



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

**Final Report on Implementation of the
European Reform Agenda (ERA)
2016 - 2018**

**December 2018
Prishtina**

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INTRODUCTION

The European Reform Agenda (ERA) is a joint document of the Republic of Kosovo and the European Union for the fulfilment of obligations deriving from the Stabilisation and Association Agreement (SAA), namely for implementation of priority reforms requiring attention at the highest political level. Therefore, the focus is on key economic reforms, strengthening of the rule of law and consolidation of good governance. In this regard, ERA priorities serve as a medium-term framework, while the action plan serves as a short-term framework. After the priorities were agreed upon and the action plan (ERA AP) was drafted, implementation of ERA was officially launched by the Prime Minister of the Republic of Kosovo and the EU Commissioner for European Neighbourhood Policy and Enlargement Negotiations on 11 November 2016, at the first *EU – Kosovo High Level Dialogue* meeting on *Key Priorities*, held in Prishtina. It was also approved by the Government, on 9 November 2016, and adopted by the Assembly, on 15 February 2017.

ERA contains 22 priorities and 135 actions, spread as follows:

- Pillar 1: *Good Governance and Rule of Law*, containing 9 priorities and 25 actions;
- Pillar 2: *Competitiveness and Investment Climate*, containing 7 priorities and 78 actions; and
- Pillar 3: *Employment and Education*, containing 6 priorities and 32 actions.

The Government, as the national central institution in charge of fulfilment of SAA obligations, has implemented this document and monitored its implementation in cooperation with the Assembly, justice system institutions and other independent responsible institutions, in line with AP ERA. This was done under the auspices of the main institution mandated for coordinating the European integration process - namely the Ministry of European Integration (MEI). This was also done through the state co-ordinating structures for European integration (Ministerial Council for European Integration [MCEI] and the Working Committee for European Integration [WCEI]) and through the regular efforts of the Government. The progress for implementation of these reforms has been followed by the joint EU-Kosovo bodies that are responsible for overseeing the implementation of SAA.

Additionally, regular reports on implementation of ERA were also drafted, and this is the *final report* on its implementation. This report summarizes developments in terms of implementation of the action plan and fulfilment of the 22 priorities over the period from *the beginning of November 2016 to the end of November 2018*. The report is drafted by MEI, based on the data submitted by all implementing institutions, as per the action plan. This is an updated version of the report endorsed by the *Ministerial Council for European Integration (MCEI)*, in its session held on *8 November 2018*.

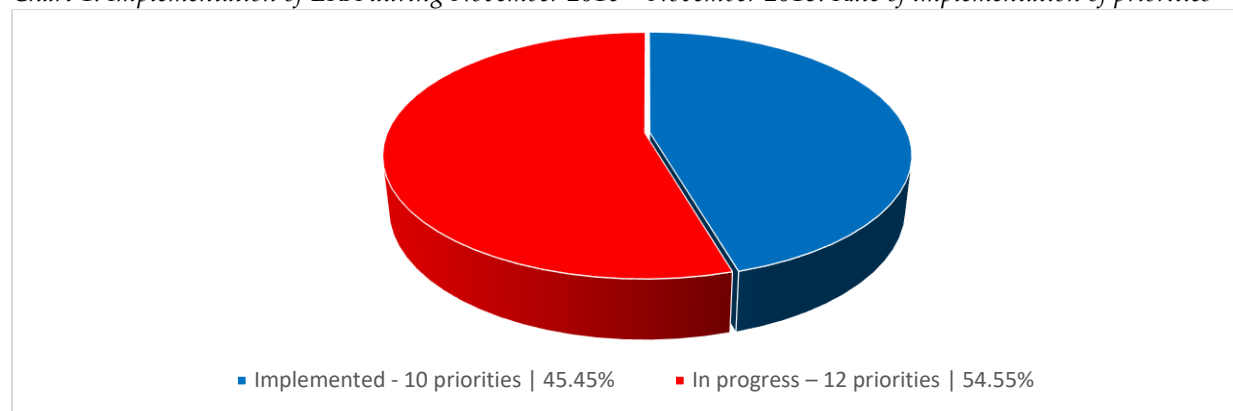
This report contains two chapters. The first chapter provides an overview summary, both with texts and diagrams, on the implementation of ERA at two levels: (1) in fulfilment of 22 priorities; and (2) in implementation of the action plan. The second chapter contains a textual description of major developments in implementation all priorities and actions, including a summary (in the form of boxes, after each priority and sub-priority) of the situation regarding the implementation of relevant activities. Finally, the annex provides a tabular overview of implementation of the action plan, by clearly specifying the actions that have not been implemented and reasons for it.

The findings show that so far, **10 out of 22 priorities**, or **45.45%** of them, have been fully implemented, while **12 priorities**, or **54.55%**, are in progress. On the other hand, as far as the action plan is concerned, **92 actions**, or **68.15%** of them, were fully implemented so far, while the remaining 43 actions, or 31.85% of them, are in progress.

I. General Overview

According to the data reported by the responsible institutions, which are presented in the following diagram, *the rate of implementation of priorities during November 2016 – November 2018 is 45.45%*, since *10 out of 22 priorities* have been fully implemented, while 12 of them (54.55%) are in progress.

Chart 1: Implementation of ERA during November 2016 – November 2018: Rate of implementation of priorities



In more details, the rate of implementation for each pillar is as follows:

- Pillar 1: out of 9 priorities, 5 (55.56%) of them are fully implemented, whereas 4 (44.44%) of them are in progress;
- Pillar 2: out of 7 priorities, 2 (28.57%) of them are fully implemented, whereas 5 (71.43%) of them are in progress; and
- Pillar 3: out of 6 priorities, 3 (50%) of them are fully implemented, whereas 3 (50%) of them are in progress.

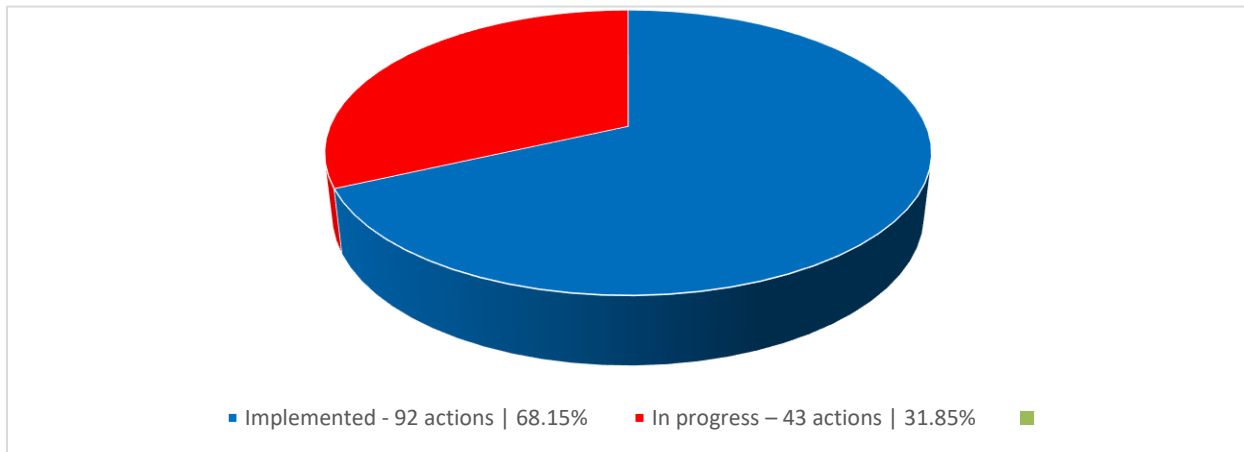
The fully implemented priorities for each pillar are as follows:

- Pillar 1: *Good Governance and Rule of Law*:
 - 1.2. Amending the law on conflict of interest and related regulations bringing them in line with European standards and indicating the exact circumstances in which public officials may take on additional employment and appointment;
 - 1.6. Ensuring transparent, merit-based and non-political selection processes in line with the law for all independent institutions, agencies and regulatory bodies as well as in public companies, including and in particular in relation to pending selection processes and ensure full implementation of the recommendations by the Kosovo Anti-Corruption Agency (AKK-DLK-3113/15);
 - 1.7. Implementing the government decision of March 2016 on introducing mandatory electronic procurement, along with the indicated timelines;
 - 1.8. Reinforce the capacity of the Economic Department and Fiscal Division in the Administrative Department of the First Instance Court in Prishtina including the areas of tax and customs, with a view to reduce the backlog of cases; and
 - 1.9. Continuing to strengthen the track record on the fight against corruption and organised crime, including through reinforcing the capacity of the Special Prosecution Office investigating and prosecuting high-level cases.
- Pillar 2: *Competitiveness and Investment Climate*:
 - 2.3. Systematically implement the adopted strategy and action plan to fight informal economy; and
 - 2.5. Further develop a number of sectorial statistics key to policy making in the area of national accounts, business statistics, energy and social statistics.

- *Employment and Education*, which contains 6 priorities and 32 actions:
 - 3.1. Adopt and implement the Sectorial Strategy for Employment and Social Policy 2015-2020 and adopt the 2017-2018 Action Plan for the implementation of the strategy;
 - 3.2. Improvement of employment opportunities: a) Preparation of an action plan for addressing youth unemployment based on the assessment of challenges and by focusing on improving the educational outcomes and supporting school-to-work transition; b) Undertaking measures to increase participation of women in the labour market; and
 - 3.3. Ensure the implementation of the law on the Agency for Employment, in particular by fully operationalising the Agency for Employment and allocating the necessary budget to ensure that it is able to roll out active labour market measures with tangible results.

On the other hand, according to the data reported by responsible institutions, presented in the following Diagram, *the rate of implementation of the Action Plan during November 2016 – November 2018 is 68.15%*, since 92 *out of 135 actions* are fully implemented, whereas 43 of them (31.85%) of them are in progress.

Chart 2: Implementation of ERA during November 2016 - October 2018: Rate of implementation of the Action Plan



More specifically, the implementation level for each pillar is as follows:

- Pillar 1: out of 25 actions, 20 (80%) of them are fully implemented, whereas 5 (20%) of them are in progress;
- Pillar 2: from 78 actions, 52 (66.67%) of them are fully implemented, whereas 26 (33.33%) of them are in progress; and
- Pillar 3: out of 32 actions, 20 (62.5%) are fully implemented, whereas 12 (37.5%) of them are in progress.

II. Narrative Section

2.1. Pillar 1: Good Governance and Rule of Law

1.1. *Reviewing and adopting legislation making mandatory the suspension and/or removal of public officials respectively indicted and convicted for corruption.*

This priority is not yet fully implemented. It contains 2 actions, out of which 1 is fully implemented, whereas 1 is in progress.

Implemented:

- *Concept document on amending the legislation in force to ensure the mandatory suspension and/or dismissal of public officials accused and convicted of corruption*

In progress:

- *Approval of legislation to ensure the mandatory suspension and/or dismissal of public officials accused and convicted of corruption*

Legislation is proposed within the Criminal Code, which was adopted by the Assembly on 23 November 2018. This issue is also being addressed through the Draft Code of Criminal Procedure, which is in the final drafting stage.

1.2. *Amending the law on conflict of interest and related regulations bringing them in line with European standards and indicating the exact circumstances in which public officials may take on additional employment and appointments*

This priority is fully implemented. It contains 1 action:

- *The Law on Prevention of Conflict of Interest in Discharge of a Public Functions needs to be amended, in line with EU recommendations: a. The categories of public officials need to be clearly defined; b. There should be a clear indication as to which activities officials are permitted and not permitted to do while in office; c. There should be a clear indication as to which activities officials are banned from performing after they have left the office; d. There should be clear indication as to the obligations of officials and their superiors in the situation of the conflict of interest; e. There should be clear indication of the procedures that should be applied once the conflict of interest arises.*

Draft-law No. 06/L-011 on Prevention of Conflict of Interest in Discharge of a Public Function was approved by the Assembly and published in the Official Gazette on 27 April 2018. Sub-legal acts are foreseen to be drafted and approved by the responsible implementing institutions.

1.3. *Ensuring the transparency and accountability of funding for political parties: a. Carry out independent audits of political parties finances for the period 2013-2015; b. Ensure the publication of financial reports of political parties as foreseen in the law*

This priority is not yet fully implemented. It contains 4 actions, out of which 3 are fully implemented, whereas 1 action is in progress.

Implemented:

- *Publish financial reports of political parties and take effective enforcement action against those that do not comply*
- *Provide adequate funding for procuring auditing services for political party financial reports*
- *Select independent auditors through an open call*

In progress:

- *Amend the Law on Financing of Political Parties to ensure transparency, accountability and effective enforcement and sanctions, on the basis of wide public consultations.*

For the purpose of adequate funding for the audit process of political parties financial reports 2013-2016, the Assembly has allocated additional budget in amount of EUR 120,000, thus increasing the budget from EUR 60,000 to EUR 120,000. Whereas regarding the auditing of financial reports for 2017, it has been allocated the budget in the amount of EUR 30,000.

Afterwards, on 19 October 2017, the Committee for Oversight of Public Finances, through ordinary rotation procedure has selected the auditors who will conduct the auditing of financial reports of political entities for the period 2013 - 2016. In December 2017, it was completed the financial audit of political entities, and then, on 26 December 2017, the CEC published the audited reports and financial reports of political entities for the period 2013 - 2016. Whereas regarding the audit process of financial reports of political entities for 2017, it is currently in the tendering process, despite three failures due to the lack of application of economic operators.

Regarding the Draft Law on amending-supplementing the Law on Financing Political Parties, the same was approved by the Government on 9 October 2018.

1.4. *Carrying out an independent review of the accountability mechanisms of all independent institutions, agencies and regulatory bodies, following up on its recommendations, and adopting legislative measures that clearly define the roles, responsibilities and lines of accountability of these institutions*

This priority is not yet fully implemented. It contains 4 actions: 3 are fully implemented and 1 is in progress.

Implemented:

- *Conduct a qualitative analysis of independent agencies and independent regulatory agencies (analysis on regulation of employment relationship, salaries, establishment and organization of agencies);*
- *Commit to implementing the recommendations deriving from the qualitative analysis;*
- *Develop a concept document for the draft-law on the organization of public administration, civil service and salaries*

In progress:

- *Adoption of the legislative package on civil service, salaries and organization of public administration.*

In reference to strategic documents for PAR such as: APSMAP 2018-2020 and the Action Plan for Rationalization of Agencies, the Ministry of Public Administration is responsible for drafting the Draft Law on Rationalization of the first wave of Agencies.

