointed by the Assembly of Kosovo on 10 February 2013. As a result, 6 out of 7 members of IMC so far have been appointed. Additionally, 3 Board members has been selected by the Assembly of Kosovo for Appeals of the IMC on 5 November 2012.

In terms of decisions and recommendations issued, IMC has taken 33 decisions toward broadcasters. In addition, 14 decisions were taken on licensing, 5 decisions on name change, 6 decisions on rejecting the applications, 3 decisions on location changes, and 3 decisions on legal cases - violation of the Law of IMC. IMC has also decided to publish a list of free frequencies for radio and local TV.

In order to strengthen the professional capacity in the field of ICT, a number of activities have been conducted by RAEPC towards participation in various training and visits as follows:

- Two RAEPC officials attended the Regulators Training School at the European School of Telecommunication Regulators organized by Rober Schuman, Center for Advanced Studies in Florence, Italy (15 -19 October 2012; 6-8 December 2012; 14-16 February 2013; 18-20 April 2013);
- Three RAEPC officials participated in training on exposure to electromagnetic waves, in Germany (4-6 March 2013);
- Two RAEPC officials participated in CeBit International Fair in Hanover, Germany (7-8 March 2013);
- Three officials of RAEPC participated in training with the subject related to Finance in Dubrovnik, Croatia (28-31 March 2013);
- Three officials of RAEPC participated in a study visit - related to authorizations and market surveillance registry in Riga, Latvia (, 22-24 January 2013);
- Three RAEPC officials participated in the workshop of TAIEX Expert (expert from Belgium: Mr. Jan Vannieuwenhuysen BIPT, Belgium) related to preparation of regulation for provision of rules for public electronic communication services (28 January until 1 February 2013);
- Three RAEPC officials participated in a study visit on Monitoring the Frequency Spectrum in Riga, Latvia (11 - 13 March 2013); and
- Four RAEPC officials participated in a study visit regarding the review of regulation for frequency spectrum prices, TAIEX mission (2 experts/trainers, Lithuania (18-22 March 2013).

On the other hand, one IMC official participated in the training program regarding public procurement and public relations from 20-23 February 2013 in Tirana, Albania.

### **3.2.7. Financial Control**

In the function of implementing financial management and control (FMC) in public sector, during the last quarter of 2012, 54 reports were received from Internal Audit Unit (IAU) and self-assessment lists of FMC were prepared and distributed to budget organizations.

Regarding the development of capacities for financial control and internal audit, 9 internal auditors were recruited, three internal audit units were created and 6 audit committees were established in the reporting period. Additionally, three trainings and five seminars were conducted for all internal auditors (including 10 new auditors) related to strategic and annual planning, audits of procurement processes, and implementation of audit recommendations. Trainings for auditing committees and seminars for the directors of IAU were also held with participation of around 200 participants.

Office of the General Auditor has approved the annual audit plan and it has started with regular audits for 2012, while 75 audit memos were prepared and presented to audit directors along with proposals on how to address the recommendations and findings of regularity audits.

As regards to the capacities of the Office of the External Auditor, three substitute auditors and five permanent auditors were recruited (January 2013). Also, the total number of certified auditors has been increased to 25% of the audit staff, and the total number of certified accountants to 28% of the overall audit staff. In the period between October and December 2012, 44 auditors attended a total of 56 hours of training on various topics of external audit.

### **3.2.8. Statistics**

In support of the development of the Kosovo Statistical System, the AI No. 08/2012 on the conditions and manner of providing statistical data obtained by processing of official statistics was approved. The regulation on the internal reorganization of the Statistical Agency has been adopted as well. In order to improve and develop the quality of statistical data in accordance with international standards, KAS during the reporting period prepared the Five year Statistical Program 2013 – 2017 on official statistics which was approved in the first quarter of 2013.

As to the development of business statistics in accordance to the needs of Kosovo and EUROSTAT standards KAS has approved the Regulation no 11/2013 on classification of activities by NACE Rev.2. It also started conducting the project of transfer of economic activity classification from NACE Rev.1 to NACE Rev. 2. Up to the reporting, a total of 16,263 business or 65% of the data has been collected in the field. During the reporting period, tables with preliminary results from Agricultural Household Survey 2012 were derived and preparations on the agriculture census are underway.

Regarding capacity development and trainings, one official participated in four month training on social statistics SILC module, from September to December 2012 financed by IPA. In addition, KAS officials attended seminars, workshops, and study visits with duration of 1 to 10 days, where 97 officials attended in these activities in the timeframe of September 2012- March 2013.

