National Programme for Implementation of Stabilisation and Association Agreement (NPISAA) 2019 – 2023

March 2019
Prishtina
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Government Decision on Approval of NPISAA 2019 – 2023

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

No. 06/94
Date: 19.03.2019


DE C I S I O N


2. The budget for implementation of the present Programme shall be kept within limits of budget allocations to budget organisations for 2019 and in line with the Medium Term Expenditure Framework.

3. Implementation of the present Decision is an obligation of the Office of the Prime Minister, the Ministry of European Integration and other responsible institutions, as per the Programme.

4. The Ministry of European Integration is obliged to incorporate into the Programme all the comments of the European Commission.

5. The Ministry of European Integration is obliged to incorporate into the Programme, in the course of 2019, all follow-up actions deriving from the last round of meetings of the Stabilisation and Association bodies established under the SAA.

6. The General Secretary of the Office of the Prime Minister is obliged to submit the present Programme to the Assembly of the Republic of Kosovo for final adoption.
7. The present Decision enters into force on the date of its signing.

Ramush HARADINAJ
_____________________________________
(signed)
Prime Minister of the Republic of Kosovo

Submitted to:

- Deputy Prime Ministers
- All ministries (Ministers)
- General Secretary of the OPM
- Government archive
Republika e Kosovës
Republika Kosova - Republic of Kosovo
Qeveria - Vlada - Government

Nr. 06/94
Datë: 19.03.2019

Në mbështetje të nenit 92 paragrafi 4. dhe të nenit 93 paragrafi (4) të Kushtetutës së Republikës së Kosovës, duke u bazuar në nenin 4 të Rregullores Nr. 02/2011 për Fushat e Përgjegjësisë Administrative të Zyrës së Kryeministrit dhe Ministrive, e ndryshuar dhe e plotësuar me Rregulloren Nr. 15/2017, me Rregulloren Nr. 16/2017, me Rregulloren Nr. 07/2018, me Rregulloren Nr. 26/2018 dhe me Rregulloren Nr. 30/2018, në pajtim me nenin 19 të Rregullores së Punës së Qeverisë së Republikës së Kosovës Nr. 09/2011, Qeveria e Republikës së Kosovës, në mbledhjen e mbajtur më 19 mars 2019, nxjerr këtë:

VENDIM


2. Buxheti për zbatimin e këtij Programi mbetet brenda ndarjeve buxhetore të organizatave buxhetore për vitin 2019 dhe në pajtim me Kornizën Afatmesme të Shpenzimeve.

3. Për zbatimin e këtij vendimi obligohet Zyra e Kryeministrit, Ministria e Integrimit Evropian dhe institucionet e tjera përgjegjëse, sipas Programit.

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

5. Obligohet Ministria e Integrimit Evropian që gjatë vitit 2019 të inkorporojë në Program veprimet pasuse të dala nga konkluzionet e takimeve të raundit të dytë të organeve të Stabilizim-Asociimit të themeluarë me MSA.

6. Obligohet Sekretari i Përgjithshëm i Zyrës së Kryeministrit që të përcjellë këtë Program për aprovim në Kuverdën e Republikës së Kosovës.

7. Vendimi hyn në fuqi ditën e nënshkrimit.

Ramush HARIÇNINAJ

Kryeministër i Republikës së Kosovës

Iu dërgohet:

- Zvendëskryeministrave
- të gjitha ministrive (ministrave)
- Sekretariat të Përgjithshëm të ZKM-ës
- Arkivit të Qeverisë
INTRODUCTION

The National Programme for Implementation of the Stabilisation and Association Agreement (NPISAA)\(^1\) 2019-2023 is the fourth consecutive programme for implementation of the SAA between the European Union and the Republic of Kosovo\(^2\) since its entry into force on 1 April 2016. This programme aims to implement all reforms for the adoption of the EU *acquis* into national legislation in all its chapters. It is implemented alongside the European Reform Agenda (ERA), which foresees political-level priorities and concrete reforms for their fulfilment, and as such is interrelated with this programme.

While its implementation has continued, the regular annual revision of NPISAA was carried out during the period October - December 2018, based on the Government Decision No. 06/22, and dated 3 April 2015\(^3\). This process was led by the Ministry of European Integration (MEI), as the main coordination institution, in close cooperation with the ministries and other institutions responsible for each of its chapters. The work at the level of line institutions is coordinated by the Departments for Policy Coordination and European Integration (DEIPCs) and equivalent structures, with the participation of the Legal Departments (LD) and other line structures within particular institutions mandated with development and implementation of policies for specific policy areas. MEI as the main coordinating institution has also actively participated in the work of these teams in all phases of the revision.

The division of responsibilities has been the same as in the previous review cycle. MEI has proposed short-term measures, based on the reforms agreed at the meetings of the EU-Kosovo Stabilization and Association bodies which were held during 2018. Thereafter, line institutions have developed them further, in relation to their applicability (based on available capacities, time needed, etc.), have made their relation with other policy documents, as well as estimated their cost and confirmed them. Particular attention has been paid to three aspects: (1) closer cooperation with the “Central Government” institutions, through formal decision-making in technical and managerial level regarding the content of the proposed reforms in the Programme; (2) sustainable and realistic planning, including the alignment with the Government Annual Work Plan 2014 (GAWP) and other policy planning documents, including sector ones; and (3) costing, through detailed costing methodology developed during the previous review cycle.

Thus, it was made possible to further reduce the number of short-term measures in comparison to the last year, and to place the focus on measures that are expected to bring concrete reforms, and to avoid routine measures as well as highly detailed activities. It is also maintained the relation with GAWP 2019, thus enabling better integration of policy-making for internal development needs with that of European integration, and better synchronization of the reform flow at all levels (from law-making to concrete implementation in the area). This is expected to further improve the implementation, as it enables to focus the attention of decision-makers at all levels in implementation, as well as monitoring and reporting, as it will facilitate the quantitative loads. Medium-term planning has also been improved by setting medium-term priority objectives that are more concrete and measurable than the current ones.

In accordance with the Government Decision No. 06/22, the MEI has updated the *Programme Review Guideline* with detailed and specific guideline on the content and structure of the document, substantial requirements and the requirements regarding inter-institutional co-ordination for review, as well as the steps and deadlines. The review process was conducted from October to mid-December 2018. Thereafter,

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\(^1\) Below as a planning framework is provided a more detailed description of the context and NPISAA [http://www.mei-ks.net/repository/docs/pzmsa_miratuar/nga_kuvendi_final.pdf](http://www.mei-ks.net/repository/docs/pzmsa_miratuar/nga_kuvendi_final.pdf), p. 7 - 10,


in January 2019, public consultations were conducted in accordance with the Regulation on Minimum Standards for the Public Consultation Process. The Programme was adopted by the Government on 19 March 2019, through Decision No. 06/94 (see pp. 5 – 7).

In terms of its content, the reviewed Programme represents a comprehensive framework of concrete short-term reforms and priority medium-term objectives (for the period 2019-2023) for implementation of SAA through the approximation of national legislation with EU acquis and implementing the approximated legislation. Based on the structure of Copenhagen Criteria, all measures and priorities are divided into three blocks: Political Criteria, Economic Criteria and European Standards – Approximation of Kosovo’s Legislation with EU acquis.

**Block 1: Political Criteria** covers the areas of legislative branch, executive branch, constitutional reforms, electoral system reform, public administration and regional cooperation, and partially, rule of law, judiciary, fundamental rights and protection of minorities. This Block is closely linked with acquis Chapters 23 and 24 (in the third block), and contains five chapters: Constitution, Parliament and the Electoral System; Public Administration; Ombudsperson; Civilian Oversight of Security Forces; as well as Regional Cooperation and International Obligations.

**Block 2: Economic Criteria** is aligned with the Economic Reform Programme (ERP). This block also reflects priorities and activities of other mechanisms of dialogue with the EU, such as annual priorities, conclusions of SAA bodies, or those of multilateral mechanisms, such as agreements with the IMF, etc. This Block contains two chapters: Existence of a Functional Market Economy, and Capacity to Cope with Competitive Pressure and Market Forces within the Union.

**Block 3: European standards – Approximation of Kosovo’s Legislation with the EU acquis** includes the whole range of public policies and requires reforming the whole government through adoption of the entire EU acquis into the national legislation and its implementation, which requires administrative capacities for this purpose. It contains 33 chapters of acquis and a chapter on the legal framework for the approximation of national legislation with the acquis.

The Programme is organized in two parts: Narrative section and Matrix of short-term measures. The Narrative section of each Chapter summarizes SAA obligations and those under other EU accession mechanisms, the current situation (legal framework, including the level of approximation of legislation with the acquis, policy framework, institutional framework, and external assistance)⁴, as well as medium-term priority objectives. On the other hand, the Matrix of short-term measures within each Chapter outlines in detail the specific measures to be undertaken, divided into two categories: legislative measures (further subdivided into measures of legislation framework and subsidiary legal acts and other regulatory acts) and implementing measures (further subdivided into measures of policy framework, institutional reforms and capacity building, and enforcement). During the drafting of measures, we put efforts to make them as applicable as possible and to relate them to the Government Programme, budget documents and processes, as well as sector documents.

Furthermore, the short term measures matrix is structured in a way that enables the linking of legislative measures with SAA provisions, identification of specific national acts that will be approximated with acquis, acquis acts that will be transposed as well as responsible and supportive institutions (in quarters), transposition level (partial - P, or total - T) and the approximate budget cost. Similarly, this matrix enables the interconnection of implementing measures with the SAA provisions, setting specific objectives and

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⁴ The section on the current situation summarizes the legal framework that regulates the areas in each chapter and the Acquis acts with which they are approximated, as well as the responsible institutions and policy documents. This program does not contain detailed explanations regarding these aspects. For detailed explanations, see NPISAA 2018-2022 (available on [http://www.mei-ks.net/sq/pkzmsa-2018-2022](http://www.mei-ks.net/sq/pkzmsa-2018-2022)).
indicators that measure their performance, as well as the responsible and supporting institutions, timeframes, reference documents and approximate budget costs (divided into the same categories as legislative measures). Short-term measures are presented in the matrix of short-term measures.

Each state administration body will be responsible for implementing the programme and for monitoring its implementation within the scope of its mandate. As the centre of government mechanism of the country in charge of fulfilment of obligations arising from the SAA, the responsibility for its monitoring and implementation lies with the Government of Kosovo, each member of the Cabinet and each state administration body they lead, as well as all other institutions involved in the preparation of the Programme. The leading and irreplaceable role in this matter will be played by the Government (together with the EU authorities) within the formal stabilisation and association structures.

In addition, the Assembly will be one of the main institutional pillars in implementing this Programme, particularly in adoption of legislation. A key role in this regard will be played by the Parliamentary Committee for European Integration, both in terms of pushing the legislative agenda forward and as a coordinator to monitor the fulfilment of obligations undertaken by the Assembly. Thirdly, the Assembly will also affect the stabilization and association structures in the framework of the Parliamentary Committee on Stabilisation and Association.

An irreplaceable role in this will be played by all independent institutions and Municipalities.

The European Commission and the EU Office in Kosovo shall play an important role in fulfilling SAA obligations, as well as in implementation of NPISAA.

Also the civil society has a role in implementing the reforms that are planned in the Programme as well as the other stakeholders. MEI, as the responsible institution of the Government for European Integration, will cooperate with these stakeholders in this regard, particularly in terms of monitoring and enabling their involvement in implementing the reforms. This will be mainly achieved through their access to regular reports on implementation of the Programme and the public consultation system. Regarding the latter, in terms of improving the participation of civil society and other stakeholders will also affect the functioning of the consultation mechanism in 2018 within the Stabilization and Association bodies established by the SAA.

Overall coordination at the level of the Government will be the task of the Ministry of European Integration. As this is a voluminous document in terms of content, it is divided according to specific areas of responsibility of MEI officials that are responsible for its particular sectors. By following developments in specific sectors, MEI officials will be responsible for monitoring the implementation of this programme at the national level, through regular contacts and cooperation with their sectorial counterparts in the respective Government bodies they cover. This system allows monitoring of implementation at the operational level. In view of facilitating the monitoring and reporting, it will be continued the regular monitoring of implementation through the Online Platform for Monitoring and Reporting, which will enable the collection of regular reports in terms of implementation of the programme, which will be drafted throughout the year. The measures envisaging the adoption of draft laws will be evaluated as implemented with the approval of the respective draft laws by the Government.
Relations between the Republic of Kosovo and the European Union

In 1999, the EU proposed the creation of the Stabilisation and Association Process (SAP) for Western Balkans, as a framework for their EU membership process. SAP was officially launched in November 2000, at the Zagreb summit. Based on the Copenhagen Criteria, the EU emphasised that the European perspective of these countries shall be determined based on their progress toward a sustainable democracy, rule of law, market economy and regional cooperation. This perspective was reaffirmed at the European Council in Thessaloniki in June 2003.

Regarding Kosovo, in April 2005, the European Commission (EC) published the communication A European Future for Kosovo, and in 2006 the Council adopted the first European Partnership for Kosovo. The second European Partnership was adopted in 2008. In response to the European Partnership, the Government adopted the first European Partnership Action Plan (EPAP) in 2008, which was updated every year after the publication of the Progress Report. The EPAP was in force until the end of 2012, and it was replaced with the SAA Action Plan (SAAAP) during 2013-2014 and the Action Plan for the purpose of addressing the Recommendations deriving from Progress Report (PRAP 2015).

On 17 February 2008, the Assembly of Kosovo declared Kosovo an independent and sovereign country. The Republic of Kosovo is now recognized by one-hundred and sixteen (116) states, out of which 23 are EU member states. Until the end of 2009, the reform dialog between Kosovo and EU was taking place within the Stabilization and Association process Tracking Mechanism (STM). Afterwards, in October 2009, EC published the communication Kosovo – Fulfilling its European Perspective, whereby proposed the deepening and strengthening of the European perspective of Kosovo. The reform dialogue advanced to the Stabilization and Association Process Dialogue (SAPD), whereas, among others was also proposed to initiate the process for Kosovo’s participation in EU Programmes.

The process towards SAA commenced in October 2011 when EC, through the Progress Report, recommended the initiation of the Feasibility Study for Stabilisation and Association Agreement between European Union and Kosovo, a study that in October 2012 concluded that Kosovo was ready to commence negotiations for SAA. The negotiations commenced in October 2013 and were concluded in July 2014. This was followed by the adoption of this agreement by the Governments of the Member States, and its signature on 27 October 2015. Finally, the SAA was approved by the Kosovo Government on 30 October 2015, and ratified by the Assembly on 2 November 2015, and entered into force on 1 April 2016. During 2016, were functionalised the joint Kosovo-EU bodies established within SAA for overseeing its implementation: the Stabilization and Association Council (SAC), the Committee, subcommittees and special groups, and the Stabilization and Association Parliamentary Committee.

Another important development is setting of the EU-Kosovo High-Level Dialogue Framework within the Key Priorities, followed by the commencement of implementation of the European Reform Agenda (ERA) in November 2016. ERA aims to focus on the implementation of the SAA by giving the highest political attention to the realization of key economic reforms, strengthening of the rule of law and consolidation of good governance.

Regarding the visa liberalization process, on 18 July 2018, the EC issued a recommendation for lifting the visa regime with Kosovo. Thereafter, on 30 August, the European Parliament’s Committee on Civil Liberties, Justice and Home Affairs (LIBE) adopted this recommendation. This recommendation has remained to be finally adopted by the EU Council. During 2018, were ratified and have entered into force the agreements for Kosovo’s participation in four (4) EU Programmes: Europe for Citizens, Creative Europe, COSME and ERASMUS+.

1. **BLOCK 1: POLITICAL CRITERIA**

1.1. **Democracy and Rule of Law**

1.1.1. **Constitution, Parliament and Electoral System**

**Constitution**
The Constitution of the Republic of Kosovo was adopted by the Assembly on 9 April 2008 and entered into force on 15 June 2008. Constitutional order of the Republic of Kosovo is based on the principles of freedom, peace, democracy, equality, respect of human rights and freedoms, rule of law, non-discrimination, property right, protection of environment, social justice, pluralism, separation of state powers and market economy. These democratic principles are envisaged in SAA as well, namely within Article 3.

Considering that these principles constitute the essential elements of the SAA and state functioning, Kosovo institutions have taken concrete action to commence the fulfilment of SAA criteria through the necessary constitutional amendments. Specifically for the purpose of meeting the SAA requirements and the main country report findings by the European Commission.

Finally, the Republic of Kosovo remains committed to fulfil all other obligations deriving from SAA. In this regard, during the implementation of this agreement, Kosovo will make necessary constitutional reforms, including reforms in the area of administration, justice and other area, depending on the needs that may arise in the following years.

**Parliament**
This chapter covers the mandate of the Assembly of the Republic of Kosovo, as a legislative body that approves laws and resolutions, and, among others reviews and approves international agreements. This chapter covers as well the supervisory aspect of the Assembly regarding the work of the Government and other public institutions, which, based on the Constitution and the laws of Kosovo, report to the Assembly, and, it also covers the role of the Assembly in the process of European integration. Other important points covered by this chapter include the following: key constitutional reforms required for EU accession; composition and structure, including immunity of the deputies; general functions of the Assembly; functioning of the Assembly structures (based on the Regulation on Rules and Procedures), with focus on relevant requirements for EI, including those from SAA; legislative function of the Assembly; supervisory function of the Assembly; electoral function of the Assembly (bodies/authorities of state administration which are elected/appointed and dismissed, and general procedures); the role of the Assembly in the process of harmonisation of the national legislation with the EU *acquis* and the responsible structures’ elections (legislation, electoral system, functioning and the performance of the electoral process).

**SAA Requirements**

SAA, in Article 132, foresees the functioning of the Parliamentary Stabilization and Association Committee (PSAC) as a joint forum of MEPs and Assembly Members of the Republic of Kosovo to exchange views on implementation of the SAA. The Assembly of Kosovo, pursuant to Article 132 of the SAA on 18 March 2016, established the Stabilization and Association Parliamentary Commission. The Assembly in the V legislature, on May 16-17, 2016, held the first meeting of the EU-Kosovo Stabilization and Association Parliamentary Committee, where was adopted the Regulation on Rules of Procedure of this Committee. During the VI legislature, were held joint meetings of both delegations, which marked the establishment of cooperation of the Assembly of Kosovo with the European Parliament at a higher level. The Stabilization and Association Parliamentary Committee meets twice a year, at agreed time intervals.
In order to fulfil the obligations deriving from the EU reports on Kosovo and the SAA, the Assembly will increase its legislative capacity, especially of the Directorate for Legal and Procedural Affairs. Also, the Assembly will improve the oversight of executive branch, including the security sector. In addition, in the light of enhancing the quality of service delivery, the Assembly will implement the Strategic Plan of Assembly 2016-2020.

Requirements from other EU accession mechanisms

Requirements deriving from stabilisation and association bodies
In the light of Stabilization and Association Subcommittees, it is required from Assembly to ensure the appointment of the members of the boards of independent institutions which fall under the competence of the Assembly. Also, as a requirement deriving from the 2014 Progress Report, the Assembly will develop accountability mechanisms for board members. Thus, parliamentary committees will, depending on their area of activity, oversee the work of independent institutions and shall summon these institutions to report.

Requirements deriving from EC’s annual Kosovo Report
With the aim of addressing the request from the EC Report on Kosovo, the Assembly of the Republic of Kosovo will continue to empower the exercise of the oversight function over the executive branch. In the light of addressing the requirements outlined in the EC Report on Kosovo, the Responsible Parliamentary Commission will continue to exercise parliamentary oversight of the Kosovo Security Force and the Kosovo Intelligence Agency. Also, with a view to address other requirements deriving from the EC Report on Kosovo, parliamentary committees have increased the dynamics of work in order to address these requirements.

State of Play

Legislative Framework

Kosovo’s political system is based on the principles of parliamentary democracy. Kosovo Assembly is a legislative institution and is elected directly from the people for a four year term. Kosovo Assembly is the highest representative and legislative body, which exercises its mandate based on the Constitution of the Republic of Kosovo and the Rules of Procedure of the Kosovo Assembly.

The composition and the structure of the Assembly are defined in the chapter IV of the Constitution of the Republic of Kosovo. Article 64 of the Constitution defines the structure of the Assembly, while the first paragraph of Article 64 stipulates, as follows: “The Assembly has one hundred and twenty (120) deputies elected by secret ballot based on open lists. The seats in the Assembly are distributed amongst all parties, coalitions and citizens’ initiatives and independent candidates in proportion to the number of valid votes received by them during the elections for the Assembly.”

The Regulation on Rules of Procedure of the Assembly of the Republic of Kosovo defines the organisation and the functioning of the Assembly, its bodies and the rights and obligations of the deputies.