The Government of Kosovo approved the Action Plan for Rationalization of Independent Agencies (Decision No. 21/55) on 6 July 2018. The Action Plan foresees four major phases of the rationalization process. This activity despite its dynamism has been implemented in due time. Public consultations on the „Draft Concept Document for the First Wave of Rationalization and Establishment of Accountability Lines for Agencies within the Assembly of Kosovo“ were conducted on 20 July 2018. Following the consultative meetings, including the meetings with civil society and EU officials, the Draft Concept Document was submitted to the Government for Approval on 21 September 2018. After submitting the material to the Government Coordination Secretariat for the purpose of obtaining opinions and after completing the materials, the concerned Concept Document was approved, by means of the Decision No. 9/68, at the Government meeting held on 9 October 2018.

MPA is making efforts and aims to complete the drafting of the Draft Law on Rationalization of the First Wave of Agencies by the end of this year and submit it for approval to the Government and to the Assembly, as is foreseen in the above-mentioned documents.

1.5. Ensure that the planned legislative package covering civil service, salaries and organisation of state administration is prepared in a coordinated manner in an inclusive and evidence-based process on the basis of concept documents agreed at the government level

This priority is not yet fully implemented. It contains 2 actions: 1 is fully implemented 1 is in progress.

Implemented:

- Develop concept documents for the draft-laws on: civil service, salaries and the organization of public administration;

In progress:

- Adoption of the legislative package on civil service, salaries and organization of public administration

MPA has exercised all responsibilities regarding the drafting and approval of the draft-laws within the PAR package by the Government. Now it remains to be approved by the Assembly.

1.6. Ensuring transparent, merit-based and non-political selection processes in line with the law for all independent institutions, agencies and regulatory bodies as well as in public companies, full implementation of recommendations by the Kosovo Anti-Corruption Agency (AKK-DLK-3113/15)

This priority is fully implemented. It contains 2 actions:

- Amendment of the applicable legislation for the selection of independent institutions in order to ensure robust, transparent and merit-based procedures for selection of candidates:
 - Publication of CVs of short-listed candidates
 - Inclusion of civil society in the selection committees, on the basis of a transparent and open selection of civil society representatives;
 - Strengthening and clarifying minimum requirements for candidates, by including criteria similar to Article 17 paragraph 2 of the Law on POEs, for instance, in the amendments to the Law on Conflict of Interest, thereby making them applicable to all independent agencies and regulatory bodies.
- Government commits to act on the recommendations issued by ACA of 15.02.2016 (AKK -DLK - 3113/15) concerning appointments to 9 boards of POEs:
 - The sworn affidavit form/declaration to be amended to reflect the law for all future appointments
 - OPM to take action according to Article 17.5 of the law (i.e. 17.5 Each person holding or applying for a director position shall execute a sworn affidavit truthfully attesting that he meets the eligibility, independence and professional suitability requirements of paragraphs 1-3 of this Article. Any material misrepresentation - whether intentional or the result of negligence - or any material change in the information set forth in such affidavit shall result in the immediate disqualification and, if applicable, termination of such person.)
 - OPM to take actions against officials who drafted this form/declaration which is not in accordance with the law
 - Ensure the implementation of the MoU signed between the Assembly and the Government on the one hand and the UK Embassy in Prishtina on the other, for the appointments of board members of independent institutions and agencies.

The Government of the Republic of Kosovo in the meeting held on 29 Sep 2017, based on the recommendation of the Anti-Corruption Agency dated 22.02.2016 has dismissed nine (9) directors of the Boards of Central Public Enterprise

The Office of the Prime Minister/GCS has fully complied with the First (I) Memorandum of Understanding signed on 11 October 2017 between the Prime Minister of the Republic of Kosovo and the Ambassador of Great Britain. Until now, the process of selecting the members of the Governing Board of KEK, and the selection process for members of Governing Board of Kosovo Telecom - TK have been monitored (both of these governing boards were appointed by the Government of the Republic of Kosovo).

Based on the first Memorandum of Understanding (I), the Implementing Partner monitored the process of selecting the candidates for Director and Deputy Director of the Executive Secretariat of the Property Comparison and Verification Agency, and the proposal of the candidates for Director and Deputy Director was submitted for review and approval in Kosovo Assembly on 13.03.2018.

Also, the Office of the Prime Minister/GCS has fully observed the Memorandum of Understanding (II) that was signed on 24 August 2018 between the Prime Minister of the Republic of Kosovo and the Ambassador of Great Britain.

Based on the Decision no. 844/2 dated 07.05.2018 of the Assembly of the Republic of Kosovo, the candidates proposed for Director and Deputy Director did not receive votes required for these positions, and regarding this matter the implementing partner has monitored the selection process for the candidates for Director and Deputy Director of the Executive Secretariat of the Property Comparison and Verification Agency, and the proposal of candidates for Director and Deputy Director was submitted for review and approval in the Assembly of Kosovo on 11.10.2018.

The Office of the Prime Minister/GCS had no opinion discrepancies with the Implementing Partner from the British Embassy in Kosovo, there is and will be good cooperation in the future as well. In terms of the discrepancy due to the appointment of the Secretary General of MTI, referring to the letter of MPA No. 266 dated 24.01.2018, all actions and procedures have been conducted in accordance with the legislation in force. The same situation is regarding the appointment of the Secretary General of MEST, the letter of the Ministry of Public Administration No. 464 dated 12.02.2018 says that all the procedures were conducted in accordance with the legislation in force.

1.7. Implementing the government decision of March 2016 on introducing mandatory electronic procurement, along with the indicated timelines

This priority is fully implemented. It contains 7 actions:

- *Commencement the second phase of the pilot project of e-procurement*
- *Implementation of amendments of the Procurement Law in the electronic platform*
- *Training of public officials at local level*
- *Certification of public officials at central level*
- *Certification of public officials at local level*
- *Testing of electronic procurement modules*
- *Development of operational guidelines on e-procurement. The Government should provide to the public standard machine readable data in real time of procurement contracts*

The Government's decision obtained on March 2016 regarding the electronic procurement is in progress accordingly. Electronic platform has been completed and all contracting authorities are obliged to post procurement activities on the electronic platform. From 1 September 2016, the electronic procurement system has become mandatory for all contracting authorities at central level for procurement procedures for large and medium-sized amount, and as of 1st of January 2017, e-procurement has become mandatory for contracting authorities at the local level for procurement procedures for large and medium-sized amount.

Whereas, from 1 January 2018, the e-procurement system has become mandatory for all contracting authorities and for all procurement procedures in the amount over 1000 euro, or about 98% of procurement procedures are performed completely in in the electronic procurement system up to the signing of the contract. Currently, all Contracting Authorities (188) are registered and use the e-procurement platform. There are about 6,000 registered economic operators that actively use the platform, while the number of all registered users has reached to around 15,000 users.

The Public Procurement Regulatory Commission (PPRC), with the aim of increasing the use of the e-procurement system by economic operators, in mid-2018 issued a decision which foresees that from the date of 5 July 2018 submission of bids will be allowed only in electronic format for all centralized procurement conducted from CPA, and from 1 September 2018 submission of bids will be allowed only in electronic format for all large value procurements published by all Contracting Authorities. According to the planning, as of 1 January 2019 the submission of bids shall be allowed and conducted only in electronic form through the e-procurement system for all procurement procedures, regardless of the value.

So far, in the electronic platform were made 27,000 publications from 10,000 conducted procedures. About 7,000 have ended up with a signed contract, or on average 10 signed contracts per working day. All publications in electronic procurement are public and accessible for any interested party, including the signed contracts and some documents on the evaluation of the eliminated and rewarded bids. It is significantly reduced the physical contact of procurement officers with Economic Operators who are potential participants in procurement procedures, whereas the monitoring of all activities/publications is done in real time basis.

It was developed the necessary legislation for implementation of amendments in the Law on Procurement, involving 84 sub-legal acts in the period 2016-2018, including modules and new forms. Also continuously were conducted certification and training sessions. In 2016, the number of certified officers was 391 for the basic level, in which was also included the e-procurement module. Based on the PPRC annual report for 2017, during this year were certified-trained 256 procurement officers through the basic professional training program (including the e-procurement module) and 625 people underwent specific training for electronic procurement (from economic operators, NGOs, auditors, investigators, municipal officials). Whereas, from beginning of 2018 until now, over 700 people underwent the e-procurement training (such as auditors, judges, Directors of Municipal Directorate, School Principals, etc.).

1.8. Reinforce the capacity of the Economic Department and Fiscal Division in the Administrative Department of the First Instance Court in Prishtina including in the field of tax and customs, with a view to reduce the backlog of cases

This priority is fully implemented. It contains 1 action:

- *The KJC will carry out a needs assessment for the increase of the number of judges in the Economic Basic Courts. The assessment will determine what are the budget costs as well as human capacities needed for reducing the backlog of cases in the Economic Basic Courts.*

In August 2017, the Kosovo Judicial Council, with the support of USAID project "Justice Sector Strengthening Program", has prepared a study on evaluation of case handling capacity at the Basic Court, the Department of Economic Matters and the Fiscal Division within the Department for Administrative Matters. According to this analysis it was concluded that should be assigned two (2) additional judges to the Administrative Division to address the actual rate of new cases.

In July 2017 were decreed 52 new judges. 17 new judges were appointed by the KJC in the Basic Court of Prishtina. At the end of October 2018, 54 judges completed the initial training held by the Academy of Justice, and from the beginning of November 2018 they commenced to solve cases. The Basic Court in Prishtina has recruited four (4) professional advisors to support the Fiscal Division. In there are also legal officers who will provide support. The KJC in cooperation with the President of the Basic Court of Prishtina have committed to appoint two additional Judges in the Fiscal Division (two judges in the Administrative Department). Whereas, the Department of Economic Matters has gotten additional staff by appointing one (1) more judge. We currently have 5 judges at the Department of Economic Matters.

The Kosovo Judicial Council is in the final phase of recruiting thirty-seven (37) new judges, and 112 professional associates and legal officers in all courts of Kosovo.

1.9. *Continue to strengthen the track record on the fight against corruption and organised crime, including through reinforcing the capacity of the Special Prosecution Office investigating and prosecuting high-level cases.*

This priority is fully implemented. It contains 2 actions:

- *Amendment-Supplement of the Law on State Prosecutor in order to enable the increase of the number of prosecutors in the Special Prosecution Office for investigating and prosecuting high-level corruption and organised crime cases.*
- *Provide training to build the capacity of the Special Prosecution Office to conduct financial investigation and confiscate assets.*

The Law No. 05/L-034 on amending and supplementing the Law on State Prosecutor was approved by the Assembly on 30.03.2018. Decree No. DL-007-2018 of the date 17.04.2018, enabled the increase of the number of prosecutors in the Special Prosecution for the purpose of investigating and prosecuting cases of high-level corruption and serious crimes.

Whereas the Academy of Justice has held specialized training for the purpose of strengthening the capacities of prosecutors of Special Prosecution. During 2016, were held specialized trainings for 4 prosecutors in the field of money laundering, whereas during 2017 were trained 15 prosecutors in the field of official corruption and criminal offenses against official duty, money laundering, financial investigation and organized crime in general, whereas in 2018 were trained 2 prosecutors in the field of organized crime and corruption..

2.2. Pillar II: Competitiveness and Investment Climate

2.1. Promoting Foreign Direct Investments

- a) Significantly strengthen the capacity and enhance the internal portfolio organisation of the Kosovo Investment Agency to allow it to improve its performance for promotion and support to investment, private sector and SME development
- b) Create an investor servicing and aftercare program for potential investors and an investors' grievance mechanism having sufficient competences to provide such services

These sub-priorities are not yet fully implemented. They contain 5 actions: 1 fully implemented and 4 in progress.

Implemented:

- Deep review of KIESA scope of responsibilities, its activities and job descriptions;

In progress:

- Restructuring of KIESA to enable it to efficiently carry out its responsibilities and implement priorities, allocation of adequate resources and recruitment of qualified employees
- Develop capacities of KIESA staff to design and implement services and programs
- Establish an Advisory Board within KIESA with participation of business community and strong involvement of PM Office
- Prepare and start implementing the services and aftercare programs for investors;

The deep review of KIESA scope of responsibilities has been completed through a detailed comparative analysis with other similar agencies in the countries of the region. The report and its recommendations were used as a basis for preparation of KIESA's organizational structure. Consequently, a draft regulation on internal organization of MTI has been developed, which is expected to be approved by the Government. Whereas, regarding the Establishment of the Advisory Board within KIESA, the decision has been prepared and it is expected to be approved by the Government.

Two actions related to the development of KIESA staff capacities for designing and implementing services and programs for investors are in progress to a limited extent based on the capacities of KIESA with the current staff. Their full implementation can be completed only after the approval of the new organizational structure which would define both the scope and competences of the agency.

2.2. Improving the business environment

- a. Focus on improving the World Bank 'Doing Business' indicators

This sub-priority is fully implemented. It contains 5 actions:

- The National Economic Development Council facilitates the Doing Business reform by focusing on deliverables and achievements on its regular meetings;
- Improve rankings for resolving insolvency by effectively implementing the legal framework for bankruptcy
- Cut procedures, time and cost for obtaining construction permits including by amending the Administrative Instruction No.10/2013 on Setting Procedures for Submission and Review of Applications for Terms of Construction and Construction Permits in Q2 2017
- The online business registration is made available
- The business number is unified

The National Economic Development Council has been expanded with new members, and, thanks to EBRD's support, its better functioning is being redesigned, including through mechanisms that will increase its efficiency.

A new Law on bankruptcy was adopted in July 2016, which was partially harmonized with EU legislation, namely Regulation 2015/848 of the European Parliament and the Council on Bankruptcy Procedures. The law applies to all business organizations. Following the adoption of the law, the procedures on the functioning of bankruptcy administrators have been defined and the implementation of the law by the courts has commenced. On this issue were trained 8 judges and 9 professional associates. As a result of strengthening of the legal framework on bankruptcy, the World Bank's Doing Business Report ranked Kosovo, with regard to this indicator, in the 50th place in 2019 compared to its ranking as 164th in 2016. The AI No. 10/2013 on Setting Procedures for Submission and Review of Applications for Terms of Construction and Construction Permits has been amended by AI no 06/2017, which was approved on 23.05.2017.