The following statistical publications and reports have been issued in the reporting period:

- A Field survey on remittances, conducted during December 2012, and January 2013 (a project supported by UNDP);
- In relation to development of business statistics and businesses registry the following tasks were performed: Statistical Reports on Economic Enterprises in Kosovo for third and fourth quarters of 2012, Statistics of Transport for third and fourth quarters of 2012, and Statistic of Hotels in Kosovo for third and fourth quarters, 2012;
- 4 monthly publications of inflation statistics (consumer price index), and 4 quarterly inflation statistics on Import Price Index (IPI) and Producer Price Index (PPI);
- 6 publications of Foreign Trade Statistics (FTS) including the Energy Balance for Q2, Q3 and Q4 of 2012;
- In the area of social statistics, 10 publications were developed including the preparation of preliminary data for Q1 and Q2 2012 of Labour Force Survey (LFS) and data processing of last two quarters of 2012;
- Data processing for Household Budget Survey (HBS) for the last six months of 2012; Preparation of preliminary draft of social welfare statistics for 2012; Statistics of Social Welfare Q3-2012;



- The final results of labour market indicators for the first half of 2012, the estimated population of 2011, the estimated population of 2012, population by sex, ethnicity and residence;

In the field of Agricultural statistics, the following publications were developed and issued:

- Quarterly Production Price Index and Prices in Agriculture, Q4 2012;
- Quarterly Input Price Index and Prices in Agriculture, Q4 2012;
- Yearly Production Price Index and Prices in Agriculture, 2005-2012, (2005=100);
- Yearly Input Price Index and Prices in Agriculture, 2005-2012, (2005=100);
- Economic calculations in agriculture of 2010-2011, surveys of industrial waste of 2011 and Municipal Waste Survey of 2011;
- A preliminary draft on corruption and crime statistics related to businesses in Kosovo for 2012 has been compiled (a project supported by UNDOC).
- A preliminary report on Kosovo women and men of 2010 and 2011;
- Preparation of a preliminary draft report on judicial statistics for adult persons of 2012.

### **3.3. JUSTICE, FREEDOM AND SECURITY**

#### **3.3.1. Visa, borders, asylum and migration**

With regard to bilateral agreements in the area of readmission, in October 2012 the readmission agreement between the Republic of Kosovo and Malta was concluded.

On the reintegration of repatriated persons since January 2013, the following decisions have been taken: 39 decisions on business plans, 7 decisions on construction and 5 on readmission.

As for awareness campaigns on illegal migration, both the Ministry of Internal Affairs and the Ministry of European Integration have launched campaigns during this period. Billboards were posted and TV and radio messages were transmitted throughout the country in three languages (Albanian, Serbian and Turkish).

On IBM cooperation, Kosovo Customs during this period has exchanged information based on its 10 bilateral international agreements. As a result it has received 25 requests from international counterparts and sent 19 requests to them.

With regard to finding modalities of cooperation with FRONTEX, the latter has announced its visit to Kosovo for May 2013.

On document security, the direct notification line for stolen/lost documents KP – CRA was established, while the databases of civil registry and civil status were integrated. So far, 1,034,342 input data or 2,405 scanned books have been digitalized.

Regarding institutional capacities, Municipality Commissions on Reintegration are established in all municipalities, whereas the ToRs for the Reintegration Department/MIA were drafted in February 2013. Case Management System on reintegration was established and DCAM has also established its database which enables it to connect with other databases such as the civil registry database.

On improving the infrastructure on the BCPs, the Mobile Patrol Station in Hani i Elezit was renovated, the road at BCP Merdare was reconstructed and necessary containers were placed in this BCP. In the BCP Bernjak, containers were placed whereas in BCP Mutivode containers were placed and the road was reconstructed.

With regard to capacity building, two training sessions on DCAM database were provided to officers of DCAM by CREA-KO and ICITAP, during February 2013. During April 2013, a training session on “Policy Cycle Management” was provided by ICITAP, where two (2) DCAM officers were certified. During this reporting period, training sessions were provided in regard to the code of ethics, anti-corruption and data protection for officers working on civil registry, at both local and central level. In addition, trainings were provided also on using Central Civil Status Registry. Furthermore, during the reporting period KJI has provided training sessions for 11 judges on matters related to asylum.

With a view to more effectively tackling cross-border organised crime, in January 2013, K9 Unit was reinforced with 18 dogs, out of which 6 are specialized in drug detection, 6 in weapon detection and 6 others for patrols.

#### **3.3.2. Money laundering**

The Assembly of Kosovo adopted the amended Law on Prevention of Money Laundering and Financing of Terrorism, on 11 February 2013. Moreover, the Strategy and AP against Money Laundering were approved at the end of 2012.

In order to increase the efficiency of its work in February 2013 FIU signed an agreement for cooperation with Kosovo Police, on February 2013.

From 1 January 2013 until 31 March 2013, 34 cases related to money laundering and financing terrorism were initiated, out of which 18 were forwarded as intelligence information to other law enforcement agencies. In addition, within this period, FIU responded to 30 requests for information by domestic and international law enforcement agencies.

During January-March 2013, a total of six (6) FIU officials participated in seven (7) trainings. With a view to increasing capacities in fighting money laundering, officials from the KP Directorate of Economic Crime and Corruption, in the first quarter of 2013 have participated in these trainings: *Confiscation of Assets, Money Laundering and Financing of Terrorism* organised by the Training Department of the KP and the U.S. Treasury Office. Furthermore, during this period, eight (8) Supreme Court judges participated in the *Business Agenda Second Cycle* training. During 2012, four (4) state prosecutors participated in four specialized trainings in the field of combating money laundering. Moreover, four trainings were held on tax legislation and procedures with a total of 30 participants (19 judges, 10 prosecutors and 1 clerk).