Parliamentary committees reflect political composition in the Assembly. The committees have their chairs and two deputy chairs that belong to different parliamentary groups, where at least one deputy chair is from a community other than the chair’s community.

One of the key roles of the Assembly, except approximation of national legislation with the EU acquis is to review and verify this approximation. The responsible structure regarding the process of harmonization of EU legislation consists of the Parliamentary Committee on European Integration, which reviews the process of harmonization of the laws enacted by the Assembly with the EU legislation. The Committee
for European Integration reviews not only the text of the draft laws in this committee, but also the amendments made by the functional committees, or by the deputies, ensuring consistency of these amendments with the legal acts of the European Union.

Within the administration, the Directorate for Standardisation and Approximation and Legal Harmonization verifies the statements from MEI regarding the approximation of the draft laws with the EU legislation, as well as overseeing the alignment of legislation with the EU *acquis* and international standards applicable in Kosovo, applying to all draft laws and amendments proposed by the parliamentary committees to the Assembly for consideration. Also, the Directorate for Protocol and International Relations, namely the International Relations Unit, is engaged in the meetings of the EU-Kosovo Stabilization and Association Committee, in drafting the topics of discussion as well as in resolutions issued by joint meetings and on the progress of the activity.

**Policy Framework**

The Work Programme of the Assembly of the Republic of Kosovo is the basic document for Assembly’s activities as a legislative, oversight and representative body.

Drafting of the Work Programme is based on the following documents:

- Legislative Programme of the Government of the Republic of Kosovo
- Working Plans of the Parliamentary Committees
- National Plan for Implementation of SAA.

The dynamics of the work programme are implemented in two (2) parts: the spring session and the autumn session, which include the work of the Presidency of the Assembly, parliamentary groups, parliamentary committees and the plenary session.

The Assembly of the Republic of Kosovo for the purpose of enhancing the professional capacities of its administration regularly holds continuous training for capacity building, depending on the needs of the administration of Assembly.

**Institutional Framework**

The Assembly elects the Presidency of the Parliament (the President and Vice Presidents of the Assembly) from its own members and appoints standing and functional parliamentary committees, as well as *ad-hoc* parliamentary committees. In the VI legislature of the Assembly of Kosovo there are 14 committees, where 4 are standing committees and 10 other are functional committees. All draft laws first pass the parliamentary review and approval in the parliamentary functional committees and parliamentary standing committees.

Functioning of the Assembly of Kosovo is explicitly regulated with the Article 65 of the Constitution of the Republic of Kosovo. One of the main functions of the Assembly is the legislative function, and in addition to this function, the Assembly exercises an oversight function. In order to maintain the accountability, the Assembly oversees the work of the institutions and bodies which are elected by the Assembly. In addition to this, the Assembly, mainly through the parliamentary committees, oversees the implementation of laws by recommending measures in case of non-implementation or inadequate implementation of the overseen laws.

The Assembly of the Republic of Kosovo has a total of 120 deputies, including guaranteed seats for non-majority community in Republic of Kosovo.
The constitutional responsibilities of the Assembly also include the process of electing the Government, President, and Independent Institutions. Independent institutions that are elected by the Assembly of the Republic of Kosovo as well as those proposed by the Government and elected by the Assembly, report as it is set forth by the relevant legislation in force.

In terms of coordination, at the administrative level, of the Assembly with the Government, this communication is conducted at the level of directors. In addition, the Unit for Proposals and Submissions is in coordination with the Government liaison officer regarding the processing of draft laws, reports, proposals for appointments of board members and other letters. In addition, the Assembly through the Office for Proposals and Submissions proceeds to the Government and other Institutions the Decisions, Letters, Parliamentary Questions, Requests for Interpellations, etc. This office submits the Laws passed to the Assembly for decree at the Office of the President, also the Office for Proposals and Submissions submits the Enacted Laws in the Official Gazette for Publication. Also, the Government of the Republic of Kosovo has established a consolidated mechanism and system for coordinating the tasks with the Assembly of Kosovo.

The Assembly regularly reviews parliamentary commission reports on law enforcement and approves recommendations for improving the implementation of monitored laws.

The Assembly has increased the number of consultations with civil society and the public. The Assembly of Kosovo, having regard to the principles of the Co-operation Strategy, has adopted the Declaration on Partnership between the Assembly and Civil Society by institutionalizing the cooperation at partnership level. The Assembly has engaged a liaison officer for NGOs. In the light of this cooperation, it is created a database which is structured in a specific way, and all NGOs that are registered in this database automatically receive information about meetings, invitations and materials from respective committees.

At beginning of every legislature, the Assembly sends the invitation for registration and accreditation through the civil society database of all NGOs.

The Assembly has institutionalized the partnerships with civil society through common responsibilities at every step of the political and decision-making process in drafting and overseeing the implementation of laws and policies, taking into account the Declaration on Partnership between the Assembly and Civil Society. Taking into account the principles of the Assembly’s Strategy for Information and Public Relations, the Presidency of the Assembly through a decision has established a Forum for Parliamentary Transparency composed of MPs, representatives of the administration and representatives of civil society. This Forum is called to advance and secure greater civic engagement by promoting parliamentary culture through information, access to information and work of Parliament as well as empowering citizens in the legislative process and increasing accountability.

In order to increase the transparency in the decision-making process and to inform the citizens, the Assembly has already functionalized the Legislation Tracking System (LTS) through the Assembly website.

The administration of the Assembly, under the authority of the Secretary General, provides professional, technical, administrative and other support services necessary for the Assembly and its bodies.

Medium-term Priority Objectives

Institutional Framework: Adoption of the new Assembly Regulation. The Assembly of the Republic of Kosovo intends in the medium term to adopt the new Regulation for the Assembly and to develop an efficient and comprehensive legislative process.
Advancement of policies: drafting the annual work plans of the parliamentary committees, better planning of the dynamics for reviewing the draft laws, implementation of the Strategy for International and Inter-Parliamentary Cooperation and the Strategy for the Assembly 2016-2020.

The legislative capacity of the Assembly will increase further, especially for the Department for Legal and Procedural Issues through recruitment of staff in accordance with the Regulation on the Responsibilities and Organization of the Administration of the Assembly, by providing equal treatment and employment opportunities for women and men. The Assembly would also improve monitoring of the executive, including the security sector, by reviewing legislation and monitoring the implementation of policies and laws. In general, it will strengthen the legislative procedure in order to ensure cross-sectorial expertise and compliance with the *acquis*.

The Strategic Plan of the Assembly 2016-2020, which will cover the roles and responsibilities of the Administration of the Assembly to provide services in a qualitative manner, will help deputies to meet legislative, oversight and representative function. The plan will ensure an integrated approach for developing and strengthening of the Assembly in the midterm to ensure proper functioning, from an organisational aspect, as well as in the structure and the content of it. The Assembly Strategic Plan 2016-2020 should include a gender perspective, in line with the Law on Gender Equality.

Implementation and enforcement: the responsible bodies of the Assembly will provide strong monitoring of Assembly’s budgetary expenditure during the financial year, including gender responsive budgeting analysis.

Special emphasis will be given to the Parliamentary Committee for European Integration, whose role will be improved further since it is the key body for monitoring and pushing forward the reforms and the criteria within the processes of European integration and visa liberalization.

Emphasis should also be given to the Directorate for Protocols and International Relations, particularly to the International Relations Unit, which, according to the job description, is responsible for international organizations, and which undoubtedly are the main bodies with which Kosovo needs to co-operate during the integration phase and afterwards as a full member of organizations such as the Council of Europe, NATO, SEECP and the European Parliament.

Also, the Assembly will develop the professional capacity of its administration through cooperation with parliaments of other countries, through the priorities established by the Strategy for International and Inter-parliamentary Relations.

**Electoral System Reform**

One of the main priorities of the Assembly of the Republic of Kosovo is to amend relevant legislation to enable an adequate electoral reform, in line with European standards. This is aimed at the medium-term period, through addressing the Venice Commission recommendations and it shall be materialised through a political agreement by the political parties represented in the Assembly of the Republic of Kosovo.

The respective parliamentary committee to be engaged with electoral reform is expected to address key processes in the electoral system in order to detail these elements in the laws, so as to increase legal certainty, as well as in order to increase the credibility in the electoral processes, in line with the most democratic European standards and practices.

In the context of electoral reform and with the view to fulfil the obligations deriving from the EU reports for Kosovo, Kosovo should amend the Law on General Elections, and to establish an independent authority, not the CEC, which shall be responsible for implementing the Law on Financing of Political
Parties. More concretely, the Assembly of Republic of Kosovo will be engaged in establishing an ad-hoc committee for electoral reform, to whom it will provide budget, in order to meet obligations steaming from this process. Whereas, in order to implement the Law on Financing of Political Parties, the Assembly of the Republic of Kosovo, will be engaged in establishing a division within CEC or within the Office of Auditor General.

State of Play

Legislative Framework

The electoral reform in the Republic of Kosovo is regulated based on:
- Law No. 03/L-073 on General Elections;
- Law on Local Elections in the Republic of Kosovo, amended on November 2010;
- Law No. 03/L-174 on Financing of Political Entities.

The Constitution and the Law on General Elections of Republic of Kosovo regulate the electoral system in Kosovo. According to the Constitution and the Law, Kosovo is considered a multi-candidate constituency. While exercising his/her right to vote, a voter shall vote for one (1) certified Political Party and may vote for one (1) candidate from the list of candidates of the same party. Assembly of the Republic of Kosovo has one hundred and twenty (120) deputies elected by secret ballot based on open lists. Seats in the Assembly are distributed amongst all parties, coalitions and citizens' initiatives and independent candidates in proportion to the number of valid votes received by them in the elections for the Assembly. In the framework of this distribution, twenty (20) out of one hundred and twenty (120) seats are guaranteed for representation of non-majority communities in Kosovo. Kosovo's electoral legislation also guarantees gender equality in the electoral system, under Article 7.2 of the Constitution of the Republic of Kosovo.

The above legislation has provided a sufficient basis for democratic elections in accordance with international instruments to which Kosovo is committed in its Constitution. The legal framework that has regulated the earlier parliamentary elections and local elections despite the shortcomings, however, ensured a normal operation and performance of the overall flow of the electoral process in the parliamentary and local elections of 2017. Elections were peaceful and without major incident. During the last electoral process, the system of 'reserved' seats guaranteed by the constitution for political parties representing non-majority community that is used as a temporary measure for two previous legislatures has been replaced by the permanent system of 20 'guaranteed' seats.

Despite a significant number of attempts to reform the electoral system in Kosovo conducted before the last mayoral and municipal elections in the fall of 2017 and early parliamentary elections on 11 June 2017, it had not happened. A series of shortcomings have followed these electoral processes that have been identified by the recent 2018 Progress Report of the European Commission. However, a number of intimidations that occurred among numerous Kosovo Serb communities, targeting specifically candidates who do not belong to the Serb List party, represent a concern. A number of long-term weaknesses, especially the funding of political parties, women's participation, electoral dispute mechanisms, incorrect voter lists, and the largely deficient voting system for Kosovo's citizens who live abroad, still remain to be addressed. These challenges should be addressed as a priority issue, guided by the recommendations of the European election observation missions.

The reform of the electoral system should address the non-compliance of Law No. 03 /L-073 on General Elections and Law No. 03 /L072 on Local Elections with Law No. 05 /L-020 on Gender Equality. At present, election laws foresee a gender quota of at least 30% representation on political party lists, while the Law on Gender Equality foresees a 50% quota. Political parties are obliged through their internal acts to implement measures to promote equal participation of men and women in the bodies and bodies of the
parties, in accordance with the provisions of Article 6 of this law. These discrepancies should also be addressed through the expected electoral reform.

1.1.2. Public Administration

Public administration is a liaison between the government, civil society, private sector as well as men and women citizens, which implements public policies undertaken by the government thus enhancing social cohesion and trust between the State and citizens. Therefore, public administration is constituted by governmental institutional units that regulate the functioning of society. An effective public administration is crucial for country's development by implementing transparent, clear and simple administrative procedures, and services focused on men and women citizens. Public administration also helps businesses in exercising their activity, by facilitating procedures and removing bureaucratic barriers.

SAA Requirements

As part of the criteria for public administration which are to be met by the government and the relevant institutions of the Republic of Kosovo in accordance with Article 120 of the SAA remains full consolidation of the legal framework (adoption of primary and secondary legislation, amending) and full implementation of policies and legislation.

Part of the SAA obligations under the Preamble (point 4), civil society development and democratization are elements upon which the parties commit themselves to contribute to Kosovo's political, economic and institutional stabilization. In this context, the general principles of the SAA (Article 3) in the area of public administration are respect for democratic principles as a basis for policy-making. This requires cross-sectoral cooperation between the Government and civil society, and enabling inclusion in the policy-making process through the public consultation process.

Requirements from other EU accession mechanisms

Requirements deriving from PAR SG, April 2018
Planning in the area of Public Administration should be more strategic and related to the Government priorities, sector strategies, mid-term expenditure framework and available budget. An important criterion is the conclusion of the job classification process. In order for this process to be successfully concluded, the Government of Kosovo has approved the package of draft laws on public administration reform (for public officials, for salaries, and for organization and functioning of state administration and independent agencies). With regard to public services and human resource management, further efforts are needed to depoliticize the administration and to fully implement the relevant provisions for preventing corruption and promoting integrity in civil service. In March 2017, the Assembly and the Government signed a Memorandum of Cooperation for rationalization of state agencies and the working group that was established by the MPA has completed the Concept Document for the first wave of rationalization and setting of clear accountability lines for the agencies that function in the Assembly of Kosovo", which was approved by the Government on 9 October 2018. Also, the number and systematization of civil servants belonging to non-majority communities in ministries and other institutions should be made in accordance with the legislation in force. According to the requirements of civil society organizations dealing with gender equality with regard to employment in civil service, the number and systematization of women and men civil servants in ministries and other institutions should be made in accordance with the legislation in force. In general, Kosovo will need to further enhance its efforts to improve the professionalism, accountability, efficiency and effectiveness of public administration at all levels.

State of Play
Legislative Framework

The legal framework in the area of public administration is established; however it has not yet been completed. The primary legislation on Civil Service is in accordance with the EU principles, but gaps appear especially in the regulation of administrative procedures, public liability, and principles of gender equality, court-administrative proceedings; and accountability of public institutions.

The basic laws based on which functions the public administration are as follows:

- Law No. 03/L-149 on Civil Service of the Republic of Kosovo
- Law No. 03/L-147 on Salaries of Civil Servants
- Law No. 03/L-189 on the State Administration of the Republic of Kosovo
- Law No. 02/L-28 on the Administrative Procedure
- Law on Information Society Bodies
- Interoperability Framework of the Republic of Kosovo
- Strategy for Electronic Governance 2009-2015;
- Law on Information Society Bodies.

Policy Framework

The strategic framework for public administration was determined by the Ministerial Council on Public Administration Reform, by providing the necessary instructions for the roles and responsibilities of relevant institutions. This way, the approach on public administration reform was determined through the Public Administration Reform Strategic Package, which consists of three individual documents, prepared and managed by the main portfolios, centrally coordinated. In designing the new approach to the reform, we have taken into account the main issues as determined in the enlargement strategy by the European Commission, and presented in detail by the OECD/SIGMA through the Public Administration Principles. Specifically, the public administration of the Republic of Kosovo is committed to function on the basis of SIGMA principles, such as:

- Strategic Framework on Public Administration Reform;
- Policy development and coordination;
- Public services and management of human resources;
- Accountability;
- Service provision;
- Public finance management.

In accordance with these principles, the relevant areas are grouped into the three “PAR pillars,” as part of the main portfolios, who have been vested the authority to develop one or more strategic documents. The three main pillars of the PAR Strategic Framework are as in the following:

- Pillar I – policy development and coordination – under the responsibility of Office of Prime Minister,
- Pillar II – civil service, human resources, accountability and service delivery – under responsibility of Ministry of Public Administration, and

The second pillar should include criteria of service delivery under the principle of equal treatment for women and men.

The policy framework for the First Pillar of Public Administration Reform consists of:

- Strategy on improving policy planning and coordination 2017-2022; and
The policy framework for the Second Pillar of Public Administration Reform consists of:
- The Strategy for Modernisation of Public Administration 2015-2020; and

The policy framework for the Third Pillar of Public Administration Reform consists of:
- Public Internal Financial Control Strategy 2015-2019; and
- Strategy on Public Finance Management

Institutional Framework

Kosovo has considerably consolidated the institutional framework in the area of public administration, which consists of Ministry of Public Administration (MPA) and Agency of Information Society (AIS).

MPA has now built an advanced infrastructure for the delivery of electronic services through the National Network which covers all the offices of central and local administration and the Centre of the State Data. This infrastructure serves all institutions of central and local level. The current architecture of the infrastructure has a strong basis for providing electronic services to citizens and for modernization of public administration. Further modernization of public administration requires constant maintenance and investment services in accordance with the increase of electronic services, trends of technological developments and increased security.

However, there is a need to finalise the minimum standards for public consultation together with the "online" platform for civil society in order to enable the early reaction of public on legislation, policies and strategies and to increase transparency in the context of accountability as a basic principle for public administration.

Despite major achievements in the administrative reforms, there are challenges which hinder effective implementation of reforms related to the completion of the legal framework, and capacity building for monitoring and implementing the reforms. Past strategies for public administration reform have not paid proper attention to public and administrative services. At this moment, there still remains to be made a full inventory of public and administrative services offered by public institutions.

The Strategy for Public Administration Modernization 2015-2020, has been drafted, as well as the Action Plan 2015-2017 for the implementation of this strategy, which were adopted during 2018. The new approach has split the reform process under the responsibility on three pillars; 1. Development and coordination of policies and legislation – Office of the Prime Minister; 2. Civil service, human resources management, delivery of public-administrative services and accountability – Ministry of Public Administration; and 3. Public Finances Management – Ministry of Finance.

Medium-term Priority Objectives

In order to accomplish its mission, the Ministry of Public Administration in the midterm period plans to create an apolitical, professional, merit-based and well managed civil service. This is planned to be achieved through reorganization of ministries and their subordinate bodies, finalization of the process of job classification, implementation of a new system of salaries and promotions as well as the implementation of the Action Plan of the Strategy for Modernization of Public Administration 2015 - 2017, while also ensuring adequate financial and human resources, especially for the department which manages PAR. Also, MPA will improve the system for human resources management and link it to the payroll system, after it is adopted and finalized the process of job classification.
Kosovo will also increase the percentage of civil servants coming from non-majority groups in the administration, based on current applicable legislation, namely 10% at the central level (from 8.75% currently) and proportional to the population within the relevant municipality at the local level. It will also ensure full implementation of the Strategy and Action Plan for the Modernization of Public Administration 2015-2020. At the request of civil society organizations dealing with gender equality, equal access of women and men at all levels, including decision-making levels, should be ensured in line with the requirements of the new Law on Gender Equality.

Completion of the legal and operational framework of PAR and finalizing costing reforms will form the basis for determining the scope of the general and financial sectorial budgetary support. Kosovo will focus on the area of PAR with a single programme for Sector Budget Support. Also, through the support of IPA 2014, the Law on General Administrative Procedure has entered in force in June, 2017. The government has created an inventory of laws that contain special administrative procedures. These laws now need to be amended in order to eliminate contradictions with the new law. Significant efforts are needed to inform and educate the administration and the public in Kosovo regarding the obligations and rights under the new law.

Also, the Government will provide sufficient funding for implementation of the job classification process and generally improve human resource management by providing equal treatment and opportunities for men and women. Also, in the light of implementing the public administration principles and reform, particularly in terms of policy development and coordination, it should be noted that one of the most important priorities in this area is related to further strengthening of the administration through capacity building in terms of policy planning, analysis, development and implementation. Accordingly, we can have an administration that can create substantial policies that are economically efficient and financially affordable.

The electronic governance will be enhanced in the midterm in order to increase the effectiveness of services and transparency to the public. The Strategy and the Action Plan 2016-2020 on e-Government will be implemented. AIS/MPA aims to modernize and improve the quality of provision of electronic services which will contribute to enhancement of transparency. In order to provide better services for citizens, it is foreseen to establish several One Stop Shops, which will provide services at the central and local level. The services portal “e-Kosovo”, which will provide e-services to citizens, will be established. The Open Data Portal will be updated, wherein data from central and local level institutions will be published.

Local Self-government
The constitutional basis for local self-government is granted by the Constitution of the Republic of Kosovo, Chapter X which states that “The basic unit of local government in Kosovo is municipality. Municipalities enjoy a high degree of local self-governance as well as encourage and ensure active participation of all citizens in the decision making process of municipal bodies”.