The changes include the unification of procedures and standardization of costs for obtaining construction permits. The Ministry of Trade and Industry, i.e. the Business Registration Agency, has made the online business registration functional, whereby as of January of this year 152 businesses have been registered. The online registration database will be updated continuously. In May of this year, the amended Law on Business Organizations entered into force, where one of the amendments enables the creation of a Unified Business Number. MTI is working on defining technical procedural aspects through secondary legislation.

Consequently, some of the Doing Business indicators have improved. In the overall ranking of 2018, Kosovo marked an improvement of 20 places in ranking, i.e. moving from the 60th to the 40th position. Even in the 2019 assessment, progress on some important indicators such as obtaining building permits, tax payments and cross-border trade has continued, regardless of the drop of 4 positions in the overall ranking.

b. Align rules with international accounting, auditing and financial reporting standards

This sub-priority is fully implemented. It contains 3 actions:

- *Law on Accounting, Financial Reporting and Audit drafted;*
- *Public consultation with Civil Society and development partners held;*
- *Law adopted by the Assembly*

The Draft Law on Accounting, Financial Reporting and Audit was drafted in November 2017. Public Consultation with Civil Society and Development Partners on the Law were completed during November 2017. In December 2017 it was approved by the Government of the Republic of Kosovo, and in March 2018 it was approved by the Assembly of the Republic of Kosovo. The law will enter into force in 1st of January 2019.

c. Reduce the regulatory burden to firms, in particular by making transparent the fees and procedures required to get permits and licences

This sub-priority is fully implemented. It contains 3 actions:

- *New law on business organizations is consulted with civil society and relevant stakeholders and adopted;*
- *Secondary legislation on the law on business organizations adopted*
- *The online Central Register for Licences and Permits is further updated including the fees and procedures required to get permits and uploading of application forms to the database*

The Law on Business Organization has been approved and entered into force in May 2018. Some of the key changes in the law concern the protection of minority investors, creation of a unique business identification number (see the report of the subcommittee on economy). On secondary legislation, the Administrative Instruction on Service Tariffs and Business Registration Procedures has been approved by the Minister on

19.10.2018. The Administrative Instruction on the unified business identification number has also been drafted.

Law no 04/L-202 on Permit and Licence System foresees the establishment, administration and operation of Central Register for Licences and Permits at the central level of the Republic of Kosovo. Following entry into force of the Law, the Legal Office of the Prime Minister, supported by the International Finance Corporation (IFC), has identified 480 permits and licenses. Detailed information has been collected, including: legal acts regulating the permit or license, number of steps to be pursued by businesses, necessary documentation, payments and time limits for obtaining a permit or license, etc. All this data is placed in a central level electronic register for all permits and licenses and are made available to the public, thus having a positive effect in the increased transparency and facilitating the provision of detailed information for businesses and citizens about different types of permits and licenses.

The Legal Office, supported by IFC and in cooperation with other institutions, during the period November 2017 – July 2018, has conducted a review and updated the Central Register for Permits and Licenses. For this purpose, the following measures have been taken:

- Review of the list of permits and licenses identified at central level from the initial state process;
- Verification of changes in the list of permits and licenses applied in recent years including new permits and licenses that are not part of the current register;
- Verification of the legal grounds and information obtained from relevant institutions regarding existing and new permits and licenses;
- Finalization of the updated list of permits and licenses for every ministry/agency/other independent organization with detailed information such as bylaws, necessary documentation, fees and deadlines required for obtaining a permit or license, etc.;
- Updating these changes in the electronic register for the existing permits and licenses and placing new ones;
- Electronic publication of the updated version of Central Register for Permits and Licenses.

Now the Central Register for Permits and Licenses contains information about 456 permits and licenses for citizens and businesses, issued by 26 central institutions in 21 areas of economic activity, including: permits, licenses, certificates, authorizations, consents, registrations and recognitions. In addition, in cooperation with IFC, we will organize one awareness raising campaign for institutions, citizens and businesses regarding the existence of Central Register for Permits and Licenses and the obligation of institutions, independent agencies and other bodies to report to the OPM's Legal Office about the new permits and changes on the existing permits and licenses, in compliance with Article 29 of the Law on Permit and License System.

In the light of administrative burden reduction, simplification of these procedures is a continuous process which brings facilitations and reforms in local and foreign investment climate. In this regard, in the context of updating the Central Register for Permits and Licenses, the laws of the year 2017 and 2018 published in the Official Gazette were analysed to see whether there are any administrative procedures foreseen in the approved laws.

d. Introduce legislative changes to improve the management, coordination and enforcement of market surveillance

This sub-priority is not yet fully implemented. It contains 3 actions:

- *Law on General Inspections drafted to reform key procedural, institutional and functional aspects*
- *Public consultation with Civil Society and other relevant stakeholders held*
- *Law on General Inspection adopted*

In March 2018, the Government adopted the Concept Document for the field of inspections, defining the way of organizing and managing a general inspection system and the current legislation regulating the various types of inspections has been identified. Whereas, the first draft of the law on inspections is not drafted yet. Consequently, none of the two subsequent actions, i.e. public consultation with civil society and the adoption of this law in the assembly, has been implemented.

e. Align legislation, enhance the capacity of the Competition and State Aid bodies and ensure they start implementing their mandates

This sub-priority is not yet fully implemented. It contains 4 actions: 2 fully implemented and 2 in progress.

Implemented:

- *Competition Authority to research and prepare a report on the state of play of monopolies in the market in Kosovo with appropriate recommendations*
- *Ensure the operational independence of and sufficient capacity for the State Aid Commission to improve the effectiveness of its control on State aid*

In progress:

- *Strengthen internal procedures and capacity in the Kosovo Competition Authority to conduct investigations*
- *Align and amend the Law on State Aid and align the secondary legislation*

Regarding the strengthening of procedures, the Kosovo Competition Authority (KCA) in 2017 has developed and approved the Regulation no. 01/2017 on Investigation Procedures, which strengthens the market investigation aspects in accordance with the law on competition. In view of full implementation of several articles of the law on competition, in 2017 the Authority has adopted the following administrative instructions:

- AI no 02/2017 on group exclusion of horizontal agreements;
- AI no 03/2017 on group exclusion of vertical agreements of enterprises;
- AI no 04/2017 on group exclusion of agreements in the transportation sector;
- AI no 05/2017 on group exclusion in the insurance Sector; and
- AI no 06/2017 on group exclusion of agreements for Motor Vehicle Distribution and Service.

The abovementioned acts further approximate our legislation with relevant competition acts in the European Union. In order to build the internal capacities for conducting investigations, the Competition Authority has recruited 4 market inspectors who started work in May 2018 and by the end of the year are expected to recruit 3 more positions according to the budget approved for this year.

The Kosovo Competition Authority has conducted research and identification of monopolies in the Republic of Kosovo for 14 markets. The report on current situation of monopolies in 13 Kosovo markets (telecommunications, transport, game of chance, energy, media and cinematography, mining, insurance, procurement, waste, petroleum products, banking, water supply, pharmaceuticals, and fiscal equipment) along with relevant recommendations has been shared with the Government, the Assembly and the European Commission. The Authority also has discloses information on the market structure of enterprises and their dominant position as defined by Law no. 03/L-229 on Protection of Competition. The way of determining the dominant position and the monopolies is based on the ratio between the annual turnover of the enterprises operating in the same market and the annual turnover of the specific enterprise.

Law no 05/L-100 on State Aid, was adopted on 23.12.2016 and was published in the Official Gazette on 17 January 2017. The law is partly aligned with the implementing legislation of relevant Articles of the Treaty, including the EU Regulation 2015/1589. Regarding secondary legislation, the State Aid Department in February 2018 has started drafting the Regulation on State Aid Notification Procedures. This regulation has

undergone all mandatory legislative stages including internal and public consultations and was approved at the Government meeting on 23rd of October 2018. The Regulation is aligned with EU legislation, including Commission Regulation (EC) no. 794/2004 with the support of experts from an EU project. The Ministry of Finance has also prepared a draft regulation on the work of the State Aid Commission.

The operational independence has been ensured by law through the division of competencies between the State Aid Commission as a decision-making authority and the State Aid Department as the body providing professional and administrative assistance to the Commission, which is responsible for collection, analysis and monitoring of data related to state aid. The State Aid Department functions within the Ministry of Finance and is subject to the principles of civil service, whereas the Commission is an independent decision-making body whose members are elected by the Assembly of the Republic of Kosovo through a competitive process.

Following the adoption of the Law on State Aid, in February 2017, an agreement was reached between the Kosovo Competition Authority and the Ministry of Finance on the transfer of the State Aid Office to the Ministry of Finance, i.e. the staff, one (1) employee, and the budget and assets of the state aid office. Initially, the State Aid Department had two (2) employees, the Director of the State Aid Department and the Head of the Division for State Aid Control Monitoring. In November 2017, the Regulation on Internal Organization and Systematization of Workplaces in the Ministry of Finance was approved, according to which the State Aid Department consists of two divisions with a total of seven (7) employees. At the end of May 2018, the Ministry of Finance staffed the State Aid Department with 5 new and 2 existing staff members. Recruited staff of SAD started working on 21.05.2018.

The Assembly has initiated the procedures for selection of members of State Aid Commission (SAC) through an open call in July 2018. The members of the SAC should be appointed by the Kosovo Assembly, where the selection procedures under the law will be conducted by the 3 Parliamentary Committees of the Assembly.

2.3. Systematically implement the adopted strategy and action plan to combat informal economy

This sub-priority is fully implemented. It contains 5 actions:

- *Conduct independent sectorial risk assessment focusing on most vulnerable sectors to informal economy, financial crimes, money laundering, terrorism financing (covering the gender aspect)*
- *Revise the Action Plan taking into account the risk assessment findings*
- *Further improve tax compliance and enforcement in order to protect fiscal interest of the state, to ensure employees' rights and to ensure fair competition in the business area.*
- *Strengthen inter-institutional approach and mechanisms in the field of anti-money laundering, financial crime, terrorism financing and corruption, including prevention, investigations, assessments and operations (with support by IPA 2015 project)*
- *Regular quarterly reports prepared, consulted and published*

In 2017, a sector risk assessment was carried out for the sectors of Games of Chance, construction and real estate. The working group, after conducting the risk assessment approved the final reports and submitted them for approval to the Ministry of Finance. In its meeting held on 24 May 2018, the FIU Supervisory Board discussed, and in June approved two sector risk assessments for the construction and real estate sectors (decision No. 10/52), and for games of chance (decision no. 10/52). Decision no. 04/66 on NGOs was adopted in September 2018.

With the decision no. 36 of the Minister of Finance dated 23.10.2017, the new Secretariat of the Permanent Government Group was established to prevent and combat the informal economy, money laundering, financing of terrorism and financial crimes. During the period December 2017 - February 2018, the Secretariat has revised the Action Plan for the Strategy on Combating Informal Economy for 2018, with the

support of the EU Project and based on the Informal Economy Assessment developed in 2017. In April 2017 a round table was held on the topic of strategic inter-institutional and private sector cooperation in preventing and combating the informal economy, money laundering, financial crimes and financing of terrorism.

Since 2016, the focus has been on improving the implementation of tax compliance. Consequently, in 2016 the level of collection of border and domestic taxes was increased. Customs has collected 88 million Euros more, while TAK 18 million Euros more than in 2015. Around 2,038 new businesses have been equipped with fiscal cash registers. The fiscal coupons reimbursement policy has also had positive effects on the taxation and formalization of business activity. In particular, the progress achieved in the taxation of gas stations is important.

In 2017, the Tax Administration has continued its performance in increasing tax compliance. This year, revenues from TAK have increased by 7.2% compared to 2016. This year, in order to improve tax compliance, the Tax Administration has achieved the following results:

- Implemented revenues amounting EUR 388, 835,498.70.
- Conducted 36,139 visits in total, which resulted in an additional turnover of EUR 181,322,835.40,
- Issued 6,279 mandatory fines amounting EUR 1,624,600,
- Amount of the additional tax EUR 16,199,498.13,
- VAT credit deduction EUR 8,384,744.63 and loss deduction EUR 11,050,947.49.

In addition, during this period 1383 controls were carried out leading to the following results:

- EUR 51,456,117.58 additional tax (including penalties and interest)
- crediting deduction EUR 13,159,818.54 and
- loss deduction EUR 38,412,272.79.

Regarding the failure to provide fiscal cash registers during the reporting period, 1,962 visits were conducted to businesses. The number of mandatory fines for not using fiscal cashiers is 611 in the amount of 106,250 euros. In addition, 3,083 visits were conducted to businesses that do not issue a fiscal coupon, 2,518 fines were imposed in the amount of 577,500 euros.

Regarding the period January - September 2018, in order to improve tax compliance, the Tax Administration has achieved the following results:

- Collected revenue amounting EUR 346,590,015.16.
- Conducted 35,499.00 visits, which resulted in an additional turnover amounting EUR 77,390,704.80,
- Issued 4,984.00 mandatory fines amounting EUR 1,167,625.00,
- Amount of the additional tax is estimated to be EUR 5,383,612.10;
- There has been EUR 2,728,105.90 VAT credit deduction and EUR 4,232,916.57 loss deduction.

1,164.00 controls have been implemented leading to the following results:

- 35,403,195.68 additional tax (including penalties and interest)
- Credit deduction EUR 8,044,006.23 and
- Loss deduction EUR 23,773,922.21.

Regarding visits for fiscal cash registers, 4,262.00 visits were conducted where 1,703.00 mandatory fines were imposed amounting EUR 318,375.00.

In February 2017, Kosovo joined the Egmont Group organization of Financial Intelligence Units. Egmont Group is an international organization with 152 financial intelligence units specializing in combating money laundering and financing of terrorism. Now the Financial Intelligence Unit of Kosovo (FIU) has direct access to the Egmont Secure website for the international exchange of financial intelligence

information, which is an important element in strengthening international co-operation in this field. As a result of this membership, the number of requests for international cooperation has increased in 2017 and 2018. Data shows a 90% increase in spontaneous sharing and exchange of information with partner FIUs.