### 3.3.3. Police and fighting organized crime

In order to address the priorities in the field of prevention and fight against organised crime, during the reporting period the following legislation was adopted:

- Law no. 04/L-140 on Extended Powers for Confiscation of Assets acquired by Criminal Offense (adopted by the Assembly on 11 February 2013);
- The new Criminal Code (entered into force on 1 January 2013)
- Amended Law on Prevention of Money Laundering and Financing of Terrorism (adopted on February 11, 2013)
- AI on Change of Identity for Protected Person (adopted in September 2012)
- AI on Management of Witness Protection fund (adopted in September 2012).

In addition, on 8 January 2013 an agreement between the MIA and EULEX on Witnesses Protection was signed.

Regarding strategic documents, the Strategy and Action Plan for Crime Prevention was adopted in January 2013, whereas the Strategy and Action Plan on Intelligence-led Policing and Strategy and Action Plan on small weapons were adopted in February 2013. Moreover, MIA has drafted the report on the implementation of Strategy against Terrorism 2012-2017.

On cooperation with EULEX, during this period, the Joint Rule of Law Coordination Board convened twice (in November and March). Furthermore, Kosovo Police extended an invitation to EULEX to monitor the promotion process in the KP.

During the reporting period, the KP Directorate of Economic Crimes and Corruption recruited five (5) additional officers. Moreover, the Division of Organised Crime recruited one additional officer, whose mandate is to maintain the internal network.

In terms of capacity building on drug investigations, the KP Directorate against Drug Trafficking was equipped with the following: three (3) devices for field testing of drugs (minilab), two (2) digital video devices, four (4) digital cameras, six (6) audio recorders and 14 computers. In addition, the Directorate of Organised Crime Investigations was equipped with various video recording devices and six (6) new computers.

With regard to results on fighting organised crime and corruption, the KP Directorate for Investigation of Organised Crime has completed four (4) investigation cases, arrested 15 suspects and conducted nine (9) operations.

Statistics of KPC are presented in the following tables.

Table 13. KPC statistics on organised crime, 2012

	Indictments	Suspects	Current state of procedure			
			Solved		Unsolved	
2012	39	248	Solved	20	Unsolved	19
2013	26	121	Solved	/	Unsolved	26

Table 14. KPC statistics on abuse of authority and corruption, 2012

	Indictments	Suspects	Current state of procedure			
			Solved		Unsolved	
2012	643	1,760	Solved	366	Unsolved	277
2013	424	1,210	Solved	71	Unsolved	353

On fight against terrorism, during 2012, the SPRK has handled four (4) cases of terrorism and pressed criminal charges against 10 persons, whereas the investigation for 4 persons is underway.

On international police cooperation, there have been 74 cases of information exchange on drug trafficking and trafficking of weapons and 33 on economic crimes. During this period, ILECU has exchanged information on 24 cases, 10 of which via 14 ST messages.

Two joint operations of international level were conducted with the EULEX Police and Prosecutors. Joint investigations were also conducted with Germany, Austria, Montenegro, Albania and Macedonia. Border Police and Customs conducted seven (7) joint operations, which resulted in confiscation of 18.833 kg of marijuana.

In order for judges and prosecutors to specialize in fighting organised crime, in 2012 nine (9) prosecutors have participated in five specialized trainings in fighting trafficking in human beings.

In terms of capacity building, 4 police officers were trained on leadership and decision making process during September 2012, whereas 5 police officers attended a joint field exercise with Albania and Montenegro, in October 2012. Regarding capacity building on prevention and fight against drug trafficking, trafficking in weapons and economic crimes, a total of 74 police officers attended 28 trainings. In addition, during the first quarter of 2013, 8 police officers from the Department of Organised Crime Investigation participated in three trainings. The KJI provided the following trainings to judges, prosecutors and other relevant stakeholders on issues related to organised crime.

Table 15. KJI training sessions provided in the area of organised crime

Topics	Judges	Prosecutors	Other	Total
Organised crime	10	1	0	11
Cross border cooperation - organised crime and corruption	3	4	7	14
Serious crimes	23	13	1	37
Cybercrime	9	2	0	11
Protected witnesses in courts	10	3	0	13
International Cooperation on Criminal Matters	6	2	0	8
War crimes	5	0	0	5
Total	66	25	8	99

### 3.3.4. Protection of personal data

With regard to completion of legal infrastructure on personal data protection, NAPPD has adopted the following:

- Regulation on the Maintenance of the File Registers of Personal Data, adopted in December 2012;
- List of EU countries with satisfactory level of personal data protection, adopted in October 2012.

During September 2012 – January 2013, NAPPD issued 36 decisions on matters related to personal data protection. With regard to awareness-raising on protection of personal data, NAPPD has concluded its workshop cycle for the banking sector (September 2012 – April 2013). Furthermore, during 10 - 14 December 2012, workshops on personal data protection were provided to 700 civil servants at local and central level, working in the civil registration system.