The right for local self-government is guaranteed by the Constitution and is regulated by law. Also, local self-government is exercised by representative bodies elected through general, equal, free, direct local elections with secret ballots. The Republic of Kosovo observes and implements the European Charter of Local Self-Government to the extent required by signatory country. Local self-government is based on the principles of good governance, gender equality, transparency, efficiency and effectiveness in providing public services, paying particular attention to the specific needs and concerns of women, men, people with disabilities, as well as non-majority communities and their members.
1.1.3. Ombudsperson

This chapter covers the scope of the Ombudsperson Institution (OI), as an independent constitutional institution that monitors, protects and promotes human rights and freedoms. It includes criteria derived from European integration process of the Republic of Kosovo, the current state of fulfilment of its mandate and the challenges faced by the Institution and its plans and priorities for the future.

SAA Requirements

Considering that the European Union gives particular importance to human rights, in order to guarantee their implementation, it has imposed certain preconditions, one of which is political criteria, so-called Copenhagen criteria, which require stability of institutions that guarantee democracy, rule of law, human rights as well as compliance and protection of the rights of national minorities, in which is included also the Ombudsperson Institution.

In this context, the Articles of SAA relevant to the Ombudsperson Institution and its mandate are as follows:

- Article 3: "Respect for the democratic principles and human rights as proclaimed in the United Nations Universal Declaration of Human Rights of 1948 and as defined in the Convention for the Protection of Human Rights and Fundamental Freedoms of 1950, in the Helsinki Final Act and the Charter of Paris for a New Europe, respect for international law principles, including full cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) and its residual mechanism, the International Criminal Court, and respect for the rule of law as well as the principles of market economy as reflected in the Document of the Bonn Conference on Economic Cooperation of the Conference on Security Cooperation in Europe, shall form the basis of the policies of the EU and of Kosovo and constitute essential elements of this Agreement."

- Article 4: "Kosovo commits to abide by international law and instruments, in particular, but not only, related to the protection of human and fundamental rights, to the protection of persons belonging to minorities, and without discrimination on any ground."

- Article 7: "The developments of regional cooperation and good neighbourly relations as well as respect for human rights, including the rights of persons belonging to minorities, are central to the SAP. The conclusion and the implementation of this Agreement takes place within the framework of the SAP and are based on Kosovo's own merits."

Article 120 of the SAA except requiring a professional, efficient, accountable public administration, it expressly states that “Cooperation shall also include the improvement of efficiency and the capacity of independent bodies that are instrumental for the functioning of public administration and for an effective system of checks and balances.”

Requirements from other EU accession mechanisms

Requirements deriving from the stabilisation and association bodies

In conclusions deriving from SAPD meeting, it is requested the implementation of a legal package on human rights, including secondary legislation, holding promotional campaigns and capacity building.

Finally, the Republic of Kosovo should improve overall conditions for the functioning of the Ombudsperson Institution, both in terms of implementing the legal framework, ensuring sustainable financial, organizational and functional independence and adequate addressing and monitoring of the implementation of recommendations addressed to the public authorities in the Republic of Kosovo.

State of Play

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*This chapter is related to chapter 3.23. Chapter 23 of the acquis: Judiciary and Fundamental Rights (matrix of short-term measures).*
Legislative Framework

Below is listed the main legal framework which regulates the scope of the Ombudsperson Institution in the Republic of Kosovo:

- Constitution of the Republic of Kosovo;
- Law on Ombudsperson;
- Law on Protection from Discrimination;
- Law on Gender Equality;

The Ombudsperson Institution has taken new responsibilities with the legal package for human rights, which consists of the Law on Ombudsperson, Law on Protection from Discrimination and the Law on Gender Equality, adopted in July 2015.

In order for OI to be in full compliance with the Paris Principles on National Institutions for Human Rights, which are minimal international criteria that should be fulfilled by every national institution for human rights in a country in order to be considered credible and worthy to carry out its mandate, the new Law on the Ombudsperson attempts to further strengthen the role of this Institution, by adding provisions that guarantee organizational, administrative and financial independence. Furthermore, this law has extended functional immunity not only for the Ombudsperson and his deputies, but to its entire staff, and the government and the municipalities are obliged to provide publicly owned premises suitable for work in order to enable effective performance of the functions and responsibilities of the OI and guarantees financial independence. Article 35 of this law stipulates as follows:

- "Regardless of the provisions of other Laws, the Ombudsperson Institution prepares its annual budget proposal and submits it for approval to the Assembly of the Republic of Kosovo, which cannot be shorter than previous year approved budget. Budget may be shortened only by the approval of the Ombudsperson."
- "In case powers and liabilities of the Ombudsperson Institution increase with this Law and other Laws, it is accompanied with additional, appropriate and specific financial and human resources.
- "The Ombudsperson Institution independently manages with its own budget."

The legal package for human rights, inter alia, has set forth faster time limits for case review, establishment of the National Mechanism for the Prevention of Torture (NMPT), coverage of not only the public but also the private sector, with regard to cases of discrimination, punitive measures for non-cooperation with the Ombudsperson, initiation of court proceedings by the Ombudsperson, appearance of the Ombudsperson as a Friend of the Court (amicus curiae) in court proceedings relating to human rights, equality issues and protection from discrimination, etc.

The Ombudsperson, within the responsibilities as NMPT, is obliged to undertake regular and unannounced visits to places of deprivation of liberty (including police detention, detention on remand, stay at health institutions, customs detention, prohibition of emigration and every other place when it is suspected that there are violations of human rights and freedom); as well as to create a special mechanism that will perform all the functions of NMPT. The Ombudsperson should cooperate with international and domestic mechanisms in the area of torture prevention as well as other forms of cruel, inhuman and degrading treatment or punishment. The Ombudsperson may also make suggestions and recommendations for responsible persons and institutions where persons deprived of their liberty are held regardless of the type or object and circumstances of their deprivation, to improve the treatment and their conditions.
Regarding the transposition of the acquis in the national legislation of this area, a considerable (partial) transposition has been achieved so far, namely the Law on Protection from Discrimination and the Law on Gender Equality.

The Ombudsperson Institution in Kosovo has continued to work on the fulfilment of the constitutional mission to protect the rights of Kosovo citizens, vis-à-vis the actions of public authorities. Currently, OI performs its activity at the Central Office in Pristina and in the regional offices in: Prizren, Peja, Gjilan, Ferizaj, Gjakova, Gracanica, Mitrovica and Mitrovica North.

According to the annual report of the Ombudsperson, there is a progressive increase from year to year of the number of recommendations addressed to the responsible institutions as well as a positive trend of their implementation, which had an impact on increasing citizen trust to the institution and on increasing accountability by public authorities in terms of meeting their constitutional and legal obligations in terms of service provision to the citizens.

**Medium-term Priority Objectives**

Based on the OI's mandate and mission, the basic aim and objective of the OI's work is to achieve investigation of cases of complaints submitted by men and women, so that the protection and promotion of human rights and fundamental freedoms is provided with due responsibly, professionally and on time. In this regard, the OI in this period will further increase the percentage and number of cases solved positively and the number of recommendations addressed to the responsible authorities. Likewise, the OI will increase the number of cases handled ex officio, by which it will address systematic human rights issues involving a large number of citizens and thus affect the improvement of human rights system in the Republic of Kosovo. The latter will be achieved through the building of professional capacities of OI collaborators in certain areas, which will be followed by a qualitative increase in the handling of cases, recommendations and their implementation, which is expected to mark a significant increase from year to year. The OI will also pay attention to the advancement of cooperation with public authorities, civil society and media, and also to the membership in various international networks, which allows the exchange of information on the latest developments in the area of human rights and experiences of other sister institutions in order to apply them in Kosovo.

More concretely, the midterm priority objectives in this chapter are the following:

- Increasing the trust of citizens in the Ombudsperson Institution and the promotion of human rights.
- Increasing the level of implementation/enforcement of the Ombudsperson Institution's recommendations by other relevant institutions.
- Protecting human rights and freedoms with a special focus on systematic issues that are more important to citizens' interests and concerns.
- Strengthening the capacities of new departments for realization of their mandate under the Law, with a focus on the Department for Protection from Discrimination and Department for Children’s Rights; and
- Advancing cooperation with public authorities, civil society and media, but also with different international networks.

### 1.1.4. Civilian Oversight of Security Forces

This chapter covers the democratic civil oversight of security institutions, which refers to the exercise of civilian control by the Assembly of the Republic of Kosovo, respectively, through the relevant parliamentary committees (Committee on Internal Affairs, Security and Oversight of Kosovo Security Forces).
Force, the Committee for the Oversight of Kosovo Intelligence Agency), the President, Prime Minister and Minister of Defence.

SAA requirements do not foresee any obligations regarding this area.

Requirements from other EU accession mechanisms

Requirements deriving from EC Kosovo Report

Security clearance of the members of the Parliamentary Committee for the Oversight of Kosovo Intelligence Agency (KIA) is found by the Progress Report to be unprofessional and partisan of the security and that the Assembly should increase its capacity and improve its expertise to oversee this area and it remains Kosovo’s obligation to amend the Law on Classified Information and Security Clearances and through this to establish the Agency for the Security of Classified Information as a National Security Authority, and, in close cooperation with other mechanisms in the Republic of Kosovo, to include in the decision making processes also security clearances and also the minimum security standards for the protection of classified information that are administered by the relevant institutions of the Republic of Kosovo. The relevant parliamentary committee for security will be the oversight mechanism for the agency and the same shall not be subject to security clearance.

State of Play

Legislative Framework

Regarding the democratic civil oversight, the Republic of Kosovo has covered this segment with the current legal framework as follows:

- The Constitutions of the Republic of Kosovo – Article 65, Paragraph 12;
- Law No. 04/L-045 on Ministry for the Kosovo Security Force;
- Law No. 03/L-178 on Classification of Information and Security Clearances; and
- Law No. 03/L-063 on the Kosovo Intelligence Agency.

Furthermore, considering the amendment of the Government Legislative Plan for 2018, on September 13, 2018 the Draft Law on the Kosovo Security Force, the Draft Law on the Ministry of Defence and the Draft Law on Service in the Kosovo Security Force, together with the whole package of documents required by the Government's Rules of Procedure have been re-processed to the Government. In its meeting of 13 September 2018, the Government of the Republic of Kosovo, with respective Decisions (No. 04/65; No. 05/65 and No. 06/65), approved and proceeded in the Assembly of Kosovo the three (3) abovementioned laws. The Assembly of the Republic of Kosovo adopted those laws on 14 December 2018 and those laws came into force on January.

The new legal framework has defined in more details the powers of the democratic civil control authorities of the KSF.

Policy Framework

The Strategic Security Sector Review Analysis - adopted in 2014, has set strategic objectives of the Security Sector of the Republic of Kosovo, as follows: independence, sovereignty and territorial integrity; constitutional order; sustainable economic development; life, welfare, property and security of the citizens of Kosovo; and regional stability and membership in international organizations.

National Security interests and objectives define the basis for the mission and the current and future tasks of institutions in general and security institutions in particular. In the context of national security and interests from the analysis of SSSR, the scope of this strategy relates to the integration of RKS in the EU and NATO, thus regional stability and membership in international organizations.
At the same time, civilian oversight of the security forces must be fully in line with United Nations Security Council Resolution 1325 on Women, Peace and Security, and the current governmental strategies.

The Kosovo Government is drafting a National Security Strategy, which defines the risks, threats, objectives, interests and organization of the security sector in the country.

**Institutional Framework**

Based on current legislation, more precisely defined by the new laws that are expected to be published in the Official Gazette, the chain of democratic civil control begins with the Assembly (through relevant parliamentary committees), the President of Kosovo, as Supreme Commander of the KSF, the Prime Minister and Minister of KSF, respectively Minister of Defence, whose powers are exercised by calling to report, appointment, promotion and oversight of finances.

Institutional framework for civil democratic oversight of the security force consists of:

- The President of the Republic of Kosovo
- The Assembly of the Republic of Kosovo
- The Oversight Committee
- Government
- The Prime Minister
- The Ministry of Security Forces, i.e. the Minister of Defence.

**Medium-term Priority Objectives**

No objectives are foreseen.

1.2. **Regional Cooperation and International Obligations**

The Government of the Republic of Kosovo will continue to promote good neighbourliness and constructive relations with all countries in the region. In view of fulfilling regional policy, Kosovo remains constructively and pragmatically committed to increasing the effective regional cooperation. The main purpose is to strengthen the relationship with immediate neighbours, raise the current level of comprehensive exchanges and to enhance cooperation in all areas of common interest.

Kosovo continues to support dialogue at all levels, regional security, economic cooperation, deepening of trade exchanges, protection and promotion of human rights and freedoms. Kosovo remains committed to full normalization of interstate relations with Serbia and the continuation of dialogue, and it aims to finalize it with mutual recognition, which will allow building a long-lasting peace between the two countries and establishing diplomatic relations and good neighbourly relations in the European spirit, including the participation of women and men in the dialogue processes in accordance with United Nations Resolution 1325 on Women, Peace and Security and the current governmental strategies.

Membership of the Republic of Kosovo in international organizations remains one of the main priorities for the Government of Kosovo, as well as its efforts to become a full member of the UN and its specialized agencies and to increase its participation and representation in multilateral mechanisms, continues. Kosovo multilateral diplomacy continues to serve the development of Kosovo’s national, democratic and economic interests, as well as the assumption of international responsibilities.

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8 This chapter is related to the chapter 3.32. Chapter 31 of the acquis: Foreign, Security and Defence Policy.
The Republic of Kosovo as a fully-fledged member of regional organization in the South-Eastern Europe – Regional Cooperation Council (RCC) – participates in the annual meetings, board meetings, meetings of the national coordinators and sector meetings of the RCC. Kosovo institutions, in accordance with the requirements of the Law on Gender Equality, ensure that at all gatherings, meetings, seminars and conferences there is equal representation of men and women.

According to EU membership requirements deriving from the SAA, midterm criteria of the Feasibility Study, Sub committees and other mechanisms of this process as regards regional cooperation and international obligations, Kosovo continues to develop regional cooperation in respecting human rights, particularly minorities, promoting regional cooperation regarding the movement of persons, goods and services and capital. Consequently, Kosovo conducts political dialogue aiming to consolidate the approximation between the European Union and Kosovo to enhance new forms of cooperation in the process of normalization of relations between Kosovo and Serbia, as well as actively promotes regional cooperation.

It is essential that Kosovo continues implementing in good faith all agreements reached so far between Belgrade and Pristina, and engages constructively on the full range of issues with the facilitation of the EU, including the Transport Community Treaty, judicial cooperation and agreements for employment and social policies within the SEE, Employment and Social Policy Network and the SEE Health Network. Full participation of Kosovo in the Roma Decade must be ensured as well.

According to the Conclusions of the Council, April 1997, regional cooperation is one of the main conditions for assigning contractual relations with the EU. Also, to meet obligations deriving from the FS and SAPD, Kosovo continues to provide active and constructive cooperation with all regional partners. The Government of the Republic of Kosovo continues to be constructive as regards the dialogue with the Republic of Serbia and at the same time intensifies efforts to deepen good relations with neighbouring countries. Membership and proactive participation in regional and international organizations also remains a priority.

State of Play

Legislative Framework

The legal basis regulating the scope for international agreements consists of:

- Law No. 04/L-052 on International Agreements
- Law No. 04/L-199 on Ratification of the First International Agreement of principles governing the Normalization of relations between the Republic of Kosovo and the Republic of Serbia
- Implementing Protocols of the Basic Agreement for Normalization of Relations.

Whereas, the legal basis regulating the area of missing persons through international agreements consists of the Law No. 04/l-023 for Missing Persons.

Institutional Framework

Institutional framework in the area of regional cooperation and international obligations consists of the following institutions:

- Ministry of Foreign Affairs, respectively Department for Regional Relations; and
- The Prime Minister’s Office (responsible for the dialogue on the normalization of relations with Serbia).

Its scope is based on

- Government Programme For Brussels Dialogue (2014-2018) and
- National Strategy on Dialogue

The dialogue aims to resolve practical issues between two independent and sovereign states. The dialogue is mediated by the European Union and supported by the US. The dialogue has emerged as an international obligation deriving from the UN Resolution of September 2010 for which the Government of the Republic of Kosovo, in accordance with the Constitution of the country and the Resolution of the Assembly has shown willingness to meet this obligation, as well as objectives for improving the life of citizens and bringing Kosovo closer to the European Union.

The Office of the Prime Minister, respectively the Office of the Regional Cooperation Council and the Government Commission on Missing Persons; Office of the Regional Cooperation Council, which represents the Republic of Kosovo as National Coordinator for regional cooperation initiatives in the framework of the SEE countries and coordinates the activities of regional cooperation within the Regional Cooperation Council directly with the Secretariat in Sarajevo.

The Office of the Regional Cooperation Council (ORCC) operates within the Office of the Prime Minister under the leadership of the National Coordinator of the Regional Cooperation Council appointed by the Prime Minister, who represents the Republic of Kosovo and coordinates all activities related to regional cooperation within the RCC directly with the Secretariat in Sarajevo.

Government Commission for Missing Persons intends to protect the rights and interests of missing persons and their family members, in particular the right of family members to be informed on the fate of missing persons who disappeared during the period January 1, 1998 to December 31, 2000, as a result of the Kosovo war in 1998-1999.

With regard to the relations with the international community, Kosovo has largely implemented the Comprehensive Proposal of Ahtisaari's package, and therefore on 10 September 2012 the International Steering Group has announced the completed phase of the supervised independence of Kosovo and the mandate of the International Civilian Office Representative. Kosovo has agreed with the European Union to extend the mandate of EULEX until June 2020. Kosovo also consistently continues its efforts to increase the recognition of Kosovo as an independent state and as a result the number of recognitions has reached 111. Consequently, Kosovo is a member of the International Monetary Fund, World Bank and the European Bank for Reconstruction and Development. In addition, Kosovo participates in regular CEFTA meetings, but continues to face obstacles created by Serbia where the CEFTA Secretariat requires UNMIK to sign on behalf of Kosovo, which is a violation of the agreement for Regional Cooperation reached in Brussels on February 24, 2012. (For more, see chapter 31.)

Kosovo has joined the South Eastern Europe Cooperation Process Organisation (SEECP), the Migration, Asylum and Refugees Regional Initiative (MARRI), the Regional Cooperation Council, the Venice Commission, the Centre for Cooperation in the area of security (RACVIAC), International Francophone Organization. In addition, Kosovo is a member with full rights in regional sports organizations, such as: the International Basketball Federation, the International Swimming Federation, the International Olympic Committ, the International Handball Federation, World Taekwondo Federation and the International Wrestling Federation.

With regards to regional cooperation, Kosovo continues to have satisfactory cooperation with:

With Albania: in the context of strengthening the strategic cooperation with the Republic of Albania in the economic, political, cultural, sports and other areas, a total of five joint intergovernmental meetings have taken place between the Republic of Kosovo and Republic of Albania.

In addition, the Joint Secretariat Kosovo - Albania has conducted a series of joint meetings, which has a functional and active role in supervising the agreements reached between the two countries. The Secretariat, at the founding meeting held in Pristina, agreed to meet every two months.

With North Macedonia, since the signing of the demarcation agreement, diplomatic relations between the two countries have been established (October 17, 2009), to continue with relations of a fairly good level to this day. The Republic of North Macedonia shares a similar objective to Kosovo's foreign policy, aspiring for full membership in the EU and NATO. The mutual adherence of the Ahtisaari Plan and the Ohrid Agreement has been and remains fundamental for the bilateral relations between the two states.

Within the framework of strategic and neighbourly cooperation, in the last two years a series of memorandums and agreements have been signed, and there are initiatives that are expected to be signed in the near future: On 01.12.2017, the Authorization for signing the "Agreement for Readmission of Persons Residing Without Authorization and its Implementing Protocol" has been issued between the Government of Kosovo and the Government of the Republic of Macedonia; On 20.10.2017, an Authorization was issued for the signing of the "Trilateral Financial Agreement for 2016 for the IPA II Cross-Border Cooperation Programme (2014-2020) between Kosovo and Macedonia" between Kosovo represented by the Ministry of European Integration, European Union represented by the European Commission and North Macedonia represented by the Prime Minister's Office; Agreement on "Mutual Recognition of Driver licences" between the Republic of Kosovo and Macedonia, signed on 01.08.2018; Law No. 05/l-149 on the ratification of the Agreement on the Establishment of the Regional Youth Cooperation Office between Kosovo, Albania, Bosnia and Herzegovina, Montenegro, North Macedonia and Serbia (Published on: 21.04.2017); On 12.07.2018, an Authorization was issued for the signing of the "Trilateral Financial Agreement between the European Union, Kosovo and North Macedonia for 2017 on the IPA Cross-Border Cooperation Programme between Kosovo and North Macedonia" between Kosovo represented by the Ministry of European Integration, European Union represented by the European Commission and North Macedonia represented by the Prime Minister's Office.
Whereas on August 16, 2017, in Pristina, a protocol was signed between the Government of the Republic of Kosovo and the Government of the Republic of North Macedonia on the manner of preparation of urban planning and technical documentation of the final project, general cost sharing and maintenance for joint facilities and for the way of carrying out border controls at the Joint Border Crossing Points for International Road Traffic between the Republic of Kosovo and the Republic of North Macedonia "Stanjic - Belanoc".