In the inter-institutional cooperation plan, exchange of information and coordination of actions between the FIU and other law enforcement bodies has been achieved in order to prevent, deter and investigate money laundering and financing of terrorism. In 2017, the FIU-K has undertaken 17 compliance inspections on the spot and from the distance. The FIU's access to the Customs database was also enabled. The FIU and the Kosovo Cadastral Agency, with the support of the EU Project have conducted a feasibility study for access to and exchange of information between government institutions. The FIU has received 109 feedbacks from other institutions including Police, TAK and Customs. This is expected to have a positive effect on improving the quality of analysis.

As a result of joint inter-institutional work, the FIU has issued three instructions for temporary freezing of the transaction by temporarily freezing over EUR 1 million allegedly being illegally obtained.

The European Union and the Council of Europe are implementing the joint project "iPROCEEDS" which is aimed at revenue from cybercrime covering South East Europe and Turkey. Over 13 activities have been held with other institutions in the frame of implementation of this project. The main participating institutions were: FIU, KP, Prosecution, CBK etc.

Inter-institutional cooperation also continued in 2018. In the light of this cooperation, in the period 01 January to 30 September 2018, the FIU received 119 requests for information from law enforcement agencies, while reporting entities and law enforcement agencies 276 requests for information have been sent. In the context of international cooperation, the FIU has received 16 requests for information. The FIU, issued a freezing order in February 2018 in the amount of EUR 229,990, and 25,837 US dollars for a local company.

In the context of combating the informal economy, law enforcement agencies such as Tax Administration, Customs and the Intelligence Unit have undertaken a series of actions, investigations, controls, suspect interviews and information exchanges throughout the year 2017 resulting in initiation of 32 tax evasion cases and 21 investigative reports for prosecution. Similar activities were also carried out in January-September 2018 by the Department of Tax Investigation and the Intelligence, resulting in 27 final investigation reports for the prosecution and 17 criminal charges.

In March 2017, the Secretariat has published the annual report 2016 covering the activities and results achieved in the implementation of the National Strategy and Action Plan 2014-2018. The report presents the current situation and developments regarding operational performance and results in prevention of informal economy and financial crime based on the key objectives and performance indicators set out in Annex 1 to the National Strategy Action Plan 2014-2018.

In addition, the Secretariat prepared an annual report on the implementation of the National Strategy on Combating Informal Economy 2017 and the six-month report covering the period January-June 2018 regarding the implementation of the National Strategy and Action Plan on Prevention and Combating of Informal Economy, Money Laundering, Financing of Terrorism and Financial Crime. The annual report is published on the website of the Ministry of Finance in the three official languages.

2.4. Supporting SMEs development

a) Follow up on the "Small Business Act" assessment recommendation

This sub-priority is fully implemented. It contains 2 actions:

- *The structure for SBA coordination is established, including point of contact for each Ministry*
- *KIESA to strengthen the Government wide coordination efforts for implementing the Small Business Act assessment recommendations including through the regular coordination meetings*

The Coordinating Structure for the Small Business Act was established upon the Prime Minister's decision no. 02/129 dated January 27th, 2017. Contact points have been established for each of the 12 dimensions of the Small Business Act, thus establishing the coordinating structure for this Act. On the other hand, KIESA has strengthened its coordinating role with regard to the Small Business Act process. In this sense, KIESA has led the Small Business Act assessment process including the submission of additional comments to the OECD on 28.02.2017. Upon publication of the report by the OECD, which is scheduled for the end of this year, KIESA as the bearer of the process will coordinate with responsible institutions, including the additional commitment to implementing the recommendations.

b) Adopt concrete measures to improve the infrastructure and quality standards

This sub-priority is fully implemented. It contains 8 actions:

- *Upgrade and regularly update the website to serve as an online information platform for businesses including on quality infrastructure*
- *10 workshops organized with the purpose of informing businesses about quality infrastructure and obligations from specific vertical legislation including the promotion of website as an information platform*
- *Further develop human capacities in the area of quality infrastructure including through the training of staff (30 modules of trainings to be organised) and conformity assessment bodies*
- *1,500 new standards with focus on harmonised areas*
- *The existing metrological laboratories supplied with equipment*
- *Law on services drafted and consulted with civil society and other relevant stakeholders*
- *Law on services adopted (partial transposition of the services directive 123/EC);*
- *Single points of contact for services established and operational*

During 2017, MTI's website was re-designed and populated with data. The website is being regularly updated with new data. With regards to workshops for informing business and other stakeholders with the quality infrastructure and obligations that derive from vertical legislation, in 2017 information meetings were organized with economic operators on the new legislation in the field of elevators and on the horizontal legislation on free movement of goods. In addition, in October 2017, an event was held for marking the World Standards Day where stakeholders were informed about the latest developments in the adoption and implementation of standards. These activities have also continued in 2018. In February 2018, a joint workshop of the Ministry of Trade and Industry and the Authorized Assessment Bodies was held on the implementation of the legislation on the field of elevators.

In April 2018 a workshop was organized with representatives of Municipalities Association, MESP and MTI to discuss on the final draft of Regulation on the Safety of Elevators in Use. In May 2018, a conference to mark the World Metrology Day was held, and in June an activity was organized for marking the World Accreditation Day. In addition, in May 2018 a workshop was held with representatives of Economic Operators responsible for trading of toys in Kosovo, representatives from Kosovo Customs, Market Inspectorate and Consumer Protection Department. The theme of the workshop was 'The importance of implementing the Regulation no. 02/2017 on the Safety of Toys' in the framework of the establishment of Quality Infrastructure in the Republic of Kosovo. In June 2018, the Kosovo Standardization Agency (KSA)

in cooperation with INDEP organized a meeting where the role and importance of standards was promoted in the roundtable "Promoting standards for local products and the implementation of the SAA".

Regarding capacity building in the field of quality infrastructure through continuous training of staff, most activities were organized by external institutions (mainly funded and supported by the EU) within the framework of the European integration agenda and capacity building for countries of the region. In 2017, the Division for Quality Infrastructure has participated in 4 training activities on topics such as monitoring mechanisms for electrical and electronic equipment market (September 2017), technical issues of market surveillance for electrical/electronic equipment (August 2017), evaluation of regulatory impact on drafting strategies and legislation (October 2017), and challenges and opportunities in the field of electrical/electronic equipment (October-November 2017). During 2018, officials in the field of quality infrastructure were in a training in Sweden (May 2018), exchanged experiences with other countries in the region in the field of quality infrastructure, participated in the regional market surveillance forum regarding the implementation of the standard ISO/IEC 17025: 2017 and attended the Legal Metrology Conference (May 2018).

While other units responsible for certain areas of quality infrastructure have also participated in capacity building activities. Accreditation officials participated in two such activities in 2017 for Regulation 305/2011 for Conformity Assessment (February 2017) and for non-accredited bodies (in Berlin, October 2017). Also, in June 2017, three training activities and workshops in the field of market surveillance were held regarding the EU Regulation 305/2011, Directive 2014/30/EU and the Regional Market Surveillance Forum. In April and November 2017, regional workshops were organized for the exchange of experiences on the market for petroleum products and petroleum testing laboratories. In June 2017, a training activity was organized on the practical implementation of RAPEX system for market surveillance in the EU.

In the area of metrology, in the period October-November 2017, 3 training activities were held in the field of pressure, volume measurement and transposition of the Directive on measuring instruments and NAWI Directive. In 2018, 3 international conferences on metrology have been attended, 1 study visit to Croatia, and on training activity on calibration of volume equipment.

In the period between the last quarter of 2016 and the third quarter of 2018, a total of 1,533 standards have been adopted. With regards to the supply of equipment to the existing metrology labs, the supply of equipment for 6 laboratories (that of pressure, precious metals, force, relative temperature and humidity measurement, and time and frequency lab) has been completed, and equipment for calibration of radars and alcohol-meters have been purchased. A two-day training activity was organized on building staff capacities for using these laboratories. In addition, this year the volume laboratory has been fully equipped and the one for electrical measurements has been equipped with additional tools for radar calibration.

The Law on Services was approved and published in the Official Gazette in April 2017 following consultation with all stakeholders. While the Administrative Instruction on the Manner of Functioning of Single Contact Point (SCP) was approved by the Government on 23 March 2018 and enters into force one year after its signature. Given that the Single Point of Contact is a web portal that interacts with many other institutions, MTI is undergoing internal consultation procedures with other institutions regarding arrangements around this point.

c) Introduce export programmes and instruments to help SMEs integrate into global value chains in order to support their internationalisation

This sub-priority is not yet fully implemented. It contains 3 actions: 2 one fully implemented and 2 in progress.

Implemented:

- *Businesses supported to enhance their product conformity (product certification) and their internationalization*
- *Kosovo participates in the COSME programme to support SMEs in facilitating access to finance, improving access to markets and enhancing competitiveness and entrepreneurial culture*

In progress:

- *Kosovo joins the Enterprise Europe Network*

Regarding the support of businesses to increase the conformity of their products i.e. product certification, recently 4 companies have been selected that have met the conditions and now the reimbursement agreement is expected to be signed.

MTI has negotiated on behalf of the Government and has signed an agreement for Kosovo's participation in the "Competitive Small and Medium Enterprises (COSME)" program. The agreement was ratified by the Assembly and published in the Official Gazette in August 2018. Additionally, last month, MTI i.e. the Government has appointed the contact person for this agreement. While in March 2018, a workshop was held with the support of the EU technical assistance instrument TAIEX providing information on programmes supported by the program, qualification criteria and application procedures. The procedure for joining the Enterprise Europe Network is being reviewed jointly with the European Commission.

d) Adopt measures to deepen and widen financial intermediation to increase the access to finance for SMEs

This sub-priority is not yet fully implemented. It contains 2 actions: 1 fully implemented and 1 in progress.

Implemented:

- *Make operational the Kosovo Credit Guarantee Fund (KCGF)*

In progress:

- *Adoption of Law on Banks, Microfinance Institutions and Non-bank financial institutions*

During 2017 a working group was established for drafting the law on banks, micro-financial institutions and non-bank financial institutions, which has developed the draft law. Public consultations with stakeholders were completed in February 2018 and in April 2018 the draft law was approved by the Government. In June 2018 the draft law passed the first reading, and currently is in the process of review and approval by parliamentary committees of the Kosovo Assembly.

In order to help business's access to finance, the Kosovo Credit Guarantee Fund was established and made functional. The Fund issues guarantees for amounts of up to 50% of the principal of the SME credits. Long-term investment loans and loans to finance working capital are eligible for coverage. By September 2018, the Fund has issued 1,657 loans to local businesses with a total of EUR 63.6 million. The main sectors supported by the Fund are wholesale and retail (43%), services (26%), production (18%), construction (7%), and agriculture, forestry and fisheries (7%).

2.5. Further develop a number of sectorial statistics, key to policy making in the area of national account, business statistics, energy and social statistics

This sub-priority is fully implemented. It contains 5 actions:

- Publication delays shortened for relevant annual and quarterly GDP and government account statistics including the timely publication of government finance statistics;
- Production and publication of short-term business statistics improved (industrial production volume and price indices)
- Results from the Labour Force Survey statistics disseminated on a quarterly basis, and their quality improved
- Income and living conditions survey conducted
- Publication of energy statistics shortened and annual energy efficiency statistics produced in line with international standards

Following the approval of AP ERA, the KAS has made significant progress regarding the activities foreseen in the ERP, both in the qualitative and quantitative aspects. At this time, started the publication of national accounts on a quarterly basis and the shortening of deadlines for annual GDP from Q+11 months, as it was in 2016, to Q+9 months in 2018, which is the standard required by Eurostat. Therefore, now the annual Gross Domestic Product is published in Q+9 months, while quarterly GDP in Q+90 days (as is published in EU countries). In 2016, quarterly government accounts were not published at all. Now, Kosovo's annual and quarterly government accounts are published as planned and scheduled. Publications are based on the ESA 2010 methodology.

Table 1 Progress on time limits over years

Activities/years	Year 2016	Year 2017	Year 2018
Annual GDP	Q+10 months	Q+ less than 10 months	Q+ 9 months
Quarterly GDP	Q+103 days	Q+90 days	Q+90 days
Annual government accounts	Q+6 months	Q+6 months	Q+6 months
Quarterly government accounts	Have not been published	Q+ 105 days	Q+90 days

Regarding some short-term business statistics, in the period 1 January-30 September 2018, for the first time KAS has published the "Industrial Production Volume Index" for the first quarter of 2018 based on 2017 (2017 = 100) and for the second quarter of 2018 based on the work plan and calendar.

With regard to the labour force survey data, progress has been made in the improvement of the labour market survey by shortening the time limits on annual basis and increasing the quality of data. During this time interval, i.e. in 2017, KAS started publishing data on labour market on quarterly basis with a publication time limit of less than Q+90 days. The latest report was published on time according to the annual plan and schedule for 2018. The results for the second quarter of 2018 were published on 17th of September 2018.

The Survey on Income and Living Conditions (SILC) is being developed for the first time in Kosovo. This survey measures the level and conditions of living in Kosovo. In 2014 it was developed as a pilot survey with plans to publish the results in 2017-2018. Due to the influence from external factors (prolongation of signing the contract between the WB and the Institutions of the Republic of Kosovo), the survey could not start to be implemented in the field. However, the survey has been conducted, since questionnaires have been prepared and polling and data collection on the field have been finalized, in May - July 2018. The final report is expected to be published in the second half of 2019. It is foreseen that data will be sent to EUROSTAT in November 2019.

In the area of energy statistics, the publication of energy balance data started in 2009 partly in compliance with the Eurostat energy regulation, whereas from 2014, this publication has been fully harmonized with Eurostat's requirements. Since 2010, KAS started with the quarterly publication of energy statistics. The timeline of quarterly publication of these data was gradually cut by KAS from T+90 in 2010 to T+45 in 2018. The data for the second quarter were published on 15 August 2018, i.e. in the T+45 day timeline. With regard to energy efficiency statistics, KAS started their publication in 2018 for the referring period 2011-2016 on the household and industry sectors, whereas the services and transport sectors are planned for 2020. Publication of statistics on energy efficiency was done on 9 March 2018 according to the annual plan and the schedule of 2018.

2.6. Enhancing the regional connectivity

- a) Implementation of the prioritized individual public investment projects, in particular by adopting the revised Report on the implementation for the investment clause, on the basis of the 'Single Project Pipeline'
- b) Implementation of all outstanding connectivity 'soft measures' and relevant policy reforms on transport and energy

This sub-priority is not yet fully implemented. It contains 19 actions: 8 fully implemented and 11 ongoing.