**ANNEX 1. LIST OF LAWS APPROVED BY THE ASSEMBLY OF KOSOVO FOR THE REPORTING PERIOD**

1.	Law on ratification of financial agreement for loan and project between the government of the Republic of Kosovo represented by the ministry of finance, and the German Bank KfW in relation to the water factory in Shkabaj.	04/L-132	06.09.2012	Decree No. DL- 043 - 2012, Date 28.09.2012
2.	Law on road and ecological tax for vehicles	04/L-117	06.09.2012	Decree No. DL- 040 - 2012, Date 19.09.2012
3.	Law on amending and supplementing the law no. 03/L-200 on strikes	04/L-119	06.09.2012	Decree No. DL- 041 - 2012, Date 19.09.2012
4.	Law on amending and supplementing law no. 03/L-203 on metrology	04/L-124	06.09.2012	Decree No. DL- 042 - 2012, Date 19.09.2012
5.	Law on Ratification of the International Agreement between the Republic of Kosovo and the European Union on the European Union Rule of Law Mission in Kosovo	04/L-148	07.09.2012	Decree No. DL- 039 - 2012, Date 07.09.2012
6.	Law on organic farming	04/L-085	13.09.2012	Decree No. DL- 046 - 2012, Date 28.09.2012
7.	Law on amending and supplementing the law no. 03/L-098 on agriculture and rural development	04/L-090	13.09.2012	Decree No. DL- 044 - 2012, Date 28.09.2012
8.	Law on amending and supplementing the law no.03/L-006 on contested procedure	04/L-118	13.09.2012	Decree No. DL- 045 - 2012, Date 28.09.2012
9.	Law on electronic communications	04/L-109	12.10.2012	Decree No. DL- 047 - 2012, Date 25.10.2012
10	Law on consumer protection	04/L-121	19.10.2012	Decree No. DL- 049 - 2012, Date 07.11.2012
11.	Law on amending and supplementing the criminal code of the republic of Kosovo no. 04/L-082	04/L-129	19.10.2012	Decree No. DL- 048 - 2012, Date 02.11.2012
12.	Law on the increase of the quota of the republic of Kosovo in the International Monetary Fund	04/L-152	01.11.2012	Decree No. DL- 050 - 2012, Date 09.11.2012
13.	Law on ratification of the amendment of the articles of agreement of the international monetary fund on the reform of the executive board	04/L-153	01.11.2012	Decree No. DL- 051 - 2012, Date 09.11.2012
14.	Law on the registration of a pledge in the registry of movable property	04/L-136	05.11.2012	Decree No. DL- 052 - 2012, Date 14.11.2012
15.	Law on allocation for use and exchange of immovable property of the municipality	04/L-144	22.11.2012	Decree No. DL- 053 - 2012, Date 04.12.2012
16.	Law on ratification of agreement for financial cooperation between the government of the republic of Kosovo and the government of the republic of Austria	04/L-166	06.12.2012	Decree No. DL- 054 - 2012, Date 11.12.2012

17.	Law on national park "Sharri"	04/L-086	13.12.2012	Decree No. DL- 60 - 2012, Date 26.12.2012
18.	Law on national park "Bjeshkët e nemuna"	04/L-087	13.12.2012	Decree No. DL- 059 - 2012, Date 26.12.2012
19.	Law on plant protection	04/L-120	13.12.2012	Decree No. DL- 064 - 2012, Date 28.12.2012
20.	Criminal procedure code	04/L-123	13.12.2012	Decree No. DL- 057 - 2012, Date 21.12.2012
21.	Kosovo Health Law	04/L-125	13.12.2012	
22.	Law on agricultural census	04/L-127	13.12.2012	Decree No. DL- 063 - 2012, Date 27.12.2012
23.	Law on amending and supplementing the law no. 03/L-216 on the establishment of a deposit insurance system for financial institutions in Kosovo	04/L-133	13.12.2012	Decree No. DL- 62 - 2012, Date 27.12.2012
24.	Law on adults education and training in the republic of Kosovo	04/L-143	13.12.2012	Promulgated in accordance with Article 80.5 of the Constitution of the Republic of Kosovo, Date, 08.01. 2013
25.	Law on precious metal products	04/L-154	13.12.2012	Decree No. DL- 061 - 2012, Date 27.12.2012
26.	Law on Budget of Republic of Kosovo for year 2013	04/L-165	13.12.2012	Decree No. DL- 056 - 2012, Date 17.12.2012
27.	Law on ratification of the agreement establishing the European Bank for reconstruction and development	04/L-169	13.12.2012	Decree No. DL- 055 - 2012, Date 13.12.2012
28.	Law on enforcement procedure	04/L-139	20.12.2012	Decree No. DL- 001 - 2013, Date 03.01.2013
29.	Law on amending and supplementing the law no 03/L-199 for courts	04/L-171	20.12.2012	Decree No. DL- 058 - 2012, Date 21.12.2012
30.	Law on extended powers for confiscation of assets acquired by criminal offence	04/L-140	11.02.2013	Decree No. DL- 002 - 2013, Date 26.02.2013
31.	Law on amending and supplementing the law no. 03/L-196 on the prevention of money laundering and prevention of terrorist financing	04/L-178	11.02.2013	Decree No. DL- 003 - 2013, Date 26.02.2013
32.	Law on economic zones	04/L-159	14.02.2013	Decree No. DL- 005 - 2013, Date 04.03.2013
33.	Law on civil registration agency	04/L-160	14.02.2013	Decree No. DL- 004 - 2013, Date 04.03.2013
34.	Law on goods exempt from custom tax and goods with zero rate of the custom tax	04/L-163	14.02.2013	
35.	Law for vocational education and training	04/L-138	28.02.2013	Decree No. DL- 006 - 2013, Date 18.03.2013