Initiatives for international agreements that are expected to be signed soon include the following: On 25.10.2018, an initiative was initiated for the Agreement on "Social Security" between the Government of the Republic of Kosovo and the Government of North Macedonia; On 11.06. 2018 an initiative was initiated for the "Cooperation Agreement in the Area of Diaspora" between the Government of the Republic of Kosovo and the Government of North Macedonia; On 19.04.2018 an initiative was initiated for the Agreement on "International Legal Cooperation in Civil Affairs" between the Government of the Republic of Kosovo and the Government of North Macedonia; On 05.04.2018 an initiative was launched on the trilateral financial agreement between the European Union, Kosovo and North Macedonia for 2017 on the "IPA II Cross-Border Cooperation Programme between Kosovo and North Macedonia".

With Montenegro recently the Republic of Kosovo had signed the agreement on the State Border with Montenegro on August 26, 2015, which was ratified by the Kosovo Assembly on March 21, 2018.

During the last three years, several important agreements have been signed, including: On 05.12.2018, a "Trilateral Financial Agreement between the European Union, Kosovo and Montenegro for the IPA II Cross-Border Cooperation Programme" was signed between Kosovo represented by the Ministry of European Integration and Montenegro; Road Transport of Passengers and Goods between the Government of the Republic of Kosovo and the Government of Montenegro signed on 01.08.2018; With regard to the notification on the completion of the internal procedures for the entry into force of the agreement in question, we expect notification from the Montenegrin side in order to confirm the date of entry into force of the agreement; The agreement on cooperation in the area of culture was signed on 28 April 2017 and our party has ratified the agreement which was published in the Official Gazette of the Republic of Kosovo. The Parties have notified each other through notifications of the completion of their ratification procedures, and the date of entry into force of this Agreement is 21 November 2017; The bilateral agreement on the cross-border cooperation programme between Montenegro and Kosovo under IPA II (2014-2020), signed on 20 February 2017, ratified by the President’s decree and published in the Official Gazette on 24.04.2017.

In addition, with Montenegro, a number of different initiatives are in the process of being negotiated and in a near future they are expected to be finalized: On 25.10.2018, the initiative for the Agreement on "Social Insurance" between the Government of the Republic of Kosovo and the Government of Montenegro was initiated; On 27.04.2018, the initiative for the "Cooperation Agreement in the Area of Tourism" between the Government of the Republic of Kosovo and the Government of Montenegro was initiated.

Bosnia and Herzegovina has not changed its position regarding recognition of the independence and sovereignty of Kosovo. Despite the fact that Kosovar citizens should be provided with a visa for entry into Bosnia and Herzegovina, Kosovo authorities, even after the independence and establishment of the visa regime, did not apply the visa requirement for Bosnian citizens to enter Kosovo. Despite the good will of Kosovo, Bosnian authorities did not respond positively, where short-stay visas for citizens of Kosovo continue to be issued only at the invitation of foreign diplomatic missions and international organizations accredited in Bosnia and Herzegovina. Therefore, through a government decision of the Republic of Kosovo, in January 2014, Bosnia and Herzegovina was added to the list of states, whose citizens needed a visa for entry into the territory of Kosovo, whereby Bosnian citizens now have to apply for a visa.
at the embassy of Kosovo in Tirana to be equipped with a visa, and citizens of Kosovo apply for visa at the Embassy of Bosnia and Herzegovina in Skopje.

After the establishment of reciprocal measures, continuous efforts were made to organize technical-level meetings to solve the visa issue, but without success due to political developments and circumstances in both countries, as well as due to the refusal by senior officials of Bosnia and Herzegovina. However, Kosovo institutions remain fully committed and insist on resolving this issue.

Lastly, the Republic of Kosovo has placed a 100% customs tax on products of Bosnia and Herzegovina as a measure against the economic and political approach of the respective country.

**Implementation of cross-border cooperation programmes:** on cross-border cooperation programmes, see the acquis chapter 22.

The Republic of Kosovo is actively participating in initiatives and multilateral organizations operating in the Southeast European region and beyond. It is a member of the following regional initiatives: the Central European Free Trade Agreement (CEFTA); Vienna Economic Forum (VEF); BRDO Process (BP); Western Balkans Investment Framework (WBIF); Energy Community (EnC); Southeast Europe Investment Committee (SEEIC); Regional Cooperation Council (RCC) Regional Rural Development Standing Working Group (SWG); Southeast Europe Trade Association Forum (SEETUF); Electronic Southeast Europe Initiative (eSEI); SEETO – Southeast Europe Transport Observatory; South-East Europe Network of Associations of Local Authorities (NALAS); Southeaster Europe Public Private Partnership Network (SEEPPPN); US - Adriatic Charter (A-5); Education Reform Initiative for South Eastern Europe (ERI SEE); Regional Environmental Centre (REC); Western Balkans 6; Centre for Security Cooperation (RACVIAC); Migration, Asylum and Refugees Regional Initiative (MARRI); South East European Cooperation Process (SEECP); Regional School for Public Administration (ReSPA); Regional Environmental Network for Accession (RENA); Southeast Europe Centre for Entrepreneurship Learning (SEECEL); Task Force Fostering and Building Human Capital (TFFBHC).

Despite the achievements in international relations, there are many remaining challenges undermining Kosovo's position in the international arena. Non-recognition by 5 EU member states is a challenge to Kosovo's path towards European integration. Also, lack of sufficient recognitions hinders Kosovo's membership in other international mechanisms such as the UN, OSCE or Council of Europe, and, as a result, Kosovo is not able to have full benefits of the evaluation mechanisms of relevant conventions.

Finally, in the light of the Berlin Process, in July 2018, in the London Summit, Joint Declarations were signed on Regional Cooperation, Good Neighbourly Relations and on War Crimes and Missing Persons, whereby the Republic of Kosovo demonstrated readiness to resolve mutual regional disputes.

**With Serbia**

Bilateral relations with Serbia are mainly within the EU-mediated process of normalization. There are a number of agreements reached within this process, as outlined below:

Energy: Despite the fact that the energy agreement has been negotiated for more than six years, the same cannot be implemented yet, as it is being blocked by not allowing the new company to register in Kosovo in accordance with Kosovo Laws as foreseen by the agreement on energy reached in 2013. In concrete terms, the new company, as a branch of a Serbian company, is refusing to mention Kosovo, as the state where it will operate, in its statute, despite the fact that the agreement requires compliance with the Kosovo Laws.
Failure to implement this agreement has a negative impact on the establishment of the unified system of this sector in Kosovo, impact on the fulfilment of obligations towards Kosovo citizens and energy security in the country, as well as on the 6+ Agenda of the Berlin Process for the Connectivity Agenda.

Diplomas: In the area of education Serbia has not expressed willingness to help students by implementing the agreement on mutual recognition of diplomas between the two states, Kosovo and Serbia. Since 2011, when this agreement was reached and later extended further in January 2016, it has never been implemented by Serbia. The motives for blockade seem to be of a political nature, oriented against the Albanians of the Preshëva Valley, who particularly need the recognition of their diplomas, as they study in Kosovo due to the absence of the Albanian language university in the Preshëva Valley in Serbia and who seek to return and serve in the education sector or be employed in other areas of public sector in the Preshëva Valley.

Cadastre: The cadastral agreement, achieved in 2011, has not yet started to be implemented. Although the Law on the Technical Agency for the comparison and verification of cadastral documents to be returned to Kosovo was adopted in June 2016, Serbia has not yet started the implementation for returning the scanned and verified Kosovo cadastral documentation.

Although the full revitalization of the Mitrovica Bridge and revitalization of the main road in northern Mitrovica has been completed, due to reasons of political nature, the Serbian side is hindering its opening for the free movement of pedestrians and vehicles.

Elections: Kosovo has made all preparations for the regular election process related to local elections in the country. Since the last local elections of 2013, there has been a significant improvement in governance in the municipalities in the north of Iber, in accordance with Kosovo’s laws, despite the fact that Serbia has not yet completely abolished the parallel structures in Kosovo.

Integration of former members of parallel structures: The integration of former police officers into the Kosovo Police in municipalities in the north of Iber has been concluded successfully. Regarding the integration of individuals of the so-called “Civil Protection”, the Government of Kosovo has fulfilled the obligations deriving from the agreement. In this context, a special challenge remains the opening of offices for these employees in the municipalities in the north of Iber.

Regarding Integrated Border Management (IBM), the Kosovo side is fully implementing this agreement, including IBM’s permanent facilities: the construction of a border crossing point in Merdare, which had started on 16 February 2017, is completed, while the Kosovo side has initiated all procedures regarding the construction of the border crossing point in Mutivoda. The Serbian side is making political obstacles regarding the construction of the crossing point in Bernjak, for which the EU has been notified. On the other hand, Serbia has not yet made any progress in the construction of 3 other crossing points, namely: Jarijë, Muqëbabe and Dheu i Bardhe.

Concerning the Agreement on the Advancement of Freedom of Movement, respectively Reciprocity for Vehicle Registration Plates, an agreement that was reached in September 2016 and was scheduled to commence implementation on November 15, 2016, due to delays in adopting necessary decisions for its implementation and due to the recent political developments resulting in national elections and the creation of new institutions in the country, Kosovo has delayed its implementation.
The Government of Kosovo is committed to taking all the necessary actions for the purpose of full implementation.

Regarding the Brussels Agreement on Justice, some progress has been made: according to recent reports, this agreement is expected to start implementation from 17 October 2017.

In the context of the Brussels dialogue in general, the most concerning phenomenon is the ongoing dualism of Serbia in implementation, which means that it implements the agreements on the one hand, and on the other hand, continues to support parallel structures in Kosovo, including illegal municipal structures in municipalities in the north of Iber and other parts of Kosovo. This dualistic approach of Serbia to the Brussels dialogue undermines the purpose of normalizing relations between the two countries.

In December 2015, the Constitutional Court issued a judgment on the Agreement on the Association of Serb Municipalities. The Government of Kosovo will always act in full accordance with the Constitution of Kosovo and the Constitutional Court's decision.

Commitments to this dialogue can only be proven credible if both countries continue to fully enforce their obligations. Based on the definition of the time frame and the development of internal political and civic consensus, we will successfully conclude the dialogue process with Serbia with a final agreement that would result in mutual recognition between Kosovo and Serbia.

Recently, the Republic of Kosovo has placed a 100% customs tax on products that have the Republic of Serbia as the country of origin, as a measure to the economic and political approach of the country in question.

Medium-term Priority Objectives

MFA is in the process of consolidating its institutional infrastructure ensuring diplomatic/consular coverage extending to all continents to strengthen Kosovo statehood in the international arena. In the midterm it will further extend its diplomatic network in countries with regional and global power in order to consolidate the international subjectivity of the Republic of Kosovo and to enable the Republic of Kosovo to become member of international organizations. In this regard, Kosovo will open new diplomatic missions and consular/liaison offices, will strengthen embassies and will increase the number of diplomats in Brussels, New York, Washington, Geneva and within the Diplomatic Academy and the Ministry of Foreign Affairs (in the political as well as administrative departments).

Kosovo will focus on resolving the fate of missing persons. It will intensify its efforts for exchanging information about possible mass graves. To achieve the full capacity of the Department of Forensic Medicine in the context of meeting the standards required for sustainable legal practices, the government will initially develop a Draft Regulation and Administrative Instruction to regulate the area of forensic medicine and will adopt implementing legislation for creating a central register and for closure of cases, including the disaggregation of data by gender. It will also recruit and develop the necessary professional expertise in the area of anthropology and forensic medicine in general, taking into account the equal participation of women and men as well as the integration of staff from non-majority communities.

Serbia’s parallel structures in Kosovo are the main obstacles for normalization of the situation in northern Kosovo; therefore their disintegration is very important for the effective implementation of the agreement. Serbia continues to intervene in Kosovo through the partial maintenance of some of its parallel structures, in contradiction with the Brussels agreement on the normalization of friendly relations between the two countries.
The Agreement on Normalization of Relations between the Republic of Kosovo and Republic of Serbia has provided for an implicit dissolving of parallel structures supported by Serbia in the area of police, justice, civil protection and administration (after the local elections and the functionalization of the municipalities in the northern part), whereas, earlier during the technical dialogue it was foreseen the dissolution of parallel structures in the area of energy, telecom, civil registry, cadastral and customs services.

Regarding implementation, in the midterm period, Serbia’s parallel structures that continue to grow and violate the Brussels Agreement on Normalization of Relations between the two countries, will be dissolved.
2. BLOCK 2: ECONOMIC CRITERIA

2.1. Existence of a Functioning Market Economy

The fulfilment of the economic criteria for accession is based on requirements deriving from the conclusions of the European Council 1993, known as the Copenhagen Criteria. A functional market economy is the first Copenhagen economic criterion, which includes:

- Existence of a broad consensus on essential economic policy;
- Achievement of macroeconomic stability, including the adequate price stability and sustainability in terms of public finances and external balance of payments;
- Free interaction of market forces based on the mechanisms of supply and demand, including price setting and trade liberalization;
- Eliminating essential barriers to the market input and output (with regards to establishing new enterprises or bankruptcy of existing ones);
- The existence of a legal system, including regulation of property rights, as well as enforcement of laws and contracts;
- Broad consensus on key issues with regards to economic policy;
- A financial sector sufficiently developed to channel savings towards productive investments.

The Maastricht Criteria, known as convergence economic criteria, deal with the monetary integration in the Euro Area. Specifically, countries that aim to adopt the Euro need to fulfil a number of economic indicators, measuring:

- Price stability through CPI;
- Sustainability and adequacy of public finance, through limiting the budget deficit (to 3% of GDP) and the government debt in relation to GDP;
- Stability in long term interest rates; and
- Stability in exchange rate.

Based on the conclusions of Council of 2008\(^9\) and the General Affairs Council, the European Commission has started a new approach in the last two years to promote the economic and political development in Kosovo, similar to instruments and mechanisms used in member states. In such a context, the Enlargement Strategy for Kosovo (and the Balkans in general) is based on three pillars, one of them being economic governance. One of the main instruments to strengthen the economic governance is the dialogue with the EU, including preparing the Economic Reform Programme. Hence, the progress assessment in fulfilling the economic criteria is closely linked to improving economic governance and implementing the economic reform programme.

As a result, the priority objectives and measures within the economic criteria aim at reflecting the substance of structural reforms as contained in the Economic Reforms Programme\(^10\). Certainly, all measures are directly linked to strategic documents of institutions of the Republic of Kosovo, such as: Government Programme 2017-2021, sectorial strategies, and National Development Strategy. The document also incorporates measures deriving from the EC Country Report for Kosovo, and the Annual Stabilization and Association Subcommittee on "Economy, Financial Affairs, and Statistics”.

In terms of progress with regards to fulfilling the accession economic criteria\(^11\), Kosovo needs to continue its efforts in creating a functional market economy, capable to cope with competition, by directing the budget towards growth generating investments, and by strengthening the competitiveness, which in turn would positively affect in reducing the external misbalance. Kosovo needs to continue privatization, as

\(^9\) Council of the European Union.
\(^10\) Since ERP 2019-2020 is currently being prepared, the priority measures included in this draft can be completed when the ERP is finalised
\(^11\) Based on the EC Report for Kosovo 2016.
well as work towards increasing the internal taxation. Clarifying the bankruptcy procedures would positively affect the economy. Similarly, Kosovo needs to develop the human capital so as to reduce the high rate of unemployment of men and women, as well as it needs to fight informal economy and address the legal and institutional factors undermining businesses’ access to finance, and advancement of fiscal stability towards improving the efficiency of public spending. In order to increase the competitiveness capability, there is still a need for considerable reforms, including, the sector of energy and developing the education system.

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

This chapter addresses the second point of Copenhagen economic criteria for accession, which deals with the state capacity to cope with and be competitive in the EU market. Key factors to achieve this goal and on the basis of which the European Commission monitors and assesses the progress towards the membership consists of:

- The development of human and physical capital to a satisfactory level where the aspects of development on education, research and infrastructure are assessed,
- The adequate sectorial structure and cooperation, including the sectorial composition, development of SMEs and issues of restructuring of enterprises,
- The limited scale of the state’s influence in the competition, where, amongst others, the influence of policies and certain segments in economy including the assistance from the state and the support for NVMs is reviewed, and
- The satisfactory market integration of economy with the EU member states.

Priorities of the Government remain oriented in the development of physical capital, through the development of infrastructure, development of human capital through education reforms and measures for supporting the private sector. The strategic framework that determines the measures and priority objectives consists of the Government Programme 2017-2021, and sectorial strategic documents, including the Strategy for Development in Private Sector 2013-2018, the Kosovo Education Strategic Plan 2017-2021, the Sectorial Labour Strategy. The development of sectors with economic significance, like energy, infrastructure, agriculture, telecommunication and information society and tourism are priority objectives. Similar to the Government Programme, the Strategy for Development of the Private Sector also aims at a sustainable economic development, social policies that increase the welfare, promotion of investments (including the investments fund), the support for small and medium enterprises, privatization and improvements in the performance of public enterprises. In addition, in the midterm, the efforts will be intensified in the improvement of education quality and in better alignment of education with market needs.

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

However, the efforts must continue in addressing the challenges related to the improvements of the countries competitive capacities\(^\text{12}\). For this reason, the country has to engage in the improvement of the education quality and its alignment with the labour market, provision of a stable power supply, infrastructural development and energy efficiency, improvement of the business environment, including the increase of capacities and the efficiency of judicial system, fighting the informal economy, attracting

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\(^{12}\) The challenges are based on the EC Report for Kosovo 2018.
foreign investments and protection of the investors to support the strategic objectives, development of mechanisms for state aid and facilitation of the trade.

In terms of foreign assistance, in the framework of the sectorial approach of the Instrument for Pre-accession Assistance IPA II, the preparation of the Sectorial Planning Document “Competitiveness” is in the final stage, whereby midterm support is foreseen from the assistance of European Commission for implementation of specific objectives, to increase the competitiveness and integrate the economy of the country into the global economy. The areas where the assistance is foreseen are the private sector development, employment and education.

Similarly, the Berlin process provides financial support from the European Commission and international financial institutions for important infrastructural projects. More specifically, Kosovo will get support in the road infrastructure in the framework of the corridor Durres-Prishtina-Nish and on the railway infrastructure, on its two main axes. For more information about the other assistance instruments and concrete projects, please see the respective chapters under block three.

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

**Education and innovation**

*Human capital*

Considering that Kosovo is a country with a population of less than two million, the development of human capital is a crucial factor for the general development of the country and an educated society. The development and transformation of the education system is oriented towards serving the needs and demands of the society in the transition process and economic development, to provide equal opportunities and develop in compliance with the European standards. The education reform is based on the principles of impartiality, equality, quality, lifelong learning, effectiveness and efficiency, institutional autonomy and decentralized system, and public responsibility.

The **Kosovo Education Strategic Plan 2017-2021** is the basic sectorial document for the development of education system in Kosovo. The plan focuses in the fulfilment of 7 strategic objectives, specifically participation and inclusion in education, quality and efficient management of the education system, development of the quality system in line with international standards, increase of quality in teaching, further development of vocational education in order to meet labour market needs and increase of higher education quality. Simultaneously with the Strategic Plan, the implementation Action Plan is developed and approved, which identifies the activities, institutions, time limits and the budget needed for the realisation of these strategic objectives. Whereas, the **Government Programme 2017-2021** states that the structural reform in education is focused in increasing the participation and equal access to education, assurance, guaranteeing and increasing the education quality, managing the education institutions, integration and international cooperation, promotion of science and researches, and financing the education and science through the revision of the financing formula.

In the public calls for textbooks and teaching and learning materials announced this year, MEST has requested for textbooks to have an educational function, promote a positive relationship between science/knowledge, development of civic and cultural identity, and gender equality. It was also requested to respect gender equality, eliminate stereotypes and use of discriminatory language.