Implemented:

- Government adopts revised Report on the implementation for the investment clause
- The number of financial agreements ratified in Parliament in relation to projects within the Investment Clause
- Secondary legislation deriving from primary legislation in the energy sector
- Unregulated energy prices:
 - Rule on Distribution System Operator Pricing (DSO Pricing Rule),
 - Rule on Public Electricity Supplier Pricing (PES Pricing Rule),
 - Rule on Transmission System Operator and Market Operator Pricing (TSO/MO Pricing Rule),
- New energy electricity suppliers, in place
- KOSTT Grid code with the ENTSO-E, harmonised
- Opening of the transport market
- Increasing effectiveness of Border Crossing Procedures

In progress:

- Establishment of a joint energy market with Albania
- Establishment of the energy stock market with Albania - KOSTT (Day ahead and Intraday)
- Implementation of the Agreement between KOSTT-EMS
- Implementation of rail reform strategy
- Establishment of competitive, reliable and safe transport system
- Improvement of road safety. Targeting the reduction of accidents by 20% compared to 2014
- Trade and Transport Facilitation
- Intelligent Transport System (ITS) deployment on the Core Network
- Establishment of functioning maintenance system, ensuring no section is in poor/very poor condition
- Effective Border Crossing Agreements
- Implementation of the Strategy for Integrated Border Management (IBM)

The main developments are related to the opening of the energy and transport market by approximating national legislation and policies with those of the EU, but also by investing in infrastructure projects that strategically contribute to the improvement of regional interconnection.

With regard to the implementation of prioritized individual public investment projects, by approving the revised implementation report of the investment clause, based on the "Single project pipeline on infrastructure", the Ministry of Finance and the Central Bank of Kosovo, at the beginning of 2015, initiated

discussions with the International Monetary Fund on the possibility of negotiating a new program with this institution, through which a series of actions to support the fiscal, financial and structural reforms of the Government would be undertaken.

An indivisible part of discussions with the IMF was the need to relax the fiscal rule that limits the budget deficit, and hence borrowing to finance public investment projects. This amendment of the fiscal rule negotiated with IMF, now known as the investment clause, applies only for capital investments funded IFIs and various donors, in accordance with the criteria set by law. The agreement with IMF foresees preparing a report on the developments of the investment clause. The investment clause has been provided for within Law No. 03/L-048 on Public Financial Management, as amended and supplemented by Laws No. 03/L-221, No. 04/L-116, No. 04/L-194 and No. 05/L-063.

So far, the Government has published four reports on the investment clause. The first report of the Investment Clause, approved in March 2016 at the Government of the Republic of Kosovo, has presented the legal basis on the possibility of funding development projects of the Government of the Republic of Kosovo through state borrowing over the budget deficit of 2%, thus disclosing the general description of each project from the Single Project Pipeline, which contains a total of eight (8) projects. Further, other projects continued updating the list: June 2016 (16 projects), March 2017 (19 projects), and the last report for implementing the Investment Clause has been approved by the Government in April 2018.

During the 2017-2018 period, the Kosovo Assembly ratified 7 loan agreements covering the financing of the following projects, which are part of the Investment Clause:

1. Law on Ratification of Financial Protocol Between the Government of the Republic of Kosovo and the Government of the Republic of France, and the Loan Agreement for the Implementation of Financial Protocol Between the Ministry of Finance of the Republic of Kosovo and Natixis
2. Law No. 05/L-157 on Ratification of the Financing Agreement for Water Security and Iber Lepenc Canal Protection Project Between the Republic of Kosovo and International Development Association
3. Law No. 06/L-017 on Ratification of the Financial Agreement for the Competitiveness and Export Readiness Project Between the Republic of Kosovo and the International Development Association
4. Law No. 06/L-018 on Ratification of the Financial Agreement for Additional Financing for the Additional Financing and Rural Development Project Between the Republic of Kosovo and the International Development Association
5. Law No. 06/L-063 on Ratification of Loan Agreement Between Republic of Kosovo and European Bank for Reconstruction and Development for the Highway Project Kijeve-Zahaq
6. Law No. 06/L-098 on Ratification of the Loan Agreement Between the Republic of Kosovo and the European Investment Bank for the Highway Project Prishtina – Peja, the Segment Kijeve – Zahaq
7. Law No. 06/L-112 on Ratification of Financing Agreement Between the Republic of Kosovo and the International Development Association for Kosovo Digital Economy Impact Project.

Within the adoption of the secondary legislation deriving from the third energy package during the 2017 and 2018 period, eight (8) AIs and one regulation have been adopted, the majority being in the area of renewable energy sources. Also, the pricing rules have been adopted for the distribution system operator, public electricity suppliers and transmission system operator and market operator, which ensure the legal basis for market opening and improve the conditions for operationalization of the joint market.

During the ERA 1 implementation period, six new electricity suppliers have been licensed in the Republic of Kosovo: "Kesco" J.S.C; "Hep-KS" L.L.C; "Gsa energy" L.L.C; "Sharrcem" L.L.C; "Jaha Company" L.L.C, and "Future Energy Trading and Exchange Dynamics" J.S.C. which enable the increase of options to end consumers for purchasing electricity.

The harmonization of KOSTT's grid code with ENTSO-E is considered as concluded. Based on the decisions derived from the Permanent High Level Group of the Energy Community, KOSTT has initially transposed relevant provisions from Rule 2016/1388 and Rule 2016/631 to KOSTT's Grid Code, whereby the legal basis for facilitation of transmission and access to the electricity network was enabled. The process for transposing these two codes/directives by KOSTT has been completed. The Draft version with the relevant transpositions of this Code has been approved by the Operational Codes Governance Committee (OCGC) and ERO.

In the transport sector, Kosovo has opened the railway market for all railway companies (Rail Freight Operators). Thus, the private operator "RAILTRANS" was licensed and certified by the Railway Regulatory Authority (RRA) and in 2017 this company started with rail freight transport. Regarding the completion of the legal framework, a considerable amount of secondary legislation (five (5) AIs and seventeen (17) Regulations) has been adopted so far, which promotes the opening of the transport market. One of the latest developments in this regard is the adoption of Law no. 06/L-109 on Ratification of the Treaty Establishing the Transport Community by the Assembly of the Republic of Kosovo on 31.10.2018.

In order to facilitate trade and the provision of better services to businesses, the Ministry of Trade and Industry, in cooperation with the expert engaged by IFC/USAID, has completed the first stage of meetings with relevant institutions, where all licences, fees and payments in force have been identified. With regard to this, it was requested the reasoning for the existence of the license and payments, including the amount applied, and to see whether the licenses were based on European practices and the grounds based on which the amounts have been determined. In the meantime, the Kosovo International Trade Guide (website) has been established, which aims to provide exporters and importers of goods in Kosovo with information on carrying-out trade transactions and to thoroughly understand the special procedures or processes regarding the export/import of goods.

Moreover, on 28 June 2016, a Memorandum of Cooperation was signed between Border Agencies (Customs, Food and Veterinary Agency and the Medicines Agency), whereby this Memorandum foresees the exchange of data during the clearance of goods.

During 2016, 2017 and 2018, the Kosovo Customs has focused on facilitating trade and simplifying customs procedures. This fact is best documented in the report presented by the World Bank in 2019, where the indicator "Trading Outside the Borders", which is related to Customs has improved by 8 positions, and in the analysis from 2013 until today, the position of our country in this indicator has risen from 122 to 51, marking an increase of 70 positions as a result of Kosovo Customs' permanent commitment toward facilitating the process of doing business.

Kosovo Customs has taken some steps towards facilitating export control by introducing simplified export procedures. As a result of such simplification, businesses now benefit in time-saving, export cost, and the red tape barriers have been eliminated. Each customs region has a standby unit that provides export services 24 hours a day.

Kosovo Customs has continued updating its legislation, which has a direct impact on trade facilitation. In 2017, the AI no. 38-2017 on authorization award to get the status of authorized economic operator entered into force. This AI defines the criteria to be followed for obtaining the status of the economic operator.

During this period, were adopted guidelines that apply the CEC such as the AI for amending and supplementing the AI 2010 for control stamps (banderols) on alcoholic beverages, AI on authorized exporters, et

Also, the Administrative Instruction no. 49/2018 which has amended and supplemented AI no. 69/2009 on authorization of warehouses for excise goods has been approved, which relates to the authorization for a manager of an excise goods warehouse; whereby procedures for producers - exporters and importers regarding the movement of excise goods with suspended taxes until release for free circulation were facilitated.

On 18.01.2018, the Internal Guide No. 46/2018 regarding the *Application of Selective Controls in Customs Operations* was approved and entered into force, which formalizes and encourages increased efficiency and effectiveness of selection by focusing on higher-risk load and creates conditions for faster clearance procedures for legitimate trade where the risk is lower, in compliance with the International Convention on the Simplification and Harmonization of Customs procedures - Revised KYOTO Convention, as well as the best European practices laid down in the Blue Document or "CUSTOMS BLUEPRINT".

The Risk Management Committee has approved the changes based on the recommendations of the Risk Analysis sector regarding channel access, resulting in more qualitative selections. While in 2017, in the red channel (*documentation and physical control*), 31% of shipments have been channelled, after the intervention, this channel marked a decrease of 20% in shipments. In 2017, the documentation control from selection in the yellow channel (*control of documents*) was also loaded, which in 2018 decreased to 24% from 51%. The remainder is channelled into the green channel (*the shipment is not subject to any control*), reaching from 16% to 45%, and the blue channel (*the shipment may be subject to control after import*) which increased from 1% in 2017 to 10% in 2018.

Regarding the e-payments module, since September 2015, Kosovo Customs started to apply e-payments. This procedure enables the electronic confirmation of payments from banks and as a result, the process is accelerated from 30 minutes to 10 seconds.

Kosovo Customs has managed to have about 152 applications online in the register of exporters for EFTA countries, REX System. The AEO Certificate and the AEO program logo has been finalized, and the first applications from businesses are expected to occur this year.

- 2.7. *Enhancing energy security and adopting a comprehensive energy strategy for the period 2017-2026:*
- a. *Decide on the ownership modalities for Kosovo B and on the new investments in power generation and decommissioning of Kosovo A*
 - b. *Adoption of the updated Action Plan on renewables*
 - c. *Assessment of the best modalities for the establishment of the mechanism for the financing of energy efficiency and environmental measures in the public and residential sectors and promote the full use of the existing initiatives like the Regional Efficiency Programme*

This sub-priority is not yet fully implemented. It contains 13 actions: 10 fully implemented and 3 in progress.

Implemented:

- *Adoption of a comprehensive energy strategy for the period 2016-2025*
- *Decision on the ownership modalities of Kosovo B*
- *New Investments in Power generation*
- *Deadline for the decommissioning of Kosovo A*
- *Second report on the progress of implementation of National Action Plan for RES*
- *TAIEX mission to assess modalities of a financing mechanism for EE and environment*
- *Draft Law no. 06/L-079 on Energy Efficiency*
- *Adoption of the action plan on energy efficiency 2016-2018*
- *Adoption of the law on Energy Performance of Buildings*
- *Regulation on inspection of heating system and air conditioning equipment*

In progress:

- *Adoption of the updated Action Plan on Renewable Resources*
- *Regulation on setting the minimum energy performance in new residential buildings, buildings under renovation and other types of housing buildings*
- *Regulation on the energy performance certificate for new buildings and other buildings*

Main developments within the concerned priority are related to increasing the security of electricity supply by improving the legislation, policies and investments in renewable energy sources, energy efficiency and environmental protection measures. In this regard, progress has been made with the adoption of the Energy Strategy 2017-2026 by the Assembly on 26 January 2018, which aims to create conditions for reliable and safe electricity supply by developing production, transmission and distribution capacities, integration into the regional energy market, more efficient use of energy and renewable energy sources, as well as environmental protection. To ensure the implementation of the Strategy, on 17 July 2018, by means of the Decision No. 01/57, was also adopted the Energy Strategy Implementation Program for 2018-2020.

For the purpose of addressing the environmental problems deriving from the old power generation technology, on 20 October 2017, a decision was taken (by the Prime Minister) on the ownership of TPP 'Kosovo B', through which TPP 'Kosovo B' will be under public ownership (at least 51% of shares) for the next 10 years, which enables investments in this regard.

Also, during this period, there has been progress in investments in power generation from renewable sources. So far, six (6) hydro power plants with a total capacity of 30.5 MW have been installed (including HPP Brezovica, which started working on 19 April 2017, with an installed capacity of 2.1 MW). Two (2) photovoltaic panels are already in operation with a total capacity of 0.6 kW; and within the other energy source - wind, a windmill with a capacity of 1.35 MW is in operation.

In this regard, during 2018, three final authorizations have been issued for:

1. 16 projects for hydro power plants with a capacity of 61.9 MW;
2. Four (4) project for solar energy with a capacity of 9.4 MW; and
3. One (1) project for wind power with a capacity of 32.4 MW.

According to the 2017-2026 Energy Strategy approved on 26 January 2018, the year of decommissioning of TPP Kosovo A remains the one of the operationalization of new generation capacities, which is foreseen to be 2023. The second report on the progress of implementation of the National Action Plan for Renewable Energy Sources (RES) was prepared in the beginning of 2017. This report provides detailed data on the use of RES (photovoltaic energy, solid biomass, wind, existing hydropower plants) in Kosovo in order to meet the target of 25% of energy generated through RES by 2020, which serves to better define planning measures within the updated Action Plan on Renewable Sources.

In the framework of the establishment of a mechanism for financing energy efficiency and environmental measures, during 2017, two TAIEX missions were implemented with Slovenian experts who provided various modalities for financing the measures in question. The report and recommendations from two missions were discussed among relevant stakeholders such as MESP, MED, MEI and MoF. In this regard, the Draft Law on Energy Efficiency was approved by the Assembly on 11 November 2018. This draft law is expected to be included in the agenda for final approval by the Assembly of Kosovo and this draft law includes the issue of establishing the Energy Efficiency Fund, through which mechanisms for financing energy efficiency are created. Moreover, on 02 August 2017, the 2016-2018 Action Plan on Energy Efficiency was approved by the Government.