36.	Law on the state advocacy	04/L-157	12.03.2013	Decree No. DL- 008 - 2013, Date 26.03.2013
37.	Law on amending and supplementing the law no. 04/L-101 on pension funds of Kosovo	04/L-168	12.03.2013	Decree No. DL- 007 - 2013, Date 26.03.2013
38.	Law on Agency for the management of memorial complexes of Kosovo	04/L-146	19.03.2013	Decree No. DL- 009 - 2013, Date 05.04.2013
39.	Kosovo water law	04/L-147	19.03.2013	Decree No. DL- 011 - 2013, Date 05.04.2013
40.	Law on Transport of Dangerous Goods	04/L-183	19.03.2013	Decree No. DL- 010 - 2013, Date 05.04.2013
41.	Law on scientific research activity	04/L-135	28.03.2013	
42.	Law on amendment and supplementation of the law no 03/L-163 on Mines and Minerals	04/L-158	28.03.2013	
43.	Law on the national-state song and dance ensemble "Shota" and other ensembles	04/L-164	28.03.2013	
44.	Law on amending and supplementing the Law no. 04/L-078 on general product safety	04/L-189	28.03.2013	
45.	Law on payment system	04/L-155	04.04.2013	
46.	Law on tobacco control	04/L-156	04.04.2013	
47.	Draft Law on Tourism	04/L-176	11.04.2013	
48.	Draft law on amending and supplementing the Law no. 03/L-181 for Inspection and supervision of market	04/L-186	11.04.2013	

**Annex 2:** Draft laws adopted by the Republic of Kosovo and processed for review and adoption in Kosovo's Assembly for the reporting period:

No	Name of Draft law	Date of Approval in the Government of Kosovo	Date sent to the Assembly	Date of the First (I) Approval	Date of the Second approval
1.	D/ Law on ratification of the agreements the European Union on EU rule of law (OPM)	05.09.2012	05.09.2012	06.09.2012	07.09.2012
2.	D/Law on payment system (MoF)	05.09.2012	18.09.2012	05.11.2012	04.04.2013



3.	D/Law on the state advocacy (MoJ)	14.09.2012	24.09.2012	04.04.2013	12.03.2013
4.	D/Law on Civil Registration Agency (MIA)	04.10.2012	10.10.2012	14.02.2013	14.02.2013
5.	D/ Law on Economic Zones (MTI)	04.10.2012	10.10.2012	14.02.2013	14.02.2013
6..	D/ Law on Foreign Investment (MTI)	10.10.2012	15.10.2012	14.02.2013	It is in Assembly proceedings Committee for Economic Development
7.	D/ Law On Occupational Safety (MLSW)	10.10.2012	15.10.2012	14.02.2013	It is in Assembly proceedings Committee on Health, Labour and Social Welfare
8.	D/ Law on the national-state song and dance ensemble "Shota" (MCYS)	17.10.2012	29.10.2012	28.03.2013	28.03.2013
9.	D/ Law on goods exempt from custom tax and goods with zero rate of the custom tax (MF)	17.10.2012	25.10.2012	14.02.2013	14.02.2013
10.	D/ Law on ratification of agreement for financial cooperation between the government of the republic of Kosovo and the government of the republic of Austria (MF)	17.10.2012	30.10.2012		06.12.2012
11.	D/ Law on Budget of Republic of Kosovo (MF)	29.10.2012	30.10.2012	13.12.2012	13.12.2013
12.	D/ Law on Kosovo Property Comparison and Verification Agency (OPM)	12.11.2012	16.11.2012	19.03.2013	It is in Assembly proceedings Committee on Legislation
13.	D/ Law on transplantation of organs (MH)	14.11.2012	23.11.2012	24.01.2013	It is in Assembly proceedings Committee on Health, Labour and Social Welfare
14.	D/ Law on A.S the law on courts (MJ)	19.11.2012	23.11.2012	20.12.2012	20.12.2012
15.	D/Law on interception of telecommunication (OPM)	03.12.2012	23.11.2012		It is in Assembly proceedings Committee on Health, Labour and Social Welfare