In pre-university education, the Curriculum Framework for Pre-university Education 2011, and the Core Curriculum documents for three levels of formal education (level I grades 0,1-5, level II, grades 6-9, level III, grades 10-12) have been revised and adopted in 2016. In 2017 the subject based curricula were developed for the pre-primary grade, grades 1, 6, and 10. These subject based curricula together with the Curriculum Framework for Pre-university Education and, and three core curriculum documents started
to be implemented in all Kosovo schools in the school year 2017/2018. Draft subject based curricula for grades 2, 7, 11 which were developed in 2017 have also been implemented in all pilot schools during the school year 2017/2018. In 2018 MEST has reviewed all subject based curricula for grades 0,1,2,6,7,10,11. Subject based curricula for grades 2, 7, 11 will be part of the reform and they started to be implemented in all schools in Kosovo in the new school year 2018/2019. In 2018 draft subject based curricula for grades 3, 8, 12 have been developed, which during the school year 2018/2019 have started to be implemented in the pilot schools. In addition to development and revision of subject based curricula in Albanian, Turkish and Bosnian languages, for grades 0,1,2,6,7,10,11, MEST has also developed draft Albanian language curricula for non-Albanian students for grades 3,6,10, which started to be implemented in the schools where this subject is selected by students. The final draft of the Curriculum Framework for Diaspora has been developed in cooperation with representatives of the Education Development Institute of Albania. The call for application for development of textbooks and teaching and learning materials for grades 0,1,6,10 and 2,7,11 has been announced.

According to the data of the Ministry of Education, Science and Technology, the number of public education institutions in Kosovo, in 2017/18, which report data to EMIS is presented in the table below:

<table>
<thead>
<tr>
<th>Table 2.1. Number of public education institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level</td>
</tr>
<tr>
<td>Kindergartens</td>
</tr>
<tr>
<td>Primary/lower-secondary</td>
</tr>
<tr>
<td>Upper-secondary</td>
</tr>
<tr>
<td>Special schools/Resource centres</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Table 2.2. Number of students by level of education and gender, 2017/2018

<table>
<thead>
<tr>
<th>Level</th>
<th>M.</th>
<th>F.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preschool education (age 0-&lt;5)</td>
<td>3576</td>
<td>3060</td>
<td>6636</td>
</tr>
<tr>
<td>Pre-primary education (age 5-&lt;6)</td>
<td>12457</td>
<td>11545</td>
<td>24002</td>
</tr>
<tr>
<td>Primary/Lower secondary</td>
<td>126268</td>
<td>118409</td>
<td>244677</td>
</tr>
<tr>
<td>Upper secondary</td>
<td>45961</td>
<td>43753</td>
<td>89714</td>
</tr>
<tr>
<td>Total</td>
<td>188262</td>
<td>176767</td>
<td>365029</td>
</tr>
</tbody>
</table>

In vocational education, in addition to vocational schools, 4 centres of competence have been established. The system provided for by the legislation in force for Vocational Education and Training is 3+1+1 and is in line with the labour market needs.

From the 150 profiles that are offered in 17 areas-sectors, 27 profiles have been reviewed and completed with standards, core curricula, teaching and learning materials and equipment, as well as 60 occupational standards for levels 3, 4 and 5 have been developed. A specific curriculum framework for Vocational Education and Training has been developed, and will be the basis for development of core curricula for priority profiles which will start to be implemented in 2019, and according to the education strategic plan, by 2021 all curricula will be reviewed based on occupational standards and labour market needs. Although with many challenges, cooperation with companies has now started, and jointly with them an AI has been developed on conditions and criteria regulating the establishment of dual vocational education and training, where the prior training and experience is gained in companies. This model will start to be implemented in 2019 for schools and profiles where the demand of businesses is higher. To achieve this result 100 instructors from companies have been trained, 40 of which have been certified as Master Trainers, and this training and certification process will continue in the two coming years. This has been considered as an investment to businesses and a direct link between schools and businesses. In addition, the programme for 3 qualifications has been developed: On-the-job instructor – NQF level 3,
Instructor for Vocational Education and Training and Adult Education (Master trainer) - NQF level 5, and Trainer in the Company - NQF level 4.

In order to advance the quality management in pre-university education, the efforts are focused on increasing the internal quality, implementation of mechanisms for the external evaluation of quality and the capacity building of the Education Inspectorate.

Higher education provides study opportunities for every person inside and outside the territory of Kosovo, without discrimination (national, racial, religious, gender). There are already 6 operational public universities within the territory of the Republic of Kosovo, as well as 27 private colleges. Each of these higher education institutions, whether public or private, provides study programmes that are accredited by the Kosovo Accreditation Agency. There is no age limit to enrol or obtain a qualification in higher education in Kosovo.

Graph 2.1. Number of children, pupils and students in all levels of education in public and private sector 2017/2018

Source: Education Statistics in Kosovo 2017/2018, KAS

The NARIC centre, which performs the equivalence of the higher education diplomas obtained outside Kosovo, operates within the Ministry of Education Science and Technology. Kosovo did not officially join Bologna process; however, the formal application for admission was submitted in 2014. Legal basis harmonises the actual educational practices with the priorities of the Bologna Group statement, especially in relation to the harmonisation of certain provisions of the law, with the Law and National Qualification Framework (No. 03/L-060) and the facilitation of recognition of prior-learning and qualifications obtained in other countries through the NARIC centre.

The Kosovo Accreditation Agency performs the external evaluation of higher education institutions in the institutional and programmes level. Until November 2018, there are a total of 355 accredited study programmes in the public and private institutions of higher education, respectively 223 in the public and 132 in the private sector, provided by a total of 32 HEIs (9 public and 23 private). However, with the full implementation of the Administrative Instruction for accreditation (request for 1 PhD for every 60 ECTS of the respective area for study programme) there has been a significant decrease of the accredited study programmes, since some institutions failed to fulfil these criteria. Moreover, the number of higher education institutions and study programmes has significantly decreased.

Evaluation and accreditation

Based on Article 15, point 3 of the Law on Higher Education in the Republic of Kosovo and on other legal provisions in force, the National Quality Council (NQC) in a meeting held on May 10th, 2018 took a decision for extending the period of accreditation of institutions and study programmes for Higher Education Institutions (HEI). Due to the fact that the dynamic of KAA regarding evaluation of higher
education institutions in Kosovo had been interrupted for 7 months (15 September 2017 - 22 April 2018) due to the absence of NQC, and that the process of external evaluation had not been organized according to the schedule foreseen by KAA, consequently there was a risk of delaying the enrolment of new students in these study programmes of HEIs, the NQC decided in favour of this decision.

The Kosovo Accreditation Agency (KAA) in 2018 has dealt with programmes that had been suspended by NQC. After reviewing the situation regarding the academic staff, for those programmes, due to the failure to meet the criteria regarding the academic staff, as provided for in the AI on Accreditation, the NQC in its 57th and 58th meetings withdrew the accreditation of 83 study programmes of HEIs (19 programmes of public HEIs and 64 programmes of private HEIs).

Due to the dismissal of the members of NQC, the European Quality Assurance Register for Higher Education (EQAR), in the beginning of 2018, has expelled the KAA from this mechanism, whereas the European Network of Agencies for Quality Assurance in Higher Education (ENQA) has placed KAA as a member “under review”. Consequently KAA is undergoing a re-evaluation process by these two mechanisms. Therefore, for this purpose, KAA has established a working group for developing the Self-Evaluation Report, which was submitted to ENQA in November 2018. In the process of development of the SER, KAA has involved all higher education stakeholders and has organized several public discussions with focus groups on this document with the aim to collect their suggestions or recommendations.

After a long process of comprehensive public discussion, KAA has developed its new standards based on European standards and guidelines ESG 2015. KAA has also functionalised the electronic platform “E-Akreditimi”, through which many processes related to evaluation and accreditation of HEIs, such as declaration of engaged academic staff in HEI and submission of application for accreditation, will be done electronically. In addition, this platform will enable the academic staff, students, stakeholders and the public to access accurate information on the accreditation process, thus maximising KAA’s transparency and accountability. In this regard, the monitoring of National Quality Council (NQC) meetings is taking place through participation of representatives of civil society organizations and media in those meetings.

In the area of legislation for KAA, an AI on the Criteria and Procedures for the Appointment of NQC members (AI No. 05/2018) has been adopted, based on which the selection process of NQC members was conducted, through a public announcement and selection from an independent commission. After the implementation of this process, the NQC members were adopted by the Assembly of the Republic of Kosovo. Also, the AI No.15/2018 on Accreditation has been amended, which has enabled the establishment of the KAA Complaints Commission. Currently, KAA is in the process of drafting the Concept Document, which will precede the drafting of the Law on KAA, whereby according to the legislative agenda, it is foreseen that this law will be adopted in the Assembly of Kosovo in the first half of 2019. Approval of the Law for KAA would fully strengthen the independence and functionality of KAA.

The scope of scientific research remains limited. Research support consists of financial support through the mobility scheme, and scientific publications.

Regarding developments in the labour market, almost two-thirds of Kosovo's population is of working age (15-64 years old). It is expected that the working age population will increase rapidly over the next decade as Kosovo is among the countries with the youngest population in Europe.

Of the working age population, 57.0% are not economically active, a much higher rate for women (80%) than for men 34.3%, meaning that they are not employed and have not been active in seeking a job over the past four weeks and/or are not ready to start work within two weeks. Out of the 43.0% of the
population, which is economically active, 30.6% (157,752 persons) are unemployed (36.6% for women compared to 28.8 for men). This means that 69.4% (357.608) of economically active persons are employed, establishing a 29.9% employment-to-population ratio (employment rate). 57.0% of the working age population is inactive.

There are large gender differences across the labour market. One in five women (20.0%) of working age is active in the labour market, compared to about three-fifths of men (65.7%) of working age. Among the workforce, unemployment is higher for women than for men (36.6% compared to 28.8%). The employment rate among women of working age is only 12.7%, compared with 46.8% for men. This very high level of unemployment among women derives from the combination of very low participation in the labour force and high unemployment. Family responsibilities were the main reason for women's inactivity in the labour market, with 38.3% of women interviewed gave this reason. Women were mainly employed in education, health and trade sectors (47.1% of employed women). Men were mainly employed in the construction, manufacturing and trade sectors (employing 47.4% of employed men).

Unemployment among young people is very high in Kosovo. In the second quarter of 2017, youth in Kosovo were twice as likely to be unemployed compared to adults. Among the 15-24 year olds and in the workforce, 50.9% were unemployed. Unemployment is higher among young women (60.2%) than among young men (47.1%). Almost a third (27.1%) of the 15 to 24 year olds in Kosovo were not in education, employment or training (NEET). This figure is 32.0% for young women compared to 22.6% for young men.

Most of those who are employed reported to be working full time. 93.8% of respondents reported to be working full time in their main job. The reasons for part-time work differ between the two sexes, as women, taking over the role of care within the family, reduce the hours available for employment. The number one reason for why they did not work full time was the unavailability of a full time job. 24.0% of employed persons belonged to the unstable employment category. This means that they either are employed in their own business (self-employed), or contribute to a family business (paid or unpaid).

Only 29.0% of the employed persons had a permanent contract in their main job, while 71.0% had a temporary contract, with no significant differences between men and women. Persons who had temporary contracts were asked why they had this kind of contract and 93.0% of the respondents reported that there was no other contract available. Net salaries of most employees were between EUR 400 and 500 per month. Very small gender differences have been observed.13

**Physical capital and infrastructure quality**

According to forecasts, the share of public and private investments is expected to increase in 2018. This level of investment is expected to be maintained in 2018 and in the coming year partly due to current on-going projects and large infrastructure projects such as power plants. In the forthcoming period, special attention will be paid to the investment clause through which the Government of the Republic of Kosovo intends to invest in large infrastructure projects to overcome the structural challenges that have undermined the maximum utilization of the country's development potential. To enable a comprehensive economic growth in the country, the Government has made more room for capital expenditures at the municipal level.

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13 Labour Force Survey Q2 2017, KAS.
Table 2.3. Private and public investments, 2016-2018

<table>
<thead>
<tr>
<th></th>
<th>Real growth</th>
<th>Nominal growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>11.3%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Private</td>
<td>16.7%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Public</td>
<td>-2.0%</td>
<td>10.9%</td>
</tr>
<tr>
<td>% of GDP Real GDP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>27.5%</td>
<td>28.5%</td>
</tr>
<tr>
<td>Private</td>
<td>20.6%</td>
<td>21.1%</td>
</tr>
<tr>
<td>Public</td>
<td>7.0%</td>
<td>7.4%</td>
</tr>
</tbody>
</table>

Road infrastructure
The Government of the Republic of Kosovo remains committed to the further improvement of the road and rail infrastructure, focusing on the completion of the main international axes, the roads R7 and R6 and the regional roads M9, M2, as well as the international railway line 10, in order to enable faster and cheaper movement of citizens and goods, reducing the costs and distances of transport of people and goods to and from Kosovo. This will facilitate the placing of goods on local and international markets, while the modernization of the international rail network will help the export sector of mining and agricultural goods.

The road infrastructure has been among the main priorities in the recent years. There have been many investments on national roads that are linked to regional corridors, regional and local roads. At the time being, our country has 1962 km of national and regional roads and 4761 km of local roads (see the table below).

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

The part of the highway Pristina-Vermice, which is a part of the national highway Vermice-Merdare (R7) that is linked with the international corridors 8 and 10, has been completed. The segment Prishtine-Milosheve of highway M2 is also complete. The main infrastructure projects currently being implemented and those that are being planned will be elaborated below.

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

Road axis 6 as a part of the South-eastern European Transport network links the corridors VIII and X of North Macedonia and Pristhina and further continues to Montenegro, Croatia and Bosnia and Herzegovina. In the process of Modification of basic network of SEE (2009) the road axis 6a Pristhine-Sllatine (Airport) – Peja – Montenegro – Croatia and further is included. Considerable amounts are being invested in this road axis, with the purpose of its development. Road axis 6 as a part of the South-eastern European Transport network that links the corridors VIII and X of North Macedonia and Prishtina is of special economic importance for Kosovo and the region, by integrating the capital cities of the region and economic centres in the regional transport network. On 02 July 2015 a contract was signed between the
Ministry of Infrastructure and the beneficiary company Bechtel Enka for the construction of the highway Prishtina – Hani i Elezit, the construction of the highway is expected to be completed by the end of 2018 (the segment C1 is complete, the segment C2 is completed by the end of 2017 and the segment C3 is expected to be completed by the end of 2018).

Table 2.4. Road infrastructure network, in km

<table>
<thead>
<tr>
<th>Category</th>
<th>Paved</th>
<th>%</th>
<th>Unpaved</th>
<th>%</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td>1,921</td>
<td>95.48</td>
<td>91</td>
<td>4.52</td>
<td>2,012</td>
</tr>
<tr>
<td>Highway</td>
<td>78</td>
<td>100</td>
<td>-</td>
<td>-</td>
<td>78</td>
</tr>
<tr>
<td>National</td>
<td>626</td>
<td>99.52</td>
<td>3</td>
<td>0.48</td>
<td>629</td>
</tr>
<tr>
<td>Regional</td>
<td>1,217</td>
<td>93.26</td>
<td>88</td>
<td>6.74</td>
<td>1,305</td>
</tr>
<tr>
<td>Municipal*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4,925</td>
</tr>
<tr>
<td>Local*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4,355</td>
</tr>
<tr>
<td>Urban*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>570</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6,937</td>
</tr>
</tbody>
</table>

* Assessment

After the release for traffic of the highway segments R7, Morine - Gjurgjicë (connection with N9) - Bresje - Besi, the Ministry of Infrastructure in cooperation with WBIF and EIB has commenced Conduction of the Feasibility and Environmental Impact Study, as well as the Preliminary Project for the segment Besi - Merdare (Border with Serbia).

The COWI Consulting Company has conducted a study of several alternatives to the future highway corridor from Besi - Merdare (25 Km), these Highway corridor alternatives have been evaluated according to a mechanism, consisting of technical, financial, social, environmental and safety criteria, and based on the findings the Final Report was prepared, with the most favourable version.

In cooperation with WBIF and EIB/EBRD it will be continued by defining further steps in the project drafting and financing.

The project of the highway “Prishtinë-Gjilan-Dheu i Bardhë”: The Government of the Republic of Kosovo has identified the construction of the Highway Prishtinë –Gjilan – Dheu i Bardhe, with the length of 47.1 km, as a high priority investment for Kosovo’s infrastructure and economic development. This road axis is linked to the main road axis of South-eastern Europe, Highways 6 and 7, as well as with the corridor X in Serbia. It is important to commence with the realisation of the Project for the construction of the Highway Prishtina –Gjilan – Dheu i Bardhë, so that this road axis is included in the map of the Core Transport Network for South-eastern Europe.

The expansion of the National Road N25, from the roundabout Besi - Podujevo: for the realization of this Project, the drafting of the project for the expansion of N25 has already started, for the abovementioned segment. The extended road will consist of 4 lanes (4x3.75m) separated in the middle by the median strip of 1.50m wide. On access points and crossroads there will also be an additional lane of 3.0m wide. Mainly the crossroads will be on two levels (only on specific cases, the crossroads will be of one level). The expansion of the road lane close to the roundabout in Besi has started, whereas its finish point will be the roundabout in Podujevo. The planned length of the extended National road N25 is about 20 km. This project does not infringe the extension of the corridor 7 Durres – Morine – Prishtine – Merdare – Nish. The nature of this project is more of the level of a juncture of two gravitating areas, Podujevo and Prishtina and the increase of the existing road capacities. The tentative plan for completion of this project is the end of 2018.
Continuation of the project for expansion of National road N9, Prishtine - Pec: In cooperation with the Western Balkans Investments Framework\textsuperscript{14} and EBRD, it was commenced with feasibility study and environmental impact assessment of the segment Kijeve-Zahaq (32 Km) and the completion of the implementing project, as a precondition for the start of project implementation. The tentative plan for completion of this section is the end of 2018.

Continuation of the project for expansion of National road N2, Prishtina - Mitrovica. During the next three years, the Ministry of Infrastructure will continue the expansion of the National road N2 towards Mitrovica.

Railway transport
The infrastructure of Kosovo Railways JSC (INFRAKOS) manages the railway infrastructure under state ownership. This is a publicly owned limited liability company, with 100% of shares owned by Kosovo Trust Agency.

The railway network of Kosovo consists of 335,079 km of railway. Four railway lines need different levels of rehabilitation, in order to bring them to modern standards of speed and safety. Last year, there was a growth in both people and cargo transport.

A limited maintenance is done. Specifically the railway infrastructure is as follows:

- Railway 10 (bordering Serbia - Leshak - Mitrovice - Fushe Kosove - Han i Elezit - North Macedonia border), of length 149.110 km, with a single pair of rails, not power supplied, wide 1435 mm, Category D3, axis masses 22.5 tons and longitudinal masses 7.2 tons/m;
- Eastern railway line (Serbian border - Podujeve - Prishtine - Fushe Kosove), length 45.198 km, a single pair of rails, not power supplied, width 1435 mm, category D3, axis masses 22.5 tons and longitudinal masses 7.2 tons/m and 5 tons/m;
- Western railway line (Fushe Kosove- Peje) length 81.940 km, a single pair of rails, not power supplied, width 1435 mm, Category C2, axis masses 20 tons and longitudinal masses 6.4 tons/m; and
- Southwest railway line (Kline Xerxe-Prizren) length 58.831 km, a single pair of rails, not power supplied, width 1.435 mm, Category D3 and B1, axes masses 22.5 tons and 18 tons, and longitudinal masses 7.2 tons/m and 5 tons/m.

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

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

Since the railway 10 connects Kosovo with Serbia and North Macedonia, it is a part of the corridors and SEETO railway routes, and it is a railway with a priority for modernization. Pursuant to investment Clause, according to the IMF Stand-By Agreement, the rehabilitation of the railway Route 10 – the Institution implementing this Project is the Public Enterprise “Infrakos”, Prishtina. The total cost of the Project is expected to be EUR 195, 4 million. This Project shall be funded by EBRD, European Investment Bank and the European Union.

Air transport

\textsuperscript{14} A joint initiative, pooling the funds of the EC, EIB, CEB, EBRD, World Bank, KfW etc.
Kosovo has the Prishtina International Airport “Adem Jashari” that operates with combined military and civil services. In April 2010 entered into force the public-private partnership contract between the Republic of Kosovo Government and Turkish-French Consortium Limak- Aeroport de Lyon to give the Prishtina International Airport on concession, and that was also an example of successful of the concession projects in South-eastern Europe.

The new terminal, inaugurated on 23 October 2013, is an investment of about EUR 100 million and it provides more comfort for passengers, first class services, as well as sufficient space and a relaxing social environment for passengers, men and women. The new terminal has a surface of 44,000 m2, and a capacity enabling the reception of 4 million passengers a year. This makes the Prishtina International Airport a leader in the region for the terminal space and the control tower, and it has a potential to transform Prishtina and Kosovo into a main juncture and centre for the regional aviation.

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

Energy
Security of electricity supply, as the main goal, depends, inter alia, on generating, transmission and distribution capacities. The burden of electricity generation falls on thermal power plants that cover about 97% of the total electricity generation, whereas the other part is provided by RES plants (to a large extent from hydro power plants, mainly small ones). Dependence from import of electricity varies from 10-14%.