Regarding the improvement of energy efficiency in buildings, on 01 December 2016, the Law on Energy Performance in Buildings was approved by the Assembly of the Republic of Kosovo and decreed by the President on 15 December 2016. The purpose of the law is to promote the improvement of energy performance in buildings, taking into account the external and local climatic conditions, as well as the requirements for the internal climate and the effective cost. The law also sets out the requirements for the general framework on the national methodology for calculating the integrated energy performance of buildings and their units. For the purpose of completing the secondary legal framework in this respect, on 27 February 2018, the Regulation on inspection of the heating system and air conditioning equipment entered into force. Given that only three of the actions envisaged under this priority have so far failed to be met, and the fact that they are expected to be met by the end of this year, we can say that this priority has been considerably addressed.

2.3. Pillar III: Employment and Education

3.1. Adoption and implementation of the Sectorial Strategy for Employment and Social Policy 2015- 2020 and adoption of the 2017-2018 Action Plan for the implementation of the strategy

This priority is fully implemented. It contains 3 actions:

- *Sectorial Strategy is drafted and consulted with relevant stakeholders, including the donor community*
- *Sectorial Strategy and its Action Plan adopted*
- *Budget for the implementation of the strategy allocated*

Sectorial Strategy 2018-2021 and its Action Plan 2018-2020 were adopted by the Government on 28 February 2018. The strategy was first consulted with relevant stakeholders, including the donor community, whereas the budget for its implementation is in line with the foreseen planning and donor commitments. We are in the process of monitoring for the first six-month period, where we have prepared the initial report on the status of implementation of activities.

3.2. Improving employment opportunities:

- Setting up an action plan for tackling youth unemployment based on an assessment of the challenges and focus on improving education outcomes and supporting school-to-work transitions*
- Taking measures to increase labour market participation of women*

This priority is fully implemented. It contains 6 actions:

- *Action Plan with clear indicators for tackling youth unemployment is drafted*
- *Draft Action Plan is consulted with relevant stakeholders including the donor community*
- *Action Plan with clear indicators for tackling youth unemployment is adopted*
- *Increase the assistance received by women by the Employment service*
- *Draft analysis of the obstacles to female employment done in consultations with relevant stakeholders*
- *Use the analysis to develop accurate measures for improving women unemployment*

The Action Plan for Increasing Youth Employment 2018-2020 has been adopted by the Government on 04 January 2018, which has been consulted with relevant stakeholders, including donor community. In cooperation with the other institutions involved, the monitoring process has started, whereby an initial report on the status of implementation of activities has been prepared.

Regarding the increase of assistance to women provided by the employment service, targets for increasing the employment of women have been set. During 2017, about 35.4% or 3,181 cases of mediations by Employment Offices for regular employment and active labour market measures were women. Only in the first semester of 2018, 2,042 women beneficiaries have been included in active labour market measures (wage subsidies, public positions, self-employment, internships, on-the-job training and vocational training).

Regarding the analysis of barriers to women's employment, the Millennium Challenge Corporation (MCC) has published a comprehensive national research, including the issue of women's unemployment. The results of this research will be used by the MLSW for drafting employment and vocational training policies.

3.3. *Ensure the implementation of the law on the Agency for Employment, in particular by fully operationalising the Agency for Employment and allocating the necessary budget to ensure that it is able to roll out active labour market measures with tangible results*

This priority is fully implemented. It contains 3 actions:

- *Develop a Labour Market needs assessment (including on VET)*
- *Selection completed of the Director of Employment Agency and the Advisory Board and work regulations adopted for Employment Agency*
- *Active labour market measures implemented by Employment Agency (calls for applications launched, financial support delivered according to the outcomes of the calls)*

In addition to the comprehensive research on labour market barriers, which was carried out by the Millennium Challenge Corporation, a research on "Employment after Vocational Training" was conducted regarding the candidates who have completed the training at Vocational Training Centres and the number of those employed after the training.

The EARK Director General was elected on 5 April 2017. The members of the Advisory Board of the Employment Agency have been appointed and the Regulation of the Employment Agency was approved on 31 July 2018.

During 2017, active labour market measures have been implemented by the Ministry of Labour and the Employment Agency. Calls for applications have been launched, financial support has been provided based on the outcomes of the call. A total of **9173** job seekers, out of which **3181** women and **5992** men, have been mediated in programs and projects that support active labour market measures. Only during January-June 2018, **1140** job seekers, of which **371** women and **769** men have been included in active labour market measures (wage subsidies, public positions, self-employment, internships, on-the-job training and vocational training).

3.4. *Adopt outstanding legislation providing the basis for policy reforms in the education sector*

This priority is not yet fully implemented. It contains 3 actions: 1 fully implemented and 2 in progress.

Implemented:

- *Draft Law on regulated Professions in Kosovo is adopted*

In progress:

- *Revised Draft law on Higher Education in Kosovo is adopted*
- *Kosovo Education Strategic Plan 2017-2021 is adopted by the Government and necessary budget is allocated to ensure its implementation*

At the end of 2017, a working group was established for drafting the Draft Law on Higher Education. The Draft Law on Higher Education has been finalized and has undergone all necessary procedures. The draft law is awaiting the opinions of MoF and MEI and then will be sent to the Government for approval.

On the other hand, the Law No. 05/L-066 on Regulated Professions was adopted by the Assembly in November 2016.

In December 2016, the Government approved the Strategic Education Plan 2017-2021. The plan is in progress since January 2017 with a budget deficit of around EUR 44.38 million. No funds have been ensured for covering this financial gap.

3.5. *Improve the quality of education by:*

a. *Increasing the attendance of pre-school education*

b. *Conducting assessment/external evaluation and accelerate implementation of new curricula including with new textbooks in pre-university education*

These sub-priorities have not been fully implemented. They contain 4 actions, of which 1 action is fully implemented, while 3 actions are in progress.

Implemented:

- *Core Curriculum Framework for Pre-University Education (of 2011 and 2012) reviewed and approved and learning outcomes for subject and grades developed in piloted schools*

In progress:

- *Number of public childcare facilities for children 0-5 years is increased*
- *Core curriculum for preschool education developed and its piloting phase started*
- *Core Curriculum Framework for Pre-university and syllabus for grades and subjects reviewed and approved with subsequent implementation in all schools starting from 2017/2018 school years*

This year, the Ministry of Education, Science and Technology has established a preschool institution in the municipality of Gjilan with a capacity of up to 120 children. Also, MEST has established in Mushtisht a separate class of the preschool institution "Fluturat" from Suhareka. With regards to new primary schools, 4 pre-primary classes were opened. In cooperation with the *Save the Children* organization, 6 pre-primary classes were opened in rural areas. About 20 new preschool institutions were licensed only during 2018, which implies inclusion of about 1,200 children.

Regarding the construction of new public facilities for childcare, the situation is as follows:

- 1 kindergarten in Prishtina (it is being constructed in the Calabria Neighbourhood - with EC and IPA 2014 funding)
- 6 kindergartens in Peja, Skenderaj, Gjilan, Obiliq, Glogoc and Prishtina (Dardania Neighbourhood) are in the process of commencing with the draft design work (EC and IPA 2016 funding)
- 2 kindergartens in the Municipalities of Kaçanik and Shtime are being constructed (MEST and IPA 2016 funding)
- 1 kindergarten in Rahovec is under construction (with MEST budget for 2017)
- 1 kindergarten in Prizren is in the contracting procedure at MPA (with MEST budget for 2017)
- 1 kindergarten in Prishtina (the construction contract has been concluded, financed by MEST budget for 2018).
- 1 kindergarten in Klina (the draft design has been completed and the contracting procedures are expected to continue, with MEST budget for 2018).

Data show that in 2016-2017, inclusion in preschool education (3-5 years) was 33.9%, while in pre-primary education (5 years) was 87.6%. This participation increased in 2017-2018 to 36% for pre-school level and to 92.4% for the pre-primary level, respectively.

As far as the core curriculum for pre-school education is concerned, the core curriculum development process has commenced since 2016. During 2018, the document has undergone the public discussion process. Upon approval by the Minister to continue the process of finalizing the core curriculum for pre-school education, the working group is expected to finalize the document and develop practical guidelines for piloting and training of educators. All of these activities precede piloting of the document on core curriculum for pre-school education for children aged 0-5 years.

Furthermore, the Pre-University Education Curriculum Framework 2011, as well as the Core Curricula for the three levels of Formal Education (Level I, Grades 1-5, Level II, Grades 6-9, Level III, Grades 10-12) have

been revised. During 2017, curricula/subject programs for preparatory classes, grades 1, 6 and 10 have been compiled. These programs, together with the Pre-University Education Curriculum Framework, and three core curricula have begun to be implemented in all Kosovo schools in the 2017/2018 school year.

Draft subject programs for grades 2, 7, 11 compiled in 2017 were also implemented in all Kosovo pilot schools during the 2017/2018 school year.

In 2018, MEST reviewed all subject curricula/subject programs for grades 0, 1, 2, 6, 7, 10, 11. Subject programs for grades 2, 7, 11 will be part of the reform and have begun to be implemented in all Kosovo schools in the new 2018/2019 school year. During 2018, draft subject programs for grades 3, 8, 12 have been developed, which have begun to be implemented in pilot schools during the 2018/2019 school year. Apart from drafting and reviewing subject programs in Albanian, Turkish, and Bosnian for grades: 0, 1, 2, 6, 7, 10, 11, MEST has also developed draft programs of Albanian language for students of non-Albanian community for grades 3, 6, 10, which have begun to be implemented in schools where this subject is chosen by pupils. The final draft of the Diaspora Curriculum Framework has been developed in cooperation with representatives of the Albanian Institute for Educational Development. A tender was announced for textbooks and school materials for grades 0, 1, 6, 10 and 2, 7, 11.

c. Establishing mechanisms to evaluate and enhance initial and in-service teacher training programme

This sub-priority is not yet fully implemented. It contains 3 actions: 2 fully implemented and 1 in progress.

Implemented:

- *Quality assurance mechanisms developed by appointing quality coordinators in schools and establishing efficient school performance assessment system*
- *Revised Draft Law on Education Inspectorate in Kosovo is adopted by the Assembly and inspectors start its activities, with inspectors and sufficient capacities*

In progress:

- *Agency for Curriculum, Standards and Assessment is established and fully operationalized*

During 2017, quality coordinators were appointed in 24 municipalities and nearly 200 coordinators were appointed at school level. The coordinators were trained with the assistance provided by the twinning project. Until now, over 90% of quality coordinators are appointed at all three levels, namely at the central level of the Ministry, at the local level of the Directorates of Education and at school level, as provided for by the UA 24/2016. The quality coordinator was selected by MEST in June.

The Administrative Instruction on Performance Evaluation and the Guideline on Internal Evaluation of Teachers were adopted in June 2017, while the latter begun implementation in schools that are implementing the new curriculum framework. By November 2017, the schools involved in the program have implemented internal performance evaluation for a school quality field. The Inspectorate and the trainers of the program have supported the schools based on their requests for collecting data from pupils, parents and teachers and for drafting the reports.

During 2018, a plan was prepared regarding the schools which will be subject to the process of being evaluated by inspectors in all municipalities of Kosovo. Each municipality will have one school that will be subject to external evaluation. The purpose of the evaluation is to reflect the school performance according to the Performance Quality Assurance Framework.

Under the new MEST Regulation, there will be no establishment of the agency, but the Division for Standards, Evaluation and Monitoring will be strengthened by exercising the powers envisaged for the agency. The Draft Law on Education Inspectorate was approved by the Government on 27.12.2017. In July 2018, the Law on Education Inspectorate was approved by the Assembly.

d. Improvement of the overall quality of higher education

This sub-priority is not yet fully implemented. It contains 2 actions: 1 fully implemented and 1 in progress.

Action implemented:

- *Creation and functionalization of Industrial Councils*

In progress:

- *Review of study programs and registration policies*

All Advisory Boards (Industrial Boards) have drafted and signed rules of procedure for their functioning. The University of Prishtina, in 10 academic units, has established 10 Advisory Boards. The University of Applied Sciences in Ferizaj has established 1 Advisory Board. The University of Gjakova "Fehmi Agani" has established 2 Advisory Boards. "Haxhi Zeka" University has established 3 Advisory Boards. The University of Mitrovica "Isa Boletini" is in the process of drafting the regulation on Advisory Boards, while the University of Gjilan has approved the regulation.

With regard to the review of registration programs and policies, the Kosovo Accreditation Agency in 2017 has suspended about 150 programs that did not meet the minimum quality assurance criteria.

In March 2018, the Administrative Instruction on Criteria and Procedures of Selection of the members of the National Quality Council (NQC) of the Kosovo Accreditation Agency was approved. According to this Instruction, the National Quality Council consists of 9 members. The Assembly of the Republic of Kosovo has approved the election of NQC members.

Whereas, in April 2018, the National Quality Council was set up, consisting of 9 members, out of which 6 are local members and 3 are international members. Out of these, 4 NQC members are female.

In July, NQC held two meetings (meetings 57 and 58), where the HEI requests were reviewed. From October 2018, the Administrative Instruction on Accreditation entered into force. With the decision of the Minister of Education, the Commission for drafting the concept paper on the Accreditation Agency was also established. The Accreditation Agency is in the process of establishing the Complaints Commission, according to the AI on Accreditation no. 15/2018. KAA is in the process of re-evaluation by the European Association for Quality Assurance (ENQA).

e. Promotion of better links between higher education and the labour market by facilitating and encouraging the establishment of industrial boards at universities that advise HEIs on the importance of curricula, identification of shortcomings in graduate skills, participation in training and teaching (visits, seminars) and provision of training and internships for students

This sub-priority is fully implemented. It contains 3 actions:

- *The project proposal on the establishment of industrial boards at universities advising HEIs, was presented*
- *The proposal on the establishment of industrial boards at universities advising HEIs, is proceeded for public consultations*
- *The proposal on the establishment of industrial boards at universities advising HEIs has been approved and started implementation*

All Advisory Boards (Industrial Boards) have drafted and signed rules of procedure for their functioning. In public universities in the country, a total of 16 advisory boards were established, out of which ten at the University of Prishtina. For more details, see the previous action.

3.6. Improvement of the quality of Vocational Education and Training (VET) and transition from school to work

This priority is not yet fully implemented. It contains 5 actions: 1 fully implemented and 4 in progress.