16.	D/Law on ratification of the agreement establishing the European Bank for reconstruction and development (MF)	03.12.2012	23.11.2012	13.12.2012	13.12.2012
17.	D/Law on A.S the law no. 03/L-196 on the prevention of money laundering and prevention of terrorist financing (MF)	03.12.2012	13.12.2012	31.12.2012	11.02.2013
18.	D/Law on spatial planning (MESP)	07.12.2012	12.12.2012	01.02.2013	It is in Assembly proceedings Committee for Agriculture, Forestry, Environment and Spatial Planning
19.	D/Law on the inspectorate of environment, waters, spatial planning and construction (MESP)	07.12.2012	12.12.2012	31.01.2013	It is in Assembly proceedings Committee for Agriculture, Forestry, Environment and Spatial Planning
20.	D/Law on tourism (MTI)	07.12.2012	12.12.2012	14.02.2013	13.04.2013
21.	D/Law on road transportation (MI)	07.12.2012	12.12.2012	31.01.2013	It is in Assembly proceedings Committee for Economic Development
22.	D/Law on the overseas deployment of the Kosovo Security Force (MKSF)	07.12.2012	12.12.2012	31.01.2013	It is in Assembly proceedings Commission on Internal Affairs, Security and Oversight of the KSF
23.	D/Law on foreign investment (MTI)	14.12.2012	19.12.2012	14.02.2013	It is in Assembly proceedings Committee for Economic Development
24.	D/Law on construction products (MTI)	14.12.2012	19.12.2012	14.02.2013	It is in Assembly proceedings Committee for Economic Development
25.	D/Law on Kosovo Institute for Public Administration (MPA)	14.12.2012	19.12.2012	01.02.2013	It is in Assembly proceedings Committee for Education and Public

					Administration
26.	D/Law on land transport of dangerous goods (MI)	14.12.2012	19.12.2012	01.02.2013	It is in Assembly proceedings Committee for Economic Development
27.	D/Law on office work administration (MPA)	14.12.2012	19.12.2012	01.02.2013	It is in Assembly proceedings Committee for Education and Public Administration
28.	D/Law for treatment of constructions without permit (MESP)	26.12.2012	28.12.2012	19.03.2013	It is in Assembly proceedings Committee for Agriculture
29.	D/Law on A.S the Law for Inspection and supervision of market (MTI)	26.12.2012	28.12.2012	14.02.2013	11.04.2013
30.	D/law on geographical indications (MTI)	26.12.2012	28.12.2012	14.03.2013	It is in Assembly proceedings Committee for Economic Development
31.	D/Law on special excise rates for production of alcoholic (MF)	26.12.2012	28.12.2012	01.02.2013	It is in Assembly proceedings Budget Committee
32.	D/Law on A.S the Law No. 04/L-078 on general product safety (MTI)	09.01.2013	16.01.2013	19.03.2013	28.03.2013
33.	D/ Law on medical devices (MSH)	30.01.2013	06.02.2013	19.03.2013	It is in Assembly proceedings Committee on Health, Labour and Social Welfare
34.	D/ Law on livestock (MAFRD)	30.01.2013	06.02.2013	19.03.2013	It is in Assembly proceedings Committee on Health, Labour and Social Welfare
35.	D/ Law on transplantation of tissues and cells (MH)	17.02.2013	27.02.2013	28.03.2013	It is in Assembly proceedings Committee on Health, Labour and Social Welfare
36.	D/ Law on the bar (MJ)	27.02.2013	20.03.2013	27.03.2013	It is in Assembly proceedings In the Committee on

					Legislation
37.	D/ Law on petroleum and petroleum products market in Kosovo (MTI)	27.03.2013	30.03.2013	12.04.2013	It is in Assembly proceedings Committee on Health, Labour and Social Welfare
38.	D/law on public financial management (MF)	27.03.2013	30.03.2013	28.04.2013	It is in Assembly proceedings Budget Committee

### **ANNEX 3: SECONDARY LEGISLATION WHICH IS APPROVED IN THE GOVERNMENT OF THE REPUBLIC OF KOSOVO FOR REPORTING PERIOD**