Electricity in the country is mainly generated by Kosovo Energetic Corporation (KEK), which consists of two thermal power plants (Kosovo A and Kosovo B) and the Coal Mines. Installed capacity of generating units is 1,560.32 MW, whereas the operating capacity is significantly lower and is about 960 MW. Electricity is generated even by several - mainly small - hydro power plants, 2 wind plants with a capacity of 33.75 MW and four solar plants with a total capacity of 6.602 MW.

As TPP Kosova A is quite out-dated (more than 40 years of operation), and also TPP Kosova A has a significant period of operation, new investments are necessary in both providing the basic electricity and electricity from Renewable Energy Sources (RES) in order to ensure the sustainability of electricity supply.

In order to increase the supply security, the Government of the Republic of Kosovo, in December 2017, signed the commercial agreement with the company Contour Global for building the thermal power plant Kosova e Re.

The transmission system is managed by the Transmission, System and Market Operator (KOSTT JSC), which is responsible for the security and reliability of electro energetic system. KOSTT has sufficient capacities to cope with electricity flows in the system. This system is linked to all neighbouring systems on 400 kV levels, except with Albania, where the connection level is just 220 kV. The interconnection line 400 kV SS Kosovo B – SS Kashar (Tirana) has been finalized in 2016, including the successful launch for testing operation, but it has not commenced regular operation. The agreement signed for Secondary Regulation Frequency/Power between KOSTT and TSO of Albania has not been implemented as KOSTT has not commenced operation as regulatory zone/block within ENTSO-E. This line will affect the increase of transmission capacities between the two countries in the region, increase of the security and trust of Kosovo and Albania electricity systems and also the optimism of operation of both systems. The total length of transmission lines (400 kV, 220 kV and 110 kV) is 1,223 km.
Kosovo, as signatory of Energy Community Treaty, transposed the EU Regulation No. 347, adopted by the Energy Community, on Common Regional Investments, whereas in May 2018 finalized the draft Procedure Manual for projects in the interest of Energy Community.

ERO issued a significant number of authorizations for building new capacities of electricity from RES. So far, we have installed plants for generation of electricity from RES with a total capacity of about 120 MW (including, in addition to the capacities entered into operation before 2018, a wind power plant with a capacity of 32.4 MW, and two solar power plants, each with a capacity of 3 MW, totalling to 6 MW).

Recently, there is increased private sector interest to invest in generating capacities of the electricity from RES and in particular from the wind and solar power.

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

Despite the ongoing investments in building transmission and distribution capacities, electricity sector, as one of the key factors for economic development and social welfare, still faces commercial and technical losses; therefore, increased engagement and investments are required in particular in the distribution system in order to increase the supply security.

Space heating in Kosovo is largely realized from biomass (mainly firewood). District heating accounts for only 3-5% in the heating of spaces. The household and the services sectors are major consumers of energy for heating. The development of heating system significantly impacts the increase of electricity supply security, in particular during the winter season in times of large burdens in the electro energetic system. There are significant energetic potentials for developing the heating system.

District heating sector in Kosovo consists of 4 district heating companies (Prishtina, Gjakova, Mitrovica and Zvecan). At the end of 2014, District Heating Company “Termokos” in Prishtina has been connected to the cogeneration system in TPP Kosova B. This has significantly affected the increase of heating supply quality for citizens of Prishtina and reduction of environmental pollution. The expansion of heating capacities of Termokos will continue even in the following years. The commencement of construction of central heating is in process in Gjakova. Biomass will be used as fuel.

Although Kosovo has no natural gas network, it should be stated that recent developments in the region provide optimistic signals even for Kosovo. Ministry of Economic Development of the Republic of Kosovo, in cooperation with the Ministry of Infrastructure and Energy of Albania, applied in 2016 with a joint project within the 15th Round in WBIF for conducting the Feasibility Study of Albania – Kosovo Pipeline through TAP/IAP pipeline. In October 2016, the joint project initiated with Albania has been adopted by the Ministerial Council of the Energy Community and was included in the projects of interest of the Energy Community (PECI List 2016). With this joint project, as required by ECS, we have applied in the next round (PECI 2018) and the working group within the Energy Community Secretariat (ECS) has been assessed as a potential project to be included within PECI List 2018, which is expected to be adopted in the next meeting of the Ministerial Council in the Energy Community to be held within 2018.

In view of implementing this project, the Albanian party applied, within the 15th Round in WBIF, for conducting the Feasibility Study for the Albania-Kosovo Pipeline. The Steering Committee in Oslo, following the review of the joint application with Albania, and given that this project is at the early stages of development, on 17 June 2016 adopted a grant from the Western Balkan Investment Framework (WBIF Platform) in the amount of EUR 300 thousand for conducting the joint pre-feasibility study for the
Albania – Kosovo pipeline (ALKOGAP project). The financing institution is the European Bank for Reconstruction and Development. The purpose of this draft pre-feasibility study will be the identification of the potential demand for natural gas in Kosovo, assessment of the connection opportunity, assessment of environmental and social impact, assessment of necessary legal and institutional capacities, and the study will provide other alternatives in order to continue with follow-up studies in compliance with the recommendations.

Following the completion of the Terms of Reference, in January 2018 commenced the process for conducting the pre-feasibility study for the Albania – Kosovo Pipeline.

Even though energy potentials from various energy sources have been identified, the use of these potentials is still low. This situation should be altered with concrete policies and measures in order to diversify energy sources and increase the security of supply. Male and female consumers should be provided with as many alternatives as possible to meet their energetic needs with products with affordable costs.

Policy drafting, organization, regulation and management of energy sector take place through the legal infrastructure that is generally well equipped and approximated to the European Union (EU) *acquis*. All the processes of policy drafting, organisation and implementation should include gender perspective as well.

Moreover, since 2004, governmental, regulatory institutions and operators have been established and are capable of successfully managing the energy sector. The main institutions that manage the energy sector are the following:

- The Ministry of Economic Development (MED) that is responsible for drafting policies in the energy sector and monitoring their implementation;
- The Energy Regulatory Office (ERO), that acts as an independent regulatory agency, responsible for energy market regulation (electricity, natural gas and heating energy);
- The Independent Commission for Mines and Minerals (ICMM) – that acts as an independent regulating agency for regulation of the mining activities, including coal;
- The Electricity Transmission, System and Market Operator (KOSTT JSC), which is a public enterprise that manages the transmission network and has the role of the Electricity Transmission, System and Market Operator.

Other governmental institutions, such as the Ministry of Environment and Spatial Planning (MESP), the Ministry of Labour and Social Welfare (MLSW), the Ministry of Trade and Industry (MTI), the Ministry of Finances (MoF), and the Kosovo Competition Commission, have an important role in monitoring the social, economic and spatial responsibilities of the energy sector.

**Electronic communications market**

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

With regard to market developments, the landline telephony, historically, has a low development in our country. With the liberalization of this market, the access of the alternative operator (IPKO) is enabled, competing thus with the operator PTK (TiK) that was monopoly until then. Now, Kujtesa is another authorized provider of landline telephony. During 2015, a new operator has been notified before the Authority for the provision of landline telephony services, which in total makes four operators for the provision of landline telecommunication services.
The operators in question are the following:

- Kosovo Telecom J.S.C. (former PTK -), licensed on 30/07/2004,
- IPKO Telecommunications LLC, licensed on 08/09/2006,
- Kujtesa.Net, licensed on 07/01/2014 and
- Fiberlink (Decision No. 607 (prot. No. 013/B/15), has assigned the numeric block from the geographic numbering series for use by “FiberLink” L.L.C.)

The number of active landline telephony this quarter appears to have a significant increase, because the data for the operator MTS DOO have been included from this period. In this period, Q2 2018, the number of subscribers decreased by -6.74% compared to the same period of the previous year, and an increase by 1.29%, compared to the previous quarter. Similarly, the data on the landline telephony penetration rate in Kosovo in this quarter marks a positive trend, namely 3.46%.

The highest share in the market belongs to the Kosovo Telecom Company, followed by MTS D.O.O and then IPKO. However, all landline telephony indicators indicate a very slow and declining development.

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

As to postal services, based on the data processed by the authority for the period January – December 2017, there are total 4,557,083 postal shipments and compared to the same period of 2016, it results that there is a significant decrease in the total number of postal shipments in the value of 39.66%, while CPE “Post of Kosovo JSC”, has a significant decrease of the volume of postal shipments in the amount of 45.45%, whereas private operators have a very high increase in the amount of 103.95%. CPE “Post of Kosovo JSC” with 86.90%, covers the overall market of postal services, whereas the private operators are represented in the value of 13.10% of the overall market. Out of the total number of postal shipments, around 83.16% are mail shipments, while 7.05% are direct mail (advertisements), 9.79% are parcels or postal packages. Out of the overall number of shipments, about 82.15% of postal shipments are shipments received and distributed in the internal traffic, i.e. domestic mail, whereas about 17.85% are international mail.

Despite the decrease in the total number of postal shipments in 2017, the postal services sector had revenues in the amount of EUR 6.235, 854.41, where compared to 2016, there is an increase in the overall revenues in the amount of 6.49%, while CPE “Post of Kosovo JSC” marked a slight decrease in the amount of 6.23%, while private operators had a significant increase of revenues in the amount of 32.47%. Compared to 2013, there is an increase of revenues in the amount of 38.80%.

\[^{15}\text{Due to the inclusion of data on operator MTS DOO, the participation of other operators in the market has decreased, especially this has affected the Telecom of Kosovo, which had the largest participation in the market.}\]
\[^{16}\text{http://arkep-rks.org/repository/docs/Pasqyra%20e%20tregut%20t%3AB%20KE%20_Indikator%C3%ABCt%20krvesor%20p%C3%ABr%20TM}\]
\[^{17}\text{http://arkep-rks.org/repository/docs/Pasqyra%20e%20Prgjithsh%20mbi%20Tregun%20e%20Shqip%20are%20m%C3%AB%20RKS%202017.pdf}\]
Mobile telephony market has the widest spread in all electronic communications. For the time being, in Kosovo there are two authorized operators of mobile telephony networks in the frequency band 900/1800 MHz:

- Kosovo Telecom J.S.C/Vala licensed on 30/07/2004 (ART Prot. No. 111/04) with a validity period of 15 years, and
- IPKO Telecommunications LLC licensed on 06/03/2007 (ART Prot. No. 77/07) with a validity period of 15 years.

In addition to two authorized mobile network operators MNO (Mobile Network Operator) mentioned above, two other virtual mobile operators have been licensed (MVNO) 9:

- Dardafon.net LLC (Z Mobile) licensed on 12/06/2008 (ART Prot. No. 112/08) with a validity period of 15 years, and
- Dukagjini Telecommunications J.S.C. (D3 mobile) licensed on 24/06/2008 (ART Prot. No. 124/08) with a validity period of 15 years.

The total number of the users of mobile telephony, by the end of the second quarter (Q2-2018) reached 1,872,014, specifically 8.05 % lower, compared to the same period of the previous year (Q2-2017). While, compared to the previous quarter Q1-2018, the number of users marked a decrease of -0.34 % (or 6,503 users).

Similarly, as with the number of users, the penetration of mobile telephony services for the reporting period, marked a slight decrease, compared to the previous quarter, while a more significant decrease compared to the same quarter of the previous year (Q2 2017). The penetration of mobile telephony services is on the level 103.11% of the number of the population.

The number of internet users (subscribers) with a broadband landline and mobile access until the Q2 2018 reported by operators has been provided in the figure below, where a significant increase of 75,463 subscribers or 4.05 % is observed compared to Q1 2018, respectively a more significant increase of 494,524 subscribers or expressed in percentage 34.25 %, compared to the same period of the last year (Q2 2017).

The number of internet lines with broadband landline access until Q2 2018, reported by operators has been provided in the figure below and amounts to 279,027 internet subscribers. From this an increase of 10,390 subscribers or about 3.86 % is marked, compared to Q1 2018, respectively a more significant increase of 21,382 subscribers or 8.29 %, compared to the Q2 2017. While, the internet penetration through the broadband landline internet access for households is 93.9%, specifically, the internet penetration per capita (for 100 inhabitants) results 15.37%.

The number of mobile internet users (Mobile Broadband) or internet Access through 3G and 4G mobile networks, is constantly growing, this number in the Q2 2018, reached 1,659,273 users, marking an increase of 1.62 % compared to Q1 2018.

The trend of the number of subscribers to internet access through the mobile network, since the beginning of the provision of these services on the market, has been characterized by a constant increase, even though in the Q4 2016 there has been a slight decrease. In the reporting period (Q2 2018), there was a slight increase of penetration for both landline and mobile.

Regarding the market share of internet services by users per operator, at the end of Q2 of 2018, Kosovo Telecom had 11.32%, IPKO 44.46%, Kujtesa 23.38%, Artmotion 3.75% and others the remaining share.

Regarding the market share of internet services according to the revenues per operator, at the end of Q2 2018, Kosovo Telecom had 16.27%, IPKO 39.50%, Kujtesa 20.79%, Artmotion 5.86% and others the remainder.
Investments made by operators of telecommunication services by Q2 2018 in the telecommunication sector (landline telephony, mobile, and internet) amounted to 8,156,745 which is an increase compared to the same period of the previous year (2017), with investments of EUR 4,687,219.35.

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

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

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

This document transposes the ideas and strategic objectives planned in the Digital Agenda for Europe, by considering and adjusting to the reality and the state of the ICT sector in Kosovo.

**Sectorial and enterprise structure**

In 2017, the total number of the new, registered enterprises was smaller than the number of the new enterprises registered in 2016. The total number of new enterprises has decreased with about 11.5%, from 10,553 in 2016 to 9,335 in 2017.

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018 (October)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered</td>
<td>9,576</td>
<td>9,420</td>
<td>9,404</td>
<td>9,833</td>
<td>10,553</td>
<td>9,335</td>
<td>8,433</td>
</tr>
<tr>
<td>Terminated</td>
<td>1,081</td>
<td>1,508</td>
<td>1,671</td>
<td>2,205</td>
<td>2,378</td>
<td>1,589</td>
<td>1,389</td>
</tr>
</tbody>
</table>

*Source: Kosovo Business Registration Agency*

In 2017, the total number of new registered enterprises was smaller than the number of new enterprises registered in 2016. The total number of new registered enterprises fluctuated between 9,600 and 10,553 in the period 2014-2017, with a significant increase in 2016. A similar trend has been registered in terminated businesses, where the largest number of terminated businesses was marked in 2016 (2,378). The number of registered businesses with female owners, even though generally low, had an increasing trend from 2014 onward.

<table>
<thead>
<tr>
<th>Businesses owned by women</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018 (October)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered</td>
<td>9,512</td>
<td>10,070</td>
<td>10,553</td>
<td>9,335</td>
<td>8,433</td>
<td>48,003</td>
</tr>
<tr>
<td>Terminated</td>
<td>1,022</td>
<td>2,164</td>
<td>2,328</td>
<td>1,547</td>
<td>1,389</td>
<td>9,050</td>
</tr>
<tr>
<td>Businesses owned by women</td>
<td>1,529</td>
<td>2,020</td>
<td>2,332</td>
<td>2,096</td>
<td>1,898</td>
<td>9,875</td>
</tr>
</tbody>
</table>
In 2018, more precisely by October 2018, a total of 1,898 enterprises with female owners have been registered. Compared to the same period of the previous year, where 1,815 businesses have been registered, there is an increase of 4.5% of registered companies with female owners.

Micro businesses comprise about 99% of new businesses, registered during the whole period 2010-2016.

With regard to the structure of the Gross Domestic Product by economic activities, data indicate that the real increase of the GDP according to the economic activities is the following: extractive industry with 21.9%, construction 16.4%, other services 12.2%, financial and insurance activities 12.1%, wholesale and retail 7.1%, transport and storage 6.7%, hotels and restaurants 6.5%, real estate business 5.9%, processing industry 5.3%, electricity supply, water supply and waste treatment 1.5%; while a real decrease was marked by the agricultural data (4.0%), public administration (3.9%). According to the expenditure approach, the GDP saw an increase in: Gross capital formation with 13.7%, export of goods and services 4.5%, the final consumption of households and non-profit institutions serving households (NPISHs) 3.9%, the import of goods and services 3.8%, while a real decrease was marked with the final consumption of the government (10.7%), compared to the same period of the previous year.

Concerning the size of the private sector, the private sector share in GDP fluctuates between 83 and 85 percentage points over the period 2015-2020, as indicated in the table below. Private investments are expected to decline from 21% in 2016 to 20% in 2017. Private consumption based on projections for 2017 is expected to have a slight decline compared to the previous year.

Table 2.7. Participation of the private sector in GDP, in%

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019 (proj.)</th>
<th>2020 (proj.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private consumption</td>
<td>85%</td>
<td>85%</td>
<td>84%</td>
<td>84%</td>
<td>83%</td>
<td>83%</td>
</tr>
<tr>
<td>Private investments</td>
<td>21%</td>
<td>21%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>21%</td>
</tr>
</tbody>
</table>

Source: MTEF 2018-2020, MoF

Pursuant to the Law 05/L-020 on Gender Equality, these statistics should be supplemented with data by gender and integrated as such in MTEF.

**Economic integration with EU and price competitiveness**

Regarding the trading of goods, we have a negative balance, accompanied by a high trade deficit. Sectorial composition and trade geography remain largely similar, compared to previous periods, excluding exports to the EU markets and Asian markets, which have marked increase again.

The first half of 2018, compared to the same period of the previous year, marked an increase in the trade volume of Kosovo with other countries. The trade turnover, compared to the same period of the previous year, results with an increase of 8.6%, amounting to EUR 1.7 billion. Kosovo trade balance is characterized with a high trade deficit. Referring to statistical data, in the total composition of trade exchanges, the imports consist of 89% of foreign trade, whereas exports have a small share of 11%.

Goods exported from Kosovo in the first half of 2018 decreased with 5.8%. Their export value amounts to EUR 168.8 million, which is lower for EUR 10.4 billion than the same period of the previous year.

As to imports, they registered an amount of EUR 1.5 billion, an increase of more than EUR 146 million or 10.5% more than the same period of the previous year.

Share of exports to GDP in Q1 2018 was only 5.6%, which is characterized with a negative trend (6.1% in Q1 2017).
Generally, the structure of exports for years has been almost the same, but in the recent years we have a great change as to products of the plastic sector. Kosovo has exported plastic products in the amount of more than EUR 20.5 million covering 12.2% of total export. Among sectors with exporting potential is the sector of textile, with an increase of 26.6% (exporting value in the first half of 2018 is EUR 5.4 million). In the change of the export structure we observe a domination of the electricity, which despite the decrease in the export value, leads in the top most exported products of Kosovo, where the vast majority has been exported to the EU market (55% from total electricity export), mainly in Slovenia. However, the export of crude base metals and mineral products appear as the main items for Kosovar exports, covering 48.4% of exports in the general level (January – June 2018).

Meanwhile, the structure of imports has remained roughly the same as in previous years. Imports continue to be dominated by the sector of minerals (fuels, diesel and its derivatives), by the sector of food industry, followed by vehicles, steel rods, electricity, medications, cigarettes, etc.

### Table 2.8. Structure of exports and imports

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Export</td>
<td>141,010</td>
<td>161,509</td>
<td>152,413</td>
<td>179,314</td>
<td>168,832</td>
</tr>
<tr>
<td>Import</td>
<td>-1,140,884</td>
<td>-1,198,928</td>
<td>-1,297,879</td>
<td>-1,396,348</td>
<td>-1,542,394</td>
</tr>
<tr>
<td>Trade balance</td>
<td>-999,874</td>
<td>-1,037,418</td>
<td>-1,145,466</td>
<td>-1,217,034</td>
<td>-1,373,562</td>
</tr>
</tbody>
</table>

Kosovo trade exchanges with EU countries in the first half of 2018 amounted over EUR 723.8 million, thus 42.3% of Kosovo trade exchanges have taken place with EU countries.

However, as to exports, a large part of exported goods (following membership to CEFTA) moved to EU countries, amounting to EUR 54.1 million or 32% of total exports, marking an increase of 21.7%. However, we can consider that the most important countries for export are the following: Germany, the Netherlands, Slovenia, Austria, etc., (January – June 2018). With regards to the structure of exports dedicated to EU markets, they are mainly goods belonging to the sector of minerals, plastic, beverages, etc. Meanwhile, imports from EU amounted to EUR 669.7 million, an increase of 11.3%. Kosovo imports goods mainly from Germany, Italy, Greece, Poland, Slovenia, etc.

In the geography of goods trade, the European Union and CEFTA countries remain dominant markets for exports and imports in Kosovo, with a total share in the foreign trade (export + import) of around 70%. However, there is a growing trend of exports to the EU compared to the same period of 2016.