Implemented:

- *The Labour Market needs assessment (conducted in point 3.3) is used as a basis*

In progress:

- *Improvement of the quality of the vocational training system through VET harmonization with labour market needs by reviewing the profiles provided in VET schools and its approximation to the labour market needs assessment*
- *Drafting core curricula for VET and starting the pilot phase*
- *Provision of adequate funding for VET centres*
- *Improvement of education outcomes and support of the transition from school to work through the provision of employer practices have been expanded and included in study programs*

The assessment of labour market needs (referred to in point 3.3) is used in the analysis and drafting of the policies of the Ministry of Education. The application period for the admission of students to vocational schools this year was also based on the market demand of the respective region. Based on this, in some cases, education departments have required the opening of new profiles.

In order to harmonize professional profiles in the labour market, a research has been completed, with the support of GIZ, in 68 professional schools, 8 MLSW training centres, and 4 VET providers. The report on research findings was presented. This report examines aspects such as organization and management, recruitment and staff development, quality, content and attractiveness of the programs, state of the facilities and equipment, as well as funding. The regional project, i.e. work-based training between Albania, Macedonia and Kosovo, and the recognition of prior learning project, supported by the ETF, have commenced.

The first draft of the Curriculum Framework for Vocational Education and Training has been drafted. The document has been subjected to all public discussion procedures, where inputs from relevant stakeholders are taken. Currently, the document is addressing the stakeholders' comments. Meanwhile, the Curricula for 80 profiles for the 10th grade will be drafted based on the VET Curriculum Framework. Standards for priority professions have been identified which will be completed or drafted and the curricula will start implementation.

Regarding the financing of Vocational Education and Training Centres, with the support of the World Bank and GIZ, cost analysis has been conducted for some profiles (health, economy, and some technical profiles), which will complement the funding formula that will be developed based on the Education Strategic Plan 2017-2021. An analysis of the total expenses for the last two years has been conducted to compare it with current expenses. In July, all data of the expenses on vocational schools were collected from the treasury and are being analysed. The funding formula for pre-university education is being analysed and it foresees the revision of the formula for vocational education schools as part of pre-university education. To this end, a working group has been established with representatives of the Ministry of Finance.

The Ministry of Education, Science and Technology, with the support of the EYE project, has piloted the dual system of work-based learning in 4 vocational schools in cooperation with businesses. Based on this piloting, an administrative instruction regulating work-based learning has been drafted. Businesses interested on certain professions that are provided in vocational schools now have the opportunity to approach schools and implement the practical placement, in close cooperation with the schools, based on their needs.

Annex: Overview of Implementation of the Action Plan

No.	Priorities	Actions and Indicators	Responsible institutions	Status	Explanations
I. Good governance and rule of law					
1.1	Review and adoption of legislation making mandatory the suspension and/or removal of public officials respectively indicted and convicted for corruption.	1. Concept document on amendment of the applicable legislation to ensure mandatory suspension and/or removal of public officials respectively indicted and convicted for corruption	MoJ	Implemented	
		2. Adoption of the legislation to ensure mandatory suspension and/or removal of public officials respectively indicted and convicted for corruption	MoJ	In progress	The MoJ has not yet submitted the draft Criminal Procedure Code for approval.
1.2	Amending the law on conflict of interest and related regulations bringing them in line with European standards and indicating the exact circumstances in which public officials may take on additional employment and appointment	The Law on Prevention of Conflict of Interest in Discharge of Public Functions, to be amended, in line with EU recommendations: a. The categories of public officials need to be clearly defined; b. There should be a clear indication as to which activities officials are permitted and not permitted to do while in office; c. There should be a clear indication as to which activities officials are banned from performing after they have left the office; d. There should be clear indication as to the obligations of officials and their superiors in the situation of the conflict of interest; e. There should be clear indication of the procedures that should be set in motion once the conflict of interest arises.	MoJ	Implemented	
1.3	Ensuring the transparency and accountability of funding for political parties: a. Carry out independent audits of political parties finances for 2013-2015 b. Ensure the publication of financial reports of political parties as foreseen in the law	1. Publish financial reports of political parties and take effective enforcement action against those that do not	Assembly CEC	Implemented	
		2. Provide adequate funding for procuring auditing services for political party financial reports	Assembly	Implemented	
		3. Select independent auditors through an open call	Assembly	Implemented	
		4. Amend the Law on Financing of Political Parties to ensure transparency, accountability and effective enforcement and sanctions, on the basis of wide public consultations	OPM	In progress	The Assembly has not yet adopted the Draft Law on Financing of Political Parties.
1.4	Carrying out an independent review of the accountability mechanisms of all independent institutions, agencies and regulatory bodies, following up on its recommendations, and adopting legislative measures that clearly define the roles, responsibilities and lines of accountability of these institutions	1. Conduct a qualitative analysis review of independent agencies and independent regulatory agencies (analysis on regulation of employment relationship, salaries, establishment and organization of agencies);	MPA	Implemented	
		2. Commit to implementing the recommendations of that qualitative analysis	MPA OPM Assembly	Implemented	
		3. Develop a concept document for the draft-law on the organization of public administration; civil service and salaries	MPA	Implemented	
		4. Adoption of the legislative package on: civil service; salaries and organization of public administration.	MPA	In progress	The Assembly has not yet adopted the three Draft Laws.
1.5	Ensure that the planned legislative package covering civil service, salaries and organisation of state administration is prepared in a coordinated way in an inclusive and evidence-based process	1. Develop concept documents for the draft-laws on: civil service, salaries and the organization of public administration	MPA	Implemented	
		2. Adoption of the legislative package on: civil service; salaries and organization of public administration	MPA	In progress	The Assembly has not yet approved the three Draft Laws.

No.	Priorities	Actions and Indicators	Responsible institutions	Status	Explanations
	on the basis of concept notes agreed at the government level				
1.6	Ensuring transparent, merit-based and non-political selection processes in line with the law for all independent institutions, agencies and regulatory bodies as well as in public companies, full implementation the recommendations by the Kosovo Anti-Corruption Agency (AKK-DLK-3113/15).	<ul style="list-style-type: none"> Amendment of the applicable legislation for the selection of independent institutions in order to ensure robust and transparent and merit-based candidate selection procedures: <ul style="list-style-type: none"> Publication of CVs of short-listed candidates Inclusion of civil society in the selection committees, on the basis of a transparent and open selection of civil society representatives; Strengthening and clarifying minimum requirements for candidates, by including criteria analogous to Art.17 paragraph 2 of the Law on POEs, for instance, in the amendments to the Law on Conflict of Interest, thereby making them applicable to all independent agencies and regulatory bodies 	OPM Assembly		
		<ul style="list-style-type: none"> Government commits to act on the recommendations issued by ACA of 15.02.2016 (AKK-DLK-3113/15) concerning appointments to 9 boards of POEs: <ul style="list-style-type: none"> The sworn affidavit form/ declaration to be amended to reflect the law for all future appointments OPM to take action under Art 17.5 of the law (i.e. 17.5 Each person holding or applying for a director position shall execute a sworn affidavit truthfully attesting that he meets the eligibility, independence and professional suitability requirements of paragraphs 1-3 of this Article. Any material misrepresentation - whether intentional or the result of negligence - or any material change in the information set forth in such affidavit shall result in the immediate disqualification and, if applicable, termination of such person.) OPM to take actions against officials which drafted this form/ declaration which is not in accordance with the law. Ensure the implementation of the MoU signed between the Assembly the Government on the one hand and the UK Embassy in Prishtina on the other, for the appointments of board members of independent institutions and agencies. 	OPM	Implemented	
1.7	Implementing the government decision of March 2016 on introducing mandatory electronic procurement, along with the indicated timelines	1. The beginning of the second phase of the pilot project of e-procurement	PPRC	Implemented	
		2. Implementation of the amendments of the Law on Procurement in the electronic platform	MoF	Implemented	
		3. Training of public officials at local level	PPRC	Implemented	
		4. Certification of public officers at Central level	PPRC	Implemented	
		5. Certification of public officers at Local level	PPRC	Implemented	
		6. Test on electronic procurement modules	PPRC	Implemented	
		7. Development of operational guidelines on e-procurement. The Government should provide to the public standard machine readable data of procurement contracts in real time.	PPRC	Implemented	

No.	Priorities	Actions and Indicators	Responsible institutions	Status	Explanations
1.8	Reinforce the capacity of the Economic Department and Fiscal Division in the Administrative Department of the First Instance Court in Pristina including in the areas of tax and customs, with a view to reduce the backlog of cases	The KJC will carry out a needs assessment for the increase of the number of judges in the Economic Basic Courts. The assessment will determine what are the budget costs as well as human capacities needed for reducing the backlog of cases in the economic basic courts.	KJC	Implemented	
1.9	Continue to strengthen the track record on the fight against corruption and organised crime, including through reinforcing the capacity of the Special Prosecution Office investigating and prosecuting high-level cases.	1. Amendment of the Law on State Prosecutor in order to enable the increase of the number of prosecutors in the Special Prosecution Office investigating and prosecuting high-level corruption and organised crime cases.	MoJ	Implemented	
		2. Provide training to strengthen the capacity of the Special Prosecution Office to conduct financial investigation and confiscate assets.	KJA	Implemented	
Competitiveness and Investment Climate					
2.1	Promoting foreign direct investments a) Significantly strengthen the capacity and enhance the internal portfolio organisation of the Kosovo Investment Agency to allow it to improve its performance for promotion and support to investment, private sector and SME development b) Create a service and aftercare program for potential investors and an investors' grievance mechanism that has sufficient competences to provide such services	a.1. Deep review of KIESA scope of responsibilities, its activities and job descriptions	MTI	Implemented	
		a.2. Restructuring of KIESA to enable it to efficiently carry out its responsibilities and implement priorities, allocation of adequate resources and recruitment of qualified employees	MTI	In progress	A draft regulation on internal organization of MTI has been drafted but has not yet been approved by the Government
		a.3. Develop capacities of KIESA staff to design and implement services and programs	MTI	In progress	It cannot be implemented without implementing activity a.2.
		a.4. Establish an Advisory Board within KIESA with participation of business community and strong involvement of the Office of the Prime Minister	MTI	In progress	A draft decision has been prepared but the Government has not yet approved the decision to establish this board.
		b.1. Prepare and start implementing the services and aftercare programs for investors	MTI	In progress	It cannot be implemented without implementing activities a.1. and a.2.
		2.2	Improving the business environment a. Focus on improving the World Bank 'Doing Business' report indicators b. Align rules with international accounting, auditing and financial reporting standards c. Reduce the regulatory burden to firms, in particular by making transparent the fees and procedures required to get permits and licences d. Introduce legislative changes to improve the management, coordination and enforcement of market surveillance e. Align legislation, enhance capacity of Competition and State Aid bodies and	a.1. National Economic Development Council facilitates the Doing Business reform by focusing on deliverables and achievements on its regular meetings	MTI
		a.2. Improve rankings for resolving insolvency by effectively implementing the legal framework for bankruptcy	MTI	Implemented	
		a.3. Cut procedures, time and cost for obtaining construction permits including by amending the Administrative Instruction No.10/2013 on Setting Procedures for Submission and Review of Applications for Terms of Construction and Construction Permits in Q2 2017	MTI	Implemented	
		a.4. The online business registration is made available	OPM	Implemented	
		a.5. The business number is unified	MoF	Implemented	
		b.1. Law on Accounting, Financial Reporting and Audit, drafted	MoF	Implemented	
		b.2. Public consultations with Civil Society and development partners, held	MoF	Implemented	
		b.3. Law adopted by the Assembly	MoF	Implemented	

No.	Priorities	Actions and Indicators	Responsible institutions	Status	Explanations
	ensure they start implementing their mandates	c.1. New law on business organizations was consulted with civil society and relevant stakeholders, and was adopted	MTI	Implemented	
		c.2. Secondary legislation of the law on business organizations, adopted	MTI	Implemented	
		c.3. The online Central Register for Licences and Permits is further updated including the fees and procedures required to get permits and uploading of application forms to the database	OPM	Implemented	
		d.1. Law on General Inspections drafted to reform key procedural, institutional and functional aspects	MTI	In progress	The law has not yet been drafted.
		d.2. Public consultations with Civil Society and other relevant stakeholders, held	MTI	In progress	It cannot be implemented before activity d.1.
		d.3. Law on General Inspections, adopted.	MTI	In progress	It cannot be implemented before activities d.1. and d.2.
		e.1. Strengthen internal procedures and capacity in the Kosovo Competition Authority to conduct investigations	KCA	In progress	KCA has not yet completed the recruitment of 3 officials as planned.
		e.2. Competition Authority to research and prepare a report on the state of play of monopolies in the market in Kosovo with appropriate recommendations	KCA	Implemented	
		e.3. Align and amend the Law on State Aid and align the secondary legislation	MoF	In progress	Not all secondary legislation has been adopted (e.g.: Regulation on the Functioning of the State Aid Commission). Regulation on the procedures of notification has been adopted.
	e.4. Ensure the operational independence of and sufficient capacity for the State Aid Commission to improve the effectiveness of its control on State aid	MoF	Implemented		
2.3	Systematic implementation of the adopted strategy and action plan to fight informal economy	1. Conduct independent sectoral risk assessment focusing on most vulnerable sectors to informal economy, financial crimes, money laundering, terrorism financing (covering the gender aspect)	MoF	Implemented	
		2. Revise the Action Plan taking into account the risk assessment findings	MoF	Implemented	
		3. Further improve tax compliance and enforcement in order to protect fiscal interest of the state, to ensure employees' rights and to ensure fair competition in the business area	MoF	Implemented	
		4. Strengthen the multi-agency approach and mechanisms in the field of anti-money laundering, financial crime, terrorism financing and corruption, including prevention, investigations, assessments and operations (IPA 2015 project assistance)	MoF	Implemented	
		5. Regular quarterly reports prepared, consulted and published**	MoF	Implemented	
2.4	Supporting SMEs development a) Follow up on the 'Small Business Act' assessment recommendations b) Adopt concrete measures to improve quality infrastructure and standards	a.1. The structure for SBA coordination is established, including point of contacts for each Ministry	MTI	Implemented	
		a.2. KIESA strengthens the Government wide coordination efforts for implementing the Small Business Act assessment recommendations including through the regular coordination meetings	MTI	Implemented	