- REGULATION NO. 20/2012 ON VOLUNTARY WORK OF CIVIL SERVANTS AFTER RETIREMENT 15.10.2012;
- REGULATION NO. 21/2012 ON CIVIL SERVANTS CAREER PROMOTION 15.10.2012;
- REGULATION NO.22/2012 ON DETERMINING SPECIAL QUALIFICATIONS, REWARDS AND COMPENSATION AND ON BANKRUPTCY ADMINISTRATORS' LICENSING PROCEDURES 17.10.2012;
- REGULATION NO. 23/2012 ON THE GOVERNMENT COMMISSION FOR RECOGNITION AND VERIFICATION OF THE STATUS OF NATIONAL MARTYR, INVALID, VETERAN, MEMBER OR INTERNEES OF KOSOVO LIBERATION ARMY 17.10.2012;
- REGULATION NO. 24/2012 FOR TECHNICAL NORMS ON FIRE PROTECTION OF HIGH BUILDINGS 05.11.2012;
- REGULATION NO. 25/2012 FOR THE TECHNICAL STANDARDS IN FIRE PROTECTION OF BUILDING FOR FLAMMABLE LIQUIDS, STORAGE AND CLOTTING 05.11.2012;
- REGULATION NO. 26/2012 OF THE RULES OF PROCEDURE OF THE GOVERNMENT COMMISSION ON THE RIGHTS OF FORMER PRISONERS, FORMER POLITICALLY CONVICTED AND PERSECUTED 03.12.2012;
- REGULATION NO. 27/2012 ON MICROBIOLOGICAL CRITERIA FOR FOOD STUFFS 11.12.2012;
- REGULATION NO. 28/2012 ON THE METHODOLOGY FOR RISK ASSESSMENT DEVELOPMENT 11.12.2012;
- REGULATION NO. 29/2012 ON INTERNAL ORGANIZATION AND SYSTEMATIZATION OF JOBS OF THE MINISTRY OF TRADE AND INDUSTRY 14.12.2012;
- REGULATION NO. 30/2012 ON CONDITIONS FOR RESTRICTIONS ON THE RIGHT TO STRIKE IN SPECIFIC SERVICES IN CIVIL SERVICE 14.12.2012;
- REGULATION NO. 31/2012 FOR CARE PROCEDURES FOR CIVIL SERVANTS DUE TO PHYSICAL OR MENTAL DISABILITY OR HEALTH PROBLEMS 14.12.2012;
- REGULATION NO. 32/2012 ON INTERNAL ORGANIZATION AND SYSTEMATIZATION OF JOBS IN MINISTRY OF EUROPEAN INTEGRATION 24.12.2012;
- REGULATION NO. 33/2012 ON ALLOWANCES IN SALARIES AND OTHER COMPENSATIONS FOR CIVIL SERVANTS 24.12.2012;
- REGULATION NO. 34/2012 ON PAYMENT OF WAGES AND SALARIES OF THE CHAIRMAN / CHAIRPERSONS AND BOARD MEMBERS OF THE INDEPENDENT REVIEW BOARD, AUDIT COMMITTEES, KOSOVO FINANCIAL REPORTING COUNCIL 27.12.2012;
- REGULATION NO. 37/2012 ON COMPLAINT IN THE VERIFICATION PROCESS 10.01.2013;
- REGULATION NO. 38/2012 FOR TRAINING PLANNING AND COORDINATION OF DONATIONS FOR TRAINING OF PUBLIC SAFETY INSTITUTIONS WHICH ARE ORGANIZED AND DELIVERED IN KAPS 10.01.2013;
- REGULATION NO. 39/2012 FOR CODE OF ETHICS AT THE KOSOVO ACADEMY FOR PUBLIC SAFETY 10.01.2013;
- REGULATION NO.40/2012 ON INTERNAL ORGANIZATION AND SYSTEMATIZATION OF WORK PLACES IN THE MINISTRY FOR COMMUNITIES AND RETURN 10.01.2013;
- REGULATION NO.01/2013 ON THE INTERNAL REORGANISATION AND SYSTEMATIZATION OF JOB POSITIONS IN THE KOSOVO AGENCY FOR STATISTICS 31.01.2013;
- REGULATION NO.02/2013 ON THE CRITERIA FOR THE ESTABLISHMENT OF LOCAL PUBLICLY OWNED ENTERPRISES AND PARTICIPATION OF MUNICIPALITIES IN BOARDS OF DIRECTORS OF REGIONAL WATER SUPPLY ENTERPRISES;
- REGULATION NO.03/2013 ON THE INTERNAL ORGANIZATION AND SYSTEMATIZATION OF JOBS IN THE MINISTRY OF LOCAL GOVERNMENT ADMINISTRATION 12.02.2013;
- REGULATION NO.04/2013 ON INTERNAL ORGANIZATION AND SYSTEMATIZATION OF JOBS OF IN THE MINISTRY OF FOREIGN AFFAIRS 12.02.2013;
- REGULATION NO.05/2013 ON MEDIATION OF DISPUTES IN THE FIELD OF COPYRIGHT AND RELATED RIGHTS IN MINISTRY OF CULTURE, YOUTH AND SPORTS 12.02.2013;
- REGULATION NO.06/2013 FOR THE BOARD OF KOSOVO ACADEMY FOR PUBLIC SAFETY 06.03.2013;

- REGULATION NO. 07/2013 ON PROCEDURES AND COMPENSATION CRITERIA OF FORMER POLITICALLY CONVICTED 14.03.2013;
- REGULATION NO. 08/2013 ON THE CONTENTS AND PROCEDURES OF DRAFTING EMERGENCY RESPONSE PLANS 04.04.2013;
- REGULATION NO. 09/2013 ON THE STIMULATION OF INTER-MUNICIPAL COOPERATION 04.04.2013;
- REGULATION NO. 10/2013 ON INTERNAL ORGANIZATION AND SYSTEMATIZATION OF JOBS IN THE MARKET INSPECTORATE 04.04.2013;
- ADMINISTRATIVE INSTRUCTION NO.01/2013 FOR EMBLEM OF EMERGENCY MANAGEMENT AGENCY 06.03.2013;
- ADMINISTRATIVE INSTRUCTION NO. 02/2013 ON THE PROCEDURES OF PROVIDING ASSISTANCE TO THE GOVERNMENTAL BODIES BY THE KOSOVO POLICE 11.03.2013;