CEFTA is an important trade partner that covers 28.8% of the total trade exchange of Kosovo. Kosovo goods exported in CEFTA countries cover 48.6% of total exports, a decrease of 2.2%. Imports from CEFTA countries amount to around EUR 410 million, an increase of 5.2% and cover 26.6% of total imports in Kosovo. The level of penetration of Kosovo goods in Albanian markets has significantly improved. Albania is still the main partner for export of Kosovo goods. Export of Kosovo goods to the Albanian market covers 17.5% of total Kosovo exports. Also, during 2018, North Macedonia was an important trade partner, covering 12.9% of total exports.

Regarding trade balance for agricultural goods in Kosovo-EU correlation, imports of agricultural goods exceed exports which result in high trade deficit. However, it should be noted that the exports of goods from the agricultural sector destined for EU countries increased by 13.5% in 2016 compared to the previous year. Therefore, vegetable products and industrial food products and beverages remain a considerable potential to increase export level. This is shown by the figures according to the categorization of agricultural goods where there is an increase in exports of plant products and the category of prepared foodstuffs and beverages. Despite the not so high growth rates expressed in
amounts, they remain a major source of production and potential for growth and economic sustainability. Hence, by comparing the real trade indicators, it turns out that the foodstuff and beverage industry as well as the food industry tends to increase and this growth promises a positive trend that will help improve the trade balance and increase competitive advantages. They cover 17% of Kosovo's total exports to the EU (2016).

However, it is important to mention the trade relationship with the EU, respectively, the analysis of exports for agricultural goods mainly referring to the period January - June 2017/2016. From the calculation of statistical data it is understood that we have a high growth of export of agricultural goods from EUR 3.6 million to over EUR 8 million, or expressed in percentage 128% increase.

Table 2.9. Export to EU countries, in amount and percentage

<table>
<thead>
<tr>
<th>Partner / Period</th>
<th>January - June 2016 Amount (000, EUR)</th>
<th>January - June 2017 Amount (000, EUR)</th>
<th>January - June 2018 Amount (000, EUR)</th>
<th>↓↑% , 2018/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>5,899</td>
<td>9,227</td>
<td>10,777</td>
<td>16.8%</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>6,263</td>
<td>5,732</td>
<td>7,074</td>
<td>23.4%</td>
</tr>
<tr>
<td>Slovenia</td>
<td>786</td>
<td>406</td>
<td>6,945</td>
<td>1,612.7%</td>
</tr>
<tr>
<td>Austria</td>
<td>2,948</td>
<td>7,169</td>
<td>5,636</td>
<td>-21.4%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>268</td>
<td>4,528</td>
<td>5,492</td>
<td>21.3%</td>
</tr>
<tr>
<td>Italy</td>
<td>2,901</td>
<td>3,068</td>
<td>3,692</td>
<td>20.3%</td>
</tr>
<tr>
<td>Poland</td>
<td>2,160</td>
<td>2,132</td>
<td>2,184</td>
<td>2.4%</td>
</tr>
</tbody>
</table>

Table 2.10. Import from EU countries, in amount and percentage

<table>
<thead>
<tr>
<th>Partner / Period</th>
<th>January - June 2016 Amount (000, EUR)</th>
<th>January - June 2017 Amount (000, EUR)</th>
<th>January - June 2018 Amount (000, EUR)</th>
<th>↓↑% , 2018/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>163,869</td>
<td>173,306</td>
<td>191,341</td>
<td>10.4%</td>
</tr>
<tr>
<td>Greece</td>
<td>54,159</td>
<td>68,430</td>
<td>57,426</td>
<td>-16.1%</td>
</tr>
<tr>
<td>Italy</td>
<td>94,049</td>
<td>84,100</td>
<td>99,080</td>
<td>17.8%</td>
</tr>
<tr>
<td>Poland</td>
<td>32,443</td>
<td>36,357</td>
<td>37,991</td>
<td>4.5%</td>
</tr>
<tr>
<td>Slovenia</td>
<td>28,041</td>
<td>28,897</td>
<td>35,789</td>
<td>23.9%</td>
</tr>
</tbody>
</table>

Trade in services in Kosovo, for the period January-June 2018, totalled to EUR 698.5 million. Out of this amount, the total export amounted to EUR 433.1 million, while the import amounted to EUR 265.4 million. This shows a positive trade balance of EUR 167.7 million. If we compare it with the same period of 2017, where the trade balance was EUR 143.3 million, we can see an increase of 17%. During 2017, the largest exporting sectors were travel services with EUR 292.9 million; other business services with EUR 55.9 million; computer, information and telecommunication services with EUR 21.3 million; government services with EUR 18.1 million; and construction services with EUR 7.3 million. Positive service balance resulted in the reduction of high trade deficit in goods. In the same period of 2017, the trade in service in Kosovo totalled to EUR 568.2 million. Of this amount, total export includes the amount of EUR 350.1 million, whereas the import the amount of EUR 218.1 million. This shows a positive trade balance of EUR 132.1 million. If we compare it to 2016, we can see that the service export was EUR 324.8 million, while import resulted with 204.5 and balance EUR 120.2 million in international trade in service.

Table 2.11. Balance of trade in services with EU

<table>
<thead>
<tr>
<th>Year</th>
<th>Service export million EUR</th>
<th>Service import million EUR</th>
<th>Balance million EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>350.1</td>
<td>218.1</td>
<td>132.1</td>
</tr>
<tr>
<td>2016</td>
<td>324.8</td>
<td>204.5</td>
<td>120.2</td>
</tr>
</tbody>
</table>

Source: Central Bank of Kosovo
The main sector that has contributed to the trade in services during the period January – June 2018 is travel, with a total net export of EUR 292.9 million. This sector marked an increase of 41.1 million or 16% compared to 2017, which is mainly attributed to Kosovar diaspora, followed by other business services with EUR 55.9 million. This sector includes a variety of tradable services, consists of financial services, communication and information services; research and development services; professional and managerial consultancy services; technical and trade services and other business services. Another sector with good performance is the sector of communication services (ICT) with EUR 21.3 million, followed by government services with EUR 24.1 million, which is a contribution of the presence of EULEX, KFOR, diplomatic missions and other international institutions and NGOs; construction services with EUR 7.3 million, including services for construction of roads and architecture (Source: Central Bank of Kosovo). For the reporting period January – June 2018, two sectors with negative balance of trade in services are the following: transport with EUR -36.7 million and insurance services with EUR -21.9 million. During the same period of 2017, the main sectors which contributed for a positive trade balance are the following: travel (tourism) with export in the amount of EUR 241.4 million, followed by professional and business services with EUR 31.5 million, communication services (ICT) with EUR 23.5 million, government services with EUR 17.9 million and construction services with EUR 3.6 million.

Travel and tourism services are mainly attributed to diaspora and foreign citizens working in Kosovo.

Table 2.12. Balance of trade in services by categories during 2017

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>million EUR</td>
</tr>
<tr>
<td>Travel</td>
<td>241.4</td>
</tr>
<tr>
<td>Other business services</td>
<td>31.5</td>
</tr>
<tr>
<td>Computer, information and telecommunication (ICT) services</td>
<td>23.5</td>
</tr>
<tr>
<td>Goods and government services</td>
<td>17.9</td>
</tr>
<tr>
<td>Construction services</td>
<td>3.6</td>
</tr>
</tbody>
</table>

Source: Central Bank of Kosovo

Based on the abovementioned statistics, we can see that the sectors considered with the most perspective with regards to the potential for export are Travel (Tourism) and ICT.

Medium-term priority objectives

- Reduction of energy consumption through energy efficiency measures by implementing these measures in 61 public buildings in 2019 and 53 public buildings during 2020;
- Further development of electricity generating capacities, including the development of the Project TPP Kosova e Re;
- Extending of ICT network infrastructure for socio-economic development, in particular extension of broadband infrastructure in uncovered areas;
- Improvement of the policy and strategic framework and capacity building for research and innovation;
- Harmonization of supply and demand through drafting of occupational standards and curriculum review;
- Increasing the access of young people and women to the labour market through the provision of quality employment services, active employment measures and entrepreneurship;
- Improvement of social and health services by functionalizing the health insurance fund;
- Increase the cost efficiency of international trading transactions through simplification and standardization of all formalities and procedures at the border, aiming the harmonization of practices in compliance with the multilateral agreements.
3. **BLOCK 3: EUROPEAN STANDARDS – APPROXIMATION OF KOSOVO’S LEGISLATION WITH THE EU ACQUIS**

3.0. **Legal Framework on Approximation of Kosovo’s Legislation with the EU Acquis**

Approximation with EU *acquis* is one of the main prerequisites whereby the Republic of Kosovo accedes to European Union. The approximation process implies the compliance of the internal legislation of the Republic of Kosovo with European Union legislation. Approximation of legislation has two components: firstly, taking on the obligations deriving from EU *acquis*, and secondly, their enforcement.

In the framework of the first component, taking on the obligations deriving from EU *acquis* is specified in Article 74 of the SAA. This article requires the gradual approximation of the legislation of the Republic of Kosovo with that of EU and effective enforcement. In addition, Article 74 of SAA requires the focus of approximation initially on fundamental elements of EU *acquis* in the area of internal market, freedom, security and justice, as well as on trade-related areas. Also, according to Article 74 of SAA, the approximation process shall be carried out on the basis of a programme agreed between the Republic of Kosovo and European Commission. Specifically, according to Article 74, the Republic of Kosovo and European Commission shall define the modalities for the monitoring of the implementation of approximation of legislation.

Obligations deriving from Article 74 of SAA in the Republic of Kosovo are combined in several legal acts. The programme agreed between the Republic of Kosovo and European Commission for approximation of the legislation and modalities for monitoring the implementation of the legislation approximation are generally determined in the National Programme for Implementation of SAA.

Specifically, according to Article 74, the Republic of Kosovo and European Commission have to define the modalities for the monitoring of the implementation of approximation of legislation. Therefore, monitoring of progress reached in legislation approximation is extremely important in view of updates on the progress of the process of approximation of the legislation of the Republic of Kosovo with EU *acquis*. Programme for approximation of the legislation and modalities for monitoring the implementation of approximation of legislation are essential mechanisms which should document that legal obligations determined under Article 74 of the SAA properly reflect the degree, level and quality of the approximation of legislation of the Republic of Kosovo with EU *acquis*.

In the framework of the second component, the implementation of obligations under Article 74 of SAA requires administrative capacity and legal mechanisms with technical and guiding content as to the approximation of the legislation of the Republic of Kosovo with EU *acquis*. Currently, the process of approximation of the legislation of the Republic of Kosovo with EU *acquis* is based on legal acts and guidelines/manuals for approximation of the legislation with EU acquis approved by the Government of the Republic of Kosovo.

Applicable legal acts concerning the process of approximation of the legislation approved by the Government of the Republic of Kosovo are the following:

- Regulation No. 09/2011 of Rules and Procedure of the Republic of Kosovo,
- Regulation No. 13/2013 on Government Legal Service, as well as
- AI No. 03/2013 on Standards for the Drafting of Normative Acts.

Guidelines/manuals for approximation of the legislation of the Republic of Kosovo with *acquis* are the following:

- Practical Guideline for Approximation of the Legislation of the Republic of Kosovo with EU Legislation 2013, and
Guidelines/manuals for approximation of legislation are instruments with technical content, which guide and provide recommendations for officers during the process of approximation of the legislation of the Republic of Kosovo with EU acquis. The legal framework with technical content and guidelines/manuals for approximation of the legislation of the Republic of Kosovo with EU acquis has been approved before the entry into force of the SAA. Generally, legal acts and guidelines/manuals for the process of approximation of the legislation of the Republic of Kosovo with EU acquis refer to the process of approximation of the legislation.

In the procedural aspect, the process for assessing the approximation of the legislation of the Republic of Kosovo with EU acquis refers to several steps. The initial step commences from the responsible institution that drafts the draft normative act; at this stage, this institution, by compiling the Statement of Compliance (SoC) and Tables of Concordance (ToC) with EU acquis, preliminarily assesses the level of approximation. The next step is the assessment of approximation with EU acquis by the Ministry of European Integration. Ministry of European Integration conducts this assessment through the legal opinion on compliance with EU acquis. This opinion summarises two types of findings: one on the substance of the draft normative act and the other on the level of compiling of the Statement of Compliance (SoC) and Tables of Concordance (ToC) with EU acquis. Next step includes forwarding the legal opinion on compliance with EU acquis to the responsible institution that has compiled the draft normative act. Then, the responsible institution who has compiled the draft normative act forwards it to the Office of the Prime Minister for obtaining consent in the procedural and constitutional aspect, and then it is forwarded to the Government for approval. Following the approval by the Government, the draft normative act (this applies only to draft laws) is submitted to the Assembly for approval. The package of the draft law with all relevant documents is submitted to the Committee for Legislation, Committee for European Integration, and according to the scope of the Draft Law, it may be submitted even to other committees, which review, analyse, and where necessary, amend the relevant draft law, which is then submitted for approval.

The legal approximation process is also related to the translation of EU acquis into official languages in the Republic of Kosovo (Albanian and Serbian). Translation of EU acquis is integral of the approximation process. One of the responsibilities of the Ministry of European Integration that derives from the Decision No. 6/121, dated 22.04.2010, on the scope of MEI is “Coordination of the translation of EU legislation into official languages of the Republic of Kosovo”. In this context, the process of translation of the European Union legislation is governed with the “Regulation No. 02/2015 on the Process of Translation of EU acquis into Official Languages of the Republic of Kosovo”, which determines the procedures of translation, coordination of translation process, as well as unification of the terminology of the EU acquis into official languages of the Republic of Kosovo. In the framework of regional cooperation, the Ministry of European Integration of the Republic of Kosovo and Ministry for Europe and Foreign Affairs of the Republic of Albania signed a Cooperation Agreement on Establishment of the Technical Commission for Translation of EU Legislation into Albanian language, as well as cooperation in the area of legislation approximation, coordination of joint agenda for translation of EU acts based on relevant acts for approximation determined in SAA, as well as exchange of EU legal acts translated by both countries. It is worth mentioning that the Technical Commission has established the electronic platform “albterm.net” where acquis acts translated into Albanian are published. Also, the Ministry of European Integration and University of Prishtina “Hasan Prishtina” have signed in 2015 the Cooperation Agreement on translation of the EU legislation, in view of ensuring the professional translation of legal acts into official languages of the Republic of Kosovo.

Medium-term Priority Objectives

Medium-term priority objectives in the area of approximation and translation in the Republic of Kosovo are strengthening and coordination of capacities at the level of professional and government legal service in line ministries, in order for legal obligations of the Republic of Kosovo determined according to Article
74 and other related articles contained in SAA to be fulfilled at the proper degree, level and quality with EU acquis.

Medium-term priority objectives in the area of approximation are the following:

- Review of the legislation concerning the government legal service in order to improve the scope of the process of approximation of Kosovo legislation with EU acquis (referring to the regulation on government legal service and administrative instruction on drafting legal acts);
- Proposal of the Draft Law on Cooperation in the Process of European Integration between the Government and Assembly of the Republic of Kosovo (referring to practices of several EU member states) in view of coordination, monitoring and reporting on the area of approximation of the legislation of Kosovo with EU acquis;
- Increase of the number of professional training sessions aimed at approximation of Kosovo legislation with EU acquis in the primary areas of approximation;
- Full functionalization of electronic platform for harmonization of legislation;
- Increasing monitoring and reporting on implementation of legislation approximation by properly reflecting the degree, level and quality of approximation of the legislation of the Republic of Kosovo with EU acquis, and
- Functionalization of the maintenance of database for approximation of the legislation of the Republic of Kosovo.

Medium-term priority objectives in the area of translation:

- Increase of the number of translations of EU acquis acts into official languages of Kosovo;
- Certification of EU acquis acts translated into official languages of Kosovo;
- Increase of cooperation between stakeholders (line ministries) in Kosovo in relation to the translation of EU acquis acts; and
- Increase of cooperation and coordination between stakeholders in the region (coordination units in line ministries) in relation to the translation of EU acquis acts.
- Functionalization of the maintenance of database for translation of EU acquis into official languages of the Republic of Kosovo.

3.1. Acquis Chapter 1: Free Movement of Goods

This chapter covers the requirements of EU legislation in order to ensure completely free movement of products in the internal market and observance and implementation of the general principle by all member states. To ensure observance and implementation of this basic principle for the functioning of the internal market, so that products will meet the standards and requirements in order for them to be traded in the internal market of the EU, application of this chapter by the acceding countries requires them to harmonize their entire legal and regulatory framework in accordance with the EU, with the —old approach (which sets specific requirements for products) and the —new approach (which defines the essential specifications for products). Harmonization of national legislation is achieved through full transposition of the EU acquis within the scope of this chapter until the full membership. In addition to this, acceding countries are also required to develop and implement national policies to ensure implementation of legislation harmonized with the EU, and to establish and fully functionalize the entire institutional system and the institutional capacity needed to implement this legislation and policies, as well as to implement horizontal and procedural measures in specific areas of standardization, conformity assessment, accreditation, metrology and market surveillance.

Free movement of goods is a key element in creation and development of the internal market. Articles 34, 35 and 36 of the Treaty on the Functioning of the European Union (TFEU) prevent Member States from adopting and imposing unjustified restrictions on the free trade of goods within the internal market, in addition to trade within the EU. The provisions of the TFEU do not exclude prohibitions justified and
applied proportionally, on grounds of public morality, public policy or public security, protection of health and life of humans, animals or plants, or the protection of industrial and commercial property, as well as other mandatory requirements recognized by the Court of Justice (for instance environmental protection). Measures having an effect equivalent to a quantitative restriction, with some exceptions, are also prohibited. This especially means elimination of technical barriers to trade and respect for the principle of mutual recognition, including procedures for exchange of information.

Legislation of the new global approach covers low voltage devices (LVD), electromagnetic compatibility (EMC), toys, machinery, elevators, noise emissions from equipment for use outside facilities, emissions of pollutants from the engines of non-road mobile machineries, personal protective equipment (PPE), equipment and protective systems intended for use in explosive atmospheres (ATEX), medical equipment, gas equipment, vessels under pressure, cableway installations, construction products, handicrafts recreational requirements of eco-design for energy-related products (ErP), and radio equipment and telecommunications terminal (R & TTE). The old approach legislation covers the areas of motor vehicles and chemicals18.

SAA Requirements

The Stabilisation and Association Agreement between the European Union and Kosovo (SAA), “considering the commitment of the Parties to free trade, consistent with the relevant principles of the World Trade Organisation which are to be applied in a transparent and non-discriminatory manner” under Title IV —Free movement of goods contains some key provisions relevant to Chapter 1 of the EU acquis.

Article 20 states that the EU and Kosovo will gradually create a free trade area over a maximum period of 10 years starting from the entry of the SAA into force. Article 22 (“EU concessions for industrial products”) states that quantitative restrictions on imports into the EU and measures with equivalent effect, for products originating in Kosovo shall be abolished on the date of entry of the SAA into force. Kosovo has taken over the same concession towards industrial products originating in the EU (Article 23). In Article 24 (“Obligations and restrictions on exports”) both parties declare that the entry of the SAA into force will abolish all quantitative restrictions on exports and equivalent measures.

Article 35 of the SAA defines the issue of geographical indicators, but this issue is elaborated in chapter 7 of intellectual property. Article 42 gives the parties a right to take protective measures in the event of a finding of dumping actions, these actions must be in accordance with WTO rules, the part which implements article 6 the GATT 1994.

As regards the protection of the market, SAA requires application of Article XIX of GATT 1994 and the WTO rules for market protection. Article 43 requires that measures for market protection must be taken only for the purpose of addressing the problem, and the same article states that these measures must not be taken in a period longer than two years.

Requirements under other EU accession mechanisms

The EC 2018 Kosovo Report considers that the proper enforcement of recently adopted laws, namely Law on Standardization, Metrology, Accreditation and Law on Technical Requirements for Products and Conformity Assessment, including the approval of all relevant bylaws, must be ensured.

Also, it has been pointed out that Kosovo should improve the inter-institutional coordination to enable proper enforcement of legislation and strengthen the capacity of Kosovo Standardisation Agency, Kosovo Metrology Agency, and General Accreditation Directorate.

18 Pharmaceuticals and cosmetics are covered in Chapter 28.
Kosovo's legislation needs to be aligned with Articles 34-36 of the Treaty on the Functioning of the European Union (TFEU), as well as draft the action plan to ensure this alignment.

Specifically, as to standardization, it has been pointed out that the Agency should address the obstacles limiting the online sale of standards.

With regards to the area of accreditation, it has been stated that quality assessment, standards and accreditation bodies have limited staff and financial resources, which prevents them from fully implementing the *acquis*.