No.	Priorities	Actions and Indicators	Responsible institutions	Status	Explanations
	c) Introduce export programmes and instruments to help SMEs integrate into global value chains in order to support their internationalisation d) Adopt measures to deepen and widen financial intermediation to increase the access to finance for SMEs	b.1. Upgrade and regularly update the website to serve as an online information platform for businesses including on quality infrastructure	MTI	Implemented	
		b.2. 10 workshops organized with the purpose of informing businesses about quality infrastructure and obligations from specific vertical legislation including the promotion of website as an information platform	MTI	Implemented	
		b.3. Further develop human capacities in the area of quality infrastructure including through the training of staff (30 modules of trainings to be organised) and conformity assessment bodies	MTI	Implemented	
		b.4. 1,500 new standards adopted with focus in harmonised area	MTI	Implemented	
		b.5. The existing metrological laboratories supplied with equipment	MTI	Implemented	
		b.6. Law on services drafted and consulted with civil society and other relevant stakeholders	MTI	Implemented	
		b.7. Law on services, adopted (partial transposition of the Services Directive 123/EC)	MTI	Implemented	
		b.8. Point of Single Contact for Services, established and operational	MTI	Implemented	MTI is conducting consultations with other institutions for the establishment of this point of contact
		c.1. Businesses supported to enhance their product conformity (product certification) and their internationalisation	MTI	Implemented	The companies have been selected but subsidies are not being granted yet.
		c.2. Kosovo joins the Enterprise Europe Network	MTI	In progress	Procedures for membership in this network are being currently discussed with the EC.
		c.3. Kosovo participates in the COSME programme to support SMEs in facilitating access to finance, improving access to markets and enhancing competitiveness and entrepreneurial culture	MTI	Implemented	
		2.5	Further develop a number of sectorial statistics key to policy making in the area of national accounts, business statistics, energy and social statistics	d.1 Adoption of the Law on Banks, Microfinance Institutions and Non Bank Financial Institutions	MoF
d.2. Operationalization of the Kosovo Credit Guarantee Fund (KCGF)	MTI			Implemented	
2.5	Further develop a number of sectorial statistics key to policy making in the area of national accounts, business statistics, energy and social statistics	1. Publication delays shortened for relevant annual and quarterly GDP and government account statistics including the timely publication of government finance statistics with the ESA 2010 methodology	KAS	Implemented	
		2. Production and publication of short term business statistics improved (industrial production volume and price indices)	KAS	Implemented	
		3. Results from the Labour Force Survey statistics disseminated on a quarterly basis and their quality improved	KAS	Implemented	
		4. Income and living conditions Survey, conducted	KAS	Implemented	
		5. Publication of energy statistics shortened and annual energy efficiency statistics produced in line with international standards	KAS	Implemented	
2.6	Enhancing the regional connectivity	a.1. Government adopts revised Report on the implementation for the investment clause	KAS	Implemented	

No.	Priorities	Actions and Indicators	Responsible institutions	Status	Explanations
	<p>a) Implementation of the prioritized individual public investment projects, in particular by adopting the revised Report on the implementation for the investment clause, on the basis of the 'Single Project Pipeline'</p> <p>b) Implementation of all outstanding connectivity 'soft measures' and relevant policy reforms on transport and energy</p>	a.2. The number of financial agreements ratified in Parliament in relation to projects within the Investment Clause approved by the NIC and the Government	MoF	Implemented	
		<u>Energy</u>			
		6.b.i. Secondary legislation deriving from primary legislation, adopted	MED	Implemented	
		6.b.ii Energy prices deregulated:	MED	Implemented	
		1. Rule on Distribution System Operator Pricing (DSO Pricing Rule), amended and adopted;			
		2. Rule on Public Electricity Supplier Pricing (PES Pricing Rule), adopted;			
		3. Rule on Transmission System Operator and Market Operator Pricing (TSO/MO Pricing Rule), adopted;			
		6.b.iii. Joint energy market with Albania, established	MED	In progress	The energy exchange has not yet been created; and it is related to the non-implementation of the energy agreement by the Serbian side
		6.b.iv. Energy stock market with Albania - KOSTT (Day ahead and Intraday) established	KOSTT	In progress	It cannot be implemented before action 6.b.iii and is related to the non-implementation of the energy agreement by the Serbian side
		6.b.v. New energy electricity suppliers, in place	ERO	Implemented	
6.b.vi. Agreement between KOSTT-EMS, implemented	KOSTT	In progress	In progress due to the non-implementation of the energy agreement by the Serbian side. In progress		
6.b.vii. KOSTT Grid code with the ENTSO-E, harmonised.	KOSTT	In progress	In progress due to the non-implementation of the energy agreement by the Serbian side.		
<u>Transport</u>					
6.b.1. Opening of the transport market					
6.b.1.1. Implementation of rail reform strategy	MI	In progress	This formulation is a priority and not an action that can be implemented for 2-3 years. Actions in the field of transport have been set up with the European Commission's insistence based on the connectivity agenda. This also applies to the future actions. What remains to be addressed at Ministerial level (MoF, MED, MI) is whether there is willingness and agreement for signing the		

No.	Priorities	Actions and Indicators	Responsible institutions	Status	Explanations
					five-year financial agreement with INFRAKOS.
		6.b.2. Establishment of a competitive, reliable and safe transport system	MI	In progress	The Draft Law on amending and supplementing the Law on roads has not yet been finalized.
		6.b.2.1 Improvement of road safety. Targeting the reduction of fatalities by 20% compared to reference year 2014	MI	In progress	The target of 20% is not reached.
		6.b.2.2. Trade and Transport Facilitation	MTI	In progress	Protocol V is at the review stage in the Presidency.
		6.b.2.3. Intelligent Transport System (ITS) deployment on the Core Network	MI	In progress	The analysis and recommendations for the establishment of ITS have not been completed yet.
		6.b.2.4. Establishment of functioning maintenance system ensuring no section in poor/very poor condition	MI	In progress	An assessment of the current situation of the road and rail network needs to be done and a database will be established to be used for the assessment of the situation and for the preparation of the action plan for the period 2019-2023 for the SEETO's Core and Comprehensive Network Maintenance (regional level)
		6.b.3. Increasing effectiveness of Border Crossing Procedures	MIA	Implemented	
		6.b.3.1. Effective Border Crossing Agreements	MIA	In progress	Three sub-protocols with Macedonia have not been signed yet.
		6.b.3.2. Implementation of Integrated Border Management (IBM) strategy	MIA	In progress	The construction of joint border crossing points with Serbia has not been completed yet.
2.7	2.7. Enhancing energy security and adopting a comprehensive energy strategy for the period 2017-2026	7. Adopt a comprehensive energy strategy for the period 2016-2025 which is in line with EU environmental and social standards	MED	Implemented	
	a. Deciding on the ownership modalities for Kosovo B and on the new investments in power generation, and decommissioning of Kosovo A	7.a.i. Decision on the ownership modalities of Kosovo B, taken;	MED	Implemented	
		7.a.ii. New Investments in Power generation (all sources)	MED	Implemented	
		7.a.iii. Deadline for the decommissioning of Kosovo A to be fixed	MED	Implemented	
	b. Adoption of an updated Action Plan on renewable sources	7.b.i. Second report on the progress of implementation of National Action Plan for RES, prepared	MED MESP	Implemented	
	c. Assessment of the best modalities for the establishment of the mechanism for the financing of energy efficiency and	7.b.ii. Adoption of the updated plan on renewable sources, including appropriate measures to ensure Kosovo is reaching the 25% renewable energy targets in 2020	MED MESP	In progress	The RES Action Plan has not yet been adopted.
		7.c.i. TAIEX mission to assess modalities of a financing mechanism for energy efficiency and environment measures, carried out	MED MESP	Implemented	

No.	Priorities	Actions and Indicators	Responsible institutions	Status	Explanations
	environmental measures in the public and residential sectors, and promotion of the full use of the existing initiatives, such as the Regional Efficiency Programme	7.c.ii. Assessment and decision taken on the modalities of a financing mechanism to support investments in energy efficiency and environment	MED MESP	Implemented	
		7. c.iii. Adoption of the action plan on energy efficiency 2016-2018	MED MESP	Implemented	
		7.c.iv. Adoption of the law on Energy Performance of Buildings	MED MESP	Implemented	
		7.c.v. Adoption of the secondary legislation transposing the Directive 2010/31/EU through a) Regulation on setting the minimum energy performance in new residential buildings, buildings under renovation and other types of housing buildings, b) Regulation on the energy performance certificate for new buildings and other buildings c) Regulation on inspection of heating system and air conditioning equipment;	MED MESP	In progress	Two regulations have not yet been approved; the action is considered in progress.
Employment and Education					
3.1	Adopt and implement the Sectorial Strategy for Employment and Social Policy 2015- 2020 and adopt the 2017-2018 Action Plan for the implementation of the strategy	1. Sectorial Strategy is drafted and consulted with relevant stakeholders including the donor community	MLSW	Implemented	
		2. Sectorial Strategy and its Action Plan, adopted	MLSW	Implemented	
		3. Budget for the implementation of the strategy, allocated	MLSW	Implemented	
3.2	Improving employment opportunities a) Set up an action plan for tackling youth unemployment based on an assessment of the challenges and focussing on improving education outcomes and supporting school to work transitions b) Undertaking measures to increase participation of women in the labour market	a.1 Action Plan with clear indicators for tackling youth unemployment, drafted	MLSW	Implemented	
		a.2 Draft Action Plan is consulted with relevant stakeholders including the donor community	MLSW	Implemented	
		a.3 Action Plan with clear indicators for tackling youth unemployment, adopted	MLSW	Implemented	
		b.1 Increase the assistance received by women by the Employment service	MLSW	Implemented	
		b.2 Draft analysis of the obstacles in female employment done in consultations with relevant stakeholders	MLSW	Implemented	
		b.3 Use the analysis to develop accurate measures for improving women unemployment	MLSW	Implemented	
3.3	Ensure the implementation of the law on the Agency for Employment, in particular by fully operationalizing the Agency for Employment and allocating the necessary budget to ensure that it is able to roll out active labour market measures with tangible results	1. Develop a Labour Market needs assessment (including on VET)	MLSW	Implemented	
		2. Appointment of the Director of Employment Agency and the Advisory Board, completed; work regulations for Employment Agency, adopted	MLSW	Implemented	
		3. Active labour market measures implemented by Employment Agency (calls for applications, launched; financial support, delivered according to the outcomes of the calls)	MLSW	Implemented	
3.4	Adopt outstanding legislation providing the basis for policy reforms in the education sector	1. Revised Draft law on Higher Education in Kosovo, adopted	MEST	In progress	The Draft Law has been compiled but has not yet been approved by the Government.
		2. Draft Law on regulated Professions in Kosovo, adopted	MEST	Implemented	

No.	Priorities	Actions and Indicators	Responsible institutions	Status	Explanations
		3. Kosovo Education Strategic Plan 2017-2021 is adopted by the Government, and the necessary budget is allocated to ensure its implementation	MEST	In progress	The budget needed to cover the financial gap has not been ensured.
3.5	<p>Improve the quality of education by:</p> <p>a. Increasing the attendance in pre-school education</p> <p>b. Conducting assessment/ external evaluation and accelerate implementation of new curricula including with new textbooks in preuniversity education</p> <p>c. Establishing mechanisms to evaluate and enhance initial and in-service teacher training programmes.</p> <p>d. Improving the overall quality of Higher Education</p> <p>e. Fostering better links between higher education and the labour market, by facilitating and incentivising the setting up of industrial boards at Universities that advise HEIs on the relevance of study curricula, identification of shortcomings graduates' skills, participation in training and teaching (visitors, seminars) and provision of training and internship to students</p>	a.1 Number of public childcare facilities for children 0-5 years, increased	MEST	In progress	There are 13 public preschools under construction.
		b.1. Core curriculum for preschool education was developed and its piloting phase has started	MEST	In progress	It has been drafted but has not yet been approved.
		b.2 Core Curriculum Framework for PreUniversity (of 2011 and 2012) reviewed and approved, and learning outcomes for subject and grades developed in pilot schools	MEST	Implemented	
		b.3 Core Curriculum Framework for PreUniversity and the syllabus for grades and subjects reviewed and approved with subsequent implementation in all schools starting from 2017/2018 school year	MEST	In progress	Subject programs for some grades have not yet been developed (grades 4,5), while for some are only in the pilot phase (grades 3, 8, 12)
		c.1. Quality assurance mechanisms developed by appointing quality coordinators in schools and by establishing efficient school performance assessment system	MEST	In progress	The external evaluation of unselected schools has not yet been conducted in seven (7) regions of the country.
		c.2. Agency for Curriculum, Standards and Assessment, established and fully operationalized	MEST	In progress	The powers of the Agency have been transferred to a Division in the absence of funds to establish the agency.
		c.3. Revised Draft Law on Education Inspectorate in Kosovo is adopted by the Assembly and inspectors started their activities, with inspectors and sufficient capacities	MEST	Implemented	
		d.1. Set up and operationalize Industrial Councils	MEST	Implemented	
		d.2. Review study programmes and enrolment policies	MEST	In progress	There are no developments regarding the review of census policies.
		e.1 Draft proposal on setting up of industrial boards at Universities that advise HEIs, presented	MEST	Implemented	
e.2 Proposal on setting up of industrial boards at Universities that advise HEIs proceeded for public consultations	MEST	Implemented			
e.3 Proposal on setting up of industrial boards at Universities that advise HEIs is adopted and implementation has started	MEST	Implemented			
3.6	Improve the quality of Vocational Educational Training (VET) and school to work transitions	a.1 Use the Labour Market Needs Assessment (done at point 3.3) as a basis.	MLSW / EPAK	Implemented	
		a.2 Improving the quality of Vocational and Training system by aligning VET to Labour Market needs by reviewing the profiles provided in VET schools and aligning it with labour market needs assessment	MEST	In progress	Several profiles were reviewed individually but there was no general review at the country level that would harmonize this with market requirements.

No.	Priorities	Actions and Indicators	Responsible institutions	Status	Explanations
		a.3 Compiling core curricula for VET and starting of its piloting phase	MEST	In progress	Curricula have not been approved and their piloting has not been conducted.
		a.4 Ensure proper funding for VET centres	MEST	In progress	The review of the funding formula of VET centres which would ensure proper funding has not yet been completed.
		b.1 Improving education outcomes and supporting school to work transitions by ensuring internships with employers, expanded and included in studies programme	MEST	In progress	The dual learning system has been piloted, but not included in all VET programs as an integral part.