**ANNEX IV – STRATEGIES AND ACTION PLANS WHICH ARE ADOPTED IN THE GOVERNMENT OF THE REPUBLIC OF KOSOVO FOR THE REPORTING PERIOD:**

- Strategy on the prevention of money laundering and terrorist financing 12.09.2012;
- National strategy of the republic of Kosovo on integrated border management;
- National Anti-Drug Strategy and Action Plan 2012-2017;
- National Anti-Terrorism Strategy 2012-2017 and Action Plan
- National Strategy against Organized Crime and Action Plan 2012-2017;
- National Strategy and Action Plan on Crime Prevention 2013-2017;
- Strategy against piracy and forgery;
- Five-year statistic program;
- National Youth Strategy;
- National Strategy and Action Plan on Crime Prevention;
- Social Services Decentralization Strategy;
- Private Sector Development Strategy.

**ANNEX 5: APPROVED ADMINISTRATIVE INSTRUCTIONS DURING THE REPORTING PERIOD IN THE FIELD OF EDUCATION:**

- AI – No. 11 – 2012 Criteria for Licensing of private educational institutions for primary level, low secondary and high secondary and vocational training Date:12.09.2012;
- AI – No. 12/2012 Criteria's for election of assistants and instructors for inclusive education and their obligations. Date: 18.09.2012;
- AI – No. 13/2012 financial participation of students for level 4 of SNKA. Date: 18.09.2012;
- AI – No. 14/2012 Acceptance test for certain vocational schools of ICSED level 3 Date: 18.09.2012;
- AI – No. 15/2012 Care for early childhood and education Date: 18.09.2012;
- AI – No. 16/2012 Students' supply with free school textbooks, their use and preservation Date: 18.09.2012;
- AI – No. 17 / 2012 the maximal number of students per class and the report teacher-student. Date: 18.09.2012;
- AI – No. 18 / 2012 Piloting of curriculum framework – core curriculum Date: 04.10.2012;
- AI – No. 19 / 2012 Establishment and enforcement of teams for prevention and response toward abandonment and non-enrolment in compulsory education. Date: 04.10.2012;
- AI – No. 20/ 2012 Comparability and equivalence of diplomas and study programs before the Bologna system and of the Bologna system Date; 22.10.2012;
- AI – No. 21 / 2012 Application of students' payment in public universities. Date: 22.10.2012;
- AI – No. 22 / 2012 Degrees and diplomas of higher education providers Date: 22.10.2012;
- AI – No.24/ 2012 students' categories for assistance and conditions for gaining of assistance. Date: 22.10.2012;
- AI – No. 25/ 2012 Licensing of private bearers of higher education in Kosovo Date: 22.10.2012;
- AI - No. 26 / 2012 Personnel qualifications working with students of special education needs 31.10.2012;
- AI – No. 27 / 2012 Inclusion and assignment of students' number in training institutions in level 4 of SNKA Date 31.10.2012;
- AI – No. 28/ 2012 Establishment and functioning of Kosovo parents' council (KPC) Date: 31.10.2012;
- AI – No.29/ 2012 Establishment of separate parallels 31.10.2012;
- AI – No. 30 / 2012 Extracurricular activities Date 31.10.2012;
- AI – No. 01/ 2013 Nomination of higher education institutions Date: 16.01.2013;
- AI – No. 02/2013 For accreditation of higher education institutions in the Republic of Kosovo Date: 16.01.2013;
- AI – No. 03/ 2013 For issuance of duplicate documents from instructive – educational and university institutions: 21.01.2013;
- AI – No. 04/2013 For verification of documents of all educational levels Date: 21.01.2013;
- AI – No. 05 / 2013 Implementation of curriculum for vocational education – Field: Agribusiness in agriculture – Profile: Agribusiness Date: 23.01.2013;
- AI – No. 06/2013 Implementation of curriculum for vocational education - Field: Food technology - Profile: Meat processor Date: 23.01.2013;

- AI - No. 07/2013 Implementation of the curriculum for vocational education - Area: Food technology - Profile: Milk manufacturer Date: 23.01.2013;
- AI - No. 08/ 2013 Implementation of curriculum for vocational education - Field: Food technology - Profile: Manufacturer of fruits and vegetables Date: 23.01.2013;
- AI - No. 09/2013 Implementation of curriculum for vocational education - Field: Food technology - Profile: Baker Date: 23.01.2013;
- AI - No. 10/2013 Implementation of curriculum for vocational education - Field: Food Technology - Profile: Cook Date: 23.01.2013;
- AI - No.11/ 2013 Verification of diplomas and other documentation issued from PPHE Date: 04.03.2013;
- AI - No. 12 / 2013 Keeping the elections in university "Haxhi Zeka" of Peja Date: 08.04.2013;