As to the area of metrology, the report states that the lack of qualified staff and fully functional laboratories in the Kosovo Metrology Agency undermines the implementation of EU legislation in several sectors.

As to the market surveillance, the report states that the market surveillance body faces difficulties enforcing the law due to the lack of staff and financing.

It has been highlighted that Kosovo had no progress in alignment with the *acquis* on Old Approach' product legislation or on procedural measures.

It has been pointed out, among others, that Kosovo should increase its level of alignment and further strengthen its administrative capacities to ensure effective implementation of the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Regulation.

Also, it has been assessed that Kosovo is partially aligned with the *acquis* on crystal glass products.

Conclusions from the meeting of the Subcommittee on “Trade, Industry, Customs and Taxes” state the need to complement the primary legislation with bylaws in areas of Quality Infrastructure.

**State of Play**

**Legislative and Policy Framework**

**Horizontal issues**

Legislative framework in the area of standardization consists of the following relevant main normative acts:

- Law No. 06/L-019 on Standardization;
- AI No. 08/2018 on the Professional Standardization Council;
- AI No. 10/2018 on Logo of Kosovo Standardization Agency.

These normative acts have partially transposed the Regulation (EU) 1025/2012, laying out the requirements for standardization.

Legislative framework in the area of accreditation consists of the following relevant main normative acts:

- Law No. 05/L-117 on Accreditation;
- Regulation No. 02/2018 on Professional Council. Professional Council is the advisory body of the Kosovo General Directorate of Accreditation (DAK);
- AI No. 02/2018 on Designing the Form, Content and Usage of the DAK Logo and Accreditation Symbol;
- AI No. 03/2018 setting up Accreditation Tariffs.
These normative acts have transposed the Regulation (EC) No. 765/2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products – partially.

The legislative framework in the area of conformity assessment consists of the Law No. 06/L-041 on Technical Requirements for Products and Conformity Assessment, which has transposed the Decision No. 768/2008/EC of the European Parliament for a common framework for marketing of products – partially.

The legislative framework in the area of metrology consists of the following main normative acts:
- Law No. 06/L-037 on Metrology;
- Regulation No. 04/2018 on Non-Automatic Weighing Instruments;
- Regulation No. 03/2018 on Pre-packages;
- AI No. 04/2018 on Bottles as Measuring Containers;
- AI No. 05/2018 on the Amount and Procedure of Payment for Metrological Services;

These normative acts have transposed the following *acquis* acts:
- Document D1:2012 of OIML – partially;
- Directive 2014/31/EU, adopted on 11 June 2018 – partially;

The legislative framework in the area of market surveillance consists of the following relevant normative acts:
- Law No. 06/L-041 on Technical Requirements for Products and Conformity Assessment;
- Law No. 04/L-078 on General Product Safety;
- Law No. 03/L-181 on Market Inspectorate and Inspective Supervision.

*New and global approach*

The legislative framework in the area of Low Voltage Devices (LVD) consists of the Law No. 06/L-041 on Technical Requirements for Products and Conformity Assessment, which represent the basis for the technical Regulation No. 06/2018 on Electrical Equipment Designed for Use within Certain Voltage Limits, which has partially transposed the Directive 2014/35/EU.

The legislative framework in the area of Electromagnetic Compatibility (EMC) consists of the Law No. 04/L-039 on Technical Requirements for Products and Conformity Assessment represents the basis for Regulation No. 01/2017 on Electromagnetic Compatibility, which has partially transposed the Directive 2014/30/EU and its amendments. This Regulation will continue the implementation until its alignment with the new Law No. 06/L-041 on Technical Requirements for Products and Conformity Assessment.

The legislative framework in the area of toys safety consists of the Law No. 04/L-039 on Technical Requirements for Products and Conformity Assessment, which represents the basis for Regulation No. 02/2017 on Toys Safety, which partially transposes Directive 2009/48/EC and its amendments. This Regulation will continue implementation until it is aligned with the new Law No. 06/L-041 on Technical Requirements for Products and Conformity Assessment.
The legislative framework in the area of **machineries** consists of the Law No. 04/L-039 on Technical Requirements for Products and Conformity Assessment, which represents the basis for the Regulation No. 04/2013 on Safety of Machinery, which partially transposes Directive 2006/42/EC. This Regulation will continue to be implemented until aligned with the new Law No. 06/L-041 on Technical Requirements for Products and Conformity Assessment.

The legislative framework in the area of **noise emissions from equipment used outside buildings** consists of the AI No. 08/2009 on Allowed Values of Noise Emissions from Pollution Sources, which partially transposes the Directive 2000/14/EC.

The legislative framework in the area of **lifts** consists of the Law No. 04/L-039 on Technical Requirements for Products and Conformity Assessment, which represents the basis for Regulation No. 03/2017 on Safety of Lifts, which transposes the Directive 2014/33/EU. This Regulation will continue to be implemented until aligned with the Law No. 06/L-041 on Technical Requirements for Products and Conformity Assessment.

The legislative framework in the area of **Personal Protective Equipment (PPE)** consists of the Law No. 04/L-039 on Technical Requirements for Products and Conformity Assessment, which represents the basis for the Regulation No. 08/2012 on Personal Protective Equipment, which partially transposes the Directive 89/686/EEC. This Regulation will continue to be implemented until aligned with the Law No. 06/L-041 on Technical Requirements for Products and Conformity Assessment. The Regulation 2016/425/EU on Personal Protective Equipment will be transposed in the technical regulations during 2019.

The legislative framework in the area of **equipment and protective systems intended for use in potentially explosive atmospheres (ATEX)** consists of the Law No. 04/L-039 on Technical Requirements for Products and Conformity Assessment, which represents the basis for Regulation No. 04/2012 on Equipment and Protective Systems Intended for Use in Potentially Explosive Atmospheres, which partially transposes the Directive 94/9/EC. This Regulation will continue to be implemented until aligned with the Law No. 06/L-041 on Technical Requirements for Products and Conformity Assessment.

The legislative framework in the area of **gas appliances and hot water boilers** consists of the Law No. 04/L-039 on Technical Requirements for Products and Conformity Assessment, through the Regulation No. 06/2016 for Appliances burning Gaseous Fuels, which partially transposes the Directive 90/396/EEC. This Regulation will continue to be implemented until aligned with the Law No. 06/L-041 on Technical Requirements for Products and Conformity Assessment.

The legislative framework in the area of **pressure equipment** consists of the Law No. 06/L-031 on Pressure Equipment, which partially transposes the following **acquis** acts:

- Directive 2014/68/EU;
- Directive 2014/29/EU;
- Directive 2010/35/EU;
- Directive 2008/47/EC.

The legislative framework in the area of **simple pressure vessels (SPVD)** consists of the Law No. 06/L-031 on Pressure Equipment. A law on Simple Pressure Equipment, which derives from the old Law No. 02/L-103, partially transposes the Directive 2009/105/EC, and will remain in force until the issuance of the Regulation on Simple Pressure Equipment, which will partially transpose the Regulation 2014/29/EU.

The legislative framework in the area of **aerosol dispensers** consists of the Law No. 04/L-039 on Technical Requirements for Products and Conformity Assessment, which represents the basis for approval of the Regulation No. 13/2014 on Aerosol Dispensers, which partially transposes Directive 75/324/EEC.
The legislative framework in the area of **cable cars** consists of the Law No. 04/L-039 on Technical Requirements for Products and Conformity Assessment, which is the basis for approval of the Regulation No. 05/2012 on Cable Cars for Transport of Persons, which partially transposes Directive 2000/9/EC.

The legislative framework in the area of **construction products** consists of the Law No. 06/L-033 on Construction Products, which partially transposes the EU Regulation 305/2011 on Construction Products.

The legislative framework in the area of **recreational boats** consists of the Law No. 06/L-041 on Technical Requirements for Products and Conformity Assessment. However, Kosovo has not adopted yet the secondary legislation which should transpose the Directive 94/25/EC.

In the area of **eco-design requirements for energy-related products (ErP) and energy labelling of products**, the Horizontal Directive 2009/125/EC on eco-design and relevant vertical legal acts have not been transposed yet in the domestic legislation.


The legislative framework in the area of **explosives for civil uses and pyrotechnics items** consists of the Law No. 2011/04-L-022 on Civil Use of Explosives, which partially transposes the Directive 93/15/EC on Explosives and Directive 2013/29/EC on Pyrotechnics.

The legislative framework in the area of **medicinal products and medical devices** consists of the following relevant main normative acts:

- Law No. 04-L-190 on Medicinal Products and Medical Devices;
- AI No. 01/2015 on Marketing Authorization for Medicinal Products;
- AI No. 07/2015 on laying down the requirements of good manufacturing practice, issuing manufacturing authorization and certificate of good manufacturing practice for medicinal products;
- AI No. 09/2017 for Pharmacovigilance of Medicinal Products for Human Use in the Republic of Kosovo.

The following normative acts have transposed these **acquis** acts:

- Directive 2001/83,
- Directive 2002/98,
- Directive 2003/63,
- Directive 2004/24,
- Directive 2004/27,
- Directive 2008/29,
- Directive 2009/53,
- Directive 2009/120,
- Regulation 726/2004
- Regulation 1394/2007 – partially
- Directive 2001/83,
- Directive 2011/62,
- Directive 2001/20,
- Directive 2003/94 - partially
**Old approach**

As regards the old approach, in addition to the relevant products manufacturers, the state is also responsible for product safety and therefore it must create and strengthen relevant state authorities for implementing conformity assessment (i.e. registration, evaluation and approval).

The legislative framework in the area of *motor vehicles* consists of the Law No. 05/L-132 on Vehicles, from which derives the AI No. 2/2018 on Determining the Conditions and Procedures for Vehicle Homologation.

With regards to the *emissions of pollutants from engines of non-road mobile machinery*, in Kosovo there are no manufactures of products (vehicles) covered in the Directive 97/68 on non-road mobile machinery. Liabilities for economic operators will be applied by importers and distributors.

The legislative framework in the area of *Chemicals – Registration, Evaluation, Authorization and Restriction of Chemicals (REACH)* consists of the Law No. 04/L-197 on Chemicals, which partially transposes the Regulation (EC) 1907/2006.

The legislative framework in the area of *Chemicals (Classification, Labelling and Packaging (CLP) motor vehicles* consists of the Law No. 04/L-197 on Chemicals and AI No. 17/2014 on Classification, Labelling and Packing of Hazardous Chemicals, which partially transpose the Regulation (EC) 1272/2008 on Classification, Labelling and Packaging of Substances and Mixtures.

In the framework of *Good Laboratory Practices (GLPs)*, Directive 2004/9/EC establishes an obligation for Member States to designate the authorities responsible for GLP inspections on their territory. It also includes reporting requirements and internal market (mutual acceptance of data). The Directive requires that the Revised OECD Guidelines for Compliance Monitoring Procedures for GLP and OECD Guidance for Exercising Plant Inspection Test and Study Audits must be followed during laboratory inspections and study audits.

Directive 2004/10/EC require Member States to take all measures necessary to ensure that laboratories performing safety studies in chemical products will comply with the OECD Principles of Good Laboratory Practice.

The legislative framework in the area of *detergents*, specifically for defining the requirements and conformity assessment procedures, consists of the Law No. 04/L-197 on Chemicals and Regulation No. 02/2015 on Detergents partially transposing the Regulation (EC) 648/2004.

The legislative framework in the area of *fertilizers* consists of the following relevant main normative acts:

- Law No. 2003/10 on Artificial Fertilizers;
- AI No. 10/2006 for the Artificial Fertilizers Quality;
- AI No. 17/2007 on Establishment and Functioning of Regulatory Service and Artificial Fertilizers Advisory Board;
- AI No. 04/2009 on setting of taxes for license of subjects that are dealing with import and trading of the artificial fertilizers.

These normative acts have partially transposed the Regulation (EC) 2003/2003.

The legislative framework in the area of *precursors and drugs* consists of the Law No. 02/L-128 on Narcotic Drugs, Psychotropic Substances and Precursors, which partially transposes the Regulation (EC) 273/2004.

**Procedural measures**
In terms of *transparency regarding the pricing and reimbursement of medicinal products*, Kosovo has not yet aligned its legislation with the EU *acquis* in this area.

The legal framework concerning the area of *Crystal glass* consists of the Regulation No. 04/2012 on Crystal Glass Products, which partially transposes Directive 69/493/EC.

The legal framework in the area of *Textile* consists of the following main relevant normative acts:

- Regulation No. 01/2018 on Labelling and Marking of Textile Products
- Regulation No. 11/2012 on the Content of Raw Materials and Textile Labelling
- Regulation No. 1/2012 Quantitative Analysis Methods for Dilution of the Triple Textile Fibres
- Regulation No. 12/2012 on Quantitative Analysis Methods for Dilution of Dual Textile Fibres

The above normative acts have transposed the following *acquis* acts:

- Directive 73/44/EEC;
- Directive 96/73/EC;
- Directive 2008/121/EC;

The legal framework in the *Shoes* sector consists of Law No. 04/L-039 on Technical Requirements for Products and Conformity Assessment, which is the basis for Regulation No. 03/2016 on Labelling of Footwear, which partially transposes Directive 94/11/EC. This regulation will remain applicable until its full alignment with Law No. 06/L-041 on Technical Requirements for Products and Conformity Assessment.

In Kosovo, there are some manufacturers of shoes and/or other components at the micro level that are covered by the Directive 94/11/EC. Obligations for economic operators apply mostly for importers and distributors.

**Institutional Framework**

_Horizontal issues_

The institutional framework regarding the quality infrastructure consists of the following institutions:

- Ministry of Trade and Industry, namely the Division for Quality Infrastructure within the Department of Industry
- Kosovo Accreditation Directorate (DAK) within the MTI;
- Market Inspectorate within the MTI;
- Kosovo Standardization Agency KSA);
- Kosovo Metrology Agency (KMA)

_New and global approach_

The institutional framework in this category consists of the following institutions:

- Ministry of Trade and Industry - (responsible for transposition and implementation of legislation in the following areas: electromagnetic compatibility, safety of toys, machinery, emissions and noise from equipment used outside facilities, elevators, personal protective equipment (PPE), equipment and protective systems intended for use in potentially explosive atmospheres (ATEX), gas equipment and hot water boilers, aerosol dispensers, cable cars., and the aspects of legal approximation and market surveillance for construction products);  
- Ministry of Environment and Spatial Planning (MESP), namely the Inspectorate of Construction, which monitors the use of construction products;
• Ministry of Economic Development (MED) - (responsible for pressure equipment and simple pressure vessels (SPVD), and market surveillance is carried out by inspectors for pressure equipment (part of the Energy Inspectorate). MED is also responsible for the eco-design requirements for energy-related products and energy labelling of products and market surveillance is implemented through the Energy Inspectorate);
• Ministry of Infrastructure - (responsible for recreational boats);
• Ministry of Internal Affairs (responsible for explosives for civil use and pyrotechnical products);
• Ministry of Health - (responsible for medicinal products and medical devices);
• Kosovo Medicines Agency (KMA) - (responsible for medicinal products and medical devices);
• Regulatory Authority for Electronic and Postal Communications (RAEPC) - (responsible for legal approximation as well as for market surveillance in the area of Radio Equipment and Telecommunications Terminal Equipment (R & TTE)).

**Old approach**

- The institutional framework in this category consists of the following institutions:
  - The Ministry of Infrastructure, Department of Vehicles - (Motor Vehicles). The “approving authority” powers are conducted by the Ministry of Infrastructure, while the “technical service” powers are performed by private bodies authorized by the Ministry of Infrastructure. The Department of Vehicles within the MTI is the competent authority for market surveillance of motor vehicles (cars, buses, trucks, tractors) in the territory of Kosovo;
  - Ministry of Trade and Industry - (responsible for transposition of EU legislation into national legislation as regards emissions of pollutants from engines of non-road mobile machineries,
  - Ministry of Environment and Spatial Planning (competent authority for chemicals and detergents, responsible for the transposition of Regulation (EC) 1907/2006. Market surveillance is carried out by the Inspectorate for Environmental Protection and the Phytosanitary Inspectorate;
  - Ministry of Agriculture, Forestry and Rural Development - (competent authority for issuing legislation on fertilizers, while market surveillance is carried out by the Phytosanitary Inspectorate);
  - Ministry of Health - (competent authority for legislation on drug precursors, while implementation is the responsibility of the Kosovo Medicines Agency (KMA). Market surveillance is carried out by the KMA and the Health Inspectorate.

**Procedural measures**

The institutional framework in this category consists of the following institutions:

- Kosovo Medicines Agency (KMA) (responsible for transparency regarding pricing and reimbursement of medicinal products);
- Ministry of Trade and Industry - (responsible for the transposition and implementation of legislation on crystallized glass, textiles and footwear).

**Donor Support**

Kosovo institutions are supported by the European Commission (through IPA) and other bilateral donors with the projects summarized below.

**Current and planned projects supported by IPA**

Description: Free Movement of Goods 2 – The project aims further alignment of legislation, awareness raising of business, capacity building of officials and integration in relevant European organizations.

Beneficiary: Ministry of Trade and Industry, Ministry of Environment and Spatial Planning, Ministry of Economic Development
Implementation period: 2018 - 2020

This chapter is also indirectly supported by GIZ and the regional project of SIDA on quality infrastructure, where MTI is part of the Steering Committee.

**Medium-term Priority Objectives**

In order to fulfill the obligations deriving from the SAA and the other EU accession documents and mechanisms in the areas within the scope of Chapter 1, the focus for the period 2019-2023 will be on the following medium-term priority objectives:

**Horizontal measures:**

- Adoption of secondary legislation for implementing the general inspection law, with emphasis on market surveillance;
- Full membership of KAD in EA, signing of MLA with EA;
- Full membership of the Metrology Agency in BIPM, OIML and Euramet;
- Operationalization of the time and frequency laboratory and empowerment of existing metrology laboratories;
- Implementation of at least 20 awareness-raising activities for business on the role of the quality infrastructure;
- Conducting a survey on how well informed the business are about the quality infrastructure, including the SAA.

**New and global approach**

- Transposition of EU acquis into national legislation on access to new products and market surveillance - with a focus on the Regulation on Consumer Product Safety and Regulation for Surveillance of Market Products;
- Adoption of secondary legislation for implementing the law on construction products.
- Capacity building.

**3.2. Acquis Chapter 2: Freedom of Movement for Workers**

The acquis in this chapter requires that citizens of an EU member state have the right to work in another member state. EU migrant workers must be treated in the same way as national workers in relation to working conditions, social conditions and tax advantages. The acquis also includes a mechanism to coordinate national social security provisions for insured persons and their family members who move to another member state.

**SAA Requirements**

Article 55 of the Stabilisation and Association Agreement (SAA) provides that a company of the EU established in Kosovo or a Kosovo company established in the EU, in accordance with the legislation in force in the country of establishment, has the right to hire at its branch workers who are nationals of EU or Kosovo, respectively, if such personnel is key personnel - specified in paragraph 2 of this Article.

With regard to employment and movement of workers linked to the fulfilment of public contracts, Article 79, paragraph 9, the EU acquis related to third country nationals shall apply as regards Kosovo citizens in the EU. With regard to EU nationals in Kosovo, Kosovo shall grant reciprocal rights to workers who are nationals of a Member State similar to those of Kosovo citizens in the EU, with regard to employment and movement of workers linked to the fulfilment of public contracts.

**State of Play**

**Legal Framework**
The legal framework in this area consists of the following main relevant normative acts:

- Law No. 04/L219 on Foreigners
- Law No. 03/L-212 on Labour
- Law No. 04/L-131 on Pension Schemes Financed by the State
- Law No. 04/L-220 on Foreign Investment

The above normative acts have transposed the following *acquis* acts:

- Directive 96/71/EC concerning the posting of workers in the framework of the provision of services and amending Regulation (EU) No. 1024/2012 on administrative cooperation through the Internal Market Information System (‘the IMI Regulation’).
- Directive 96/71 in 2014, which regulates in more detail the issue of the inspection of foreign workers and the process of international cooperation by the competent social security authorities of the countries from which the foreign workers are posted, namely foreign employers located in Kosovo for a certain time.

*Institutional and framework:*

- Ministry of Labour and Social Welfare
- Ministry of Foreign Affairs
- Ministry of Internal Affairs
- Assembly of Kosovo.

*Medium-term Priority Objectives*

The Government of Kosovo has focused its efforts on negotiating and reaching agreements on social security for its citizens living and working abroad as well as for workers of the EU Member States employed in Kosovo, pursuant to the recommendations of the European Commission. This includes signing social security agreements with several countries. The MLSW will review in the midterm the legal framework on regulation and management of the area of pensions and benefits. To this end, the MLSW will draft a new law regulating pensions and benefits adapting to circumstances in Kosovo, budget possibilities and international standards for pensions. It will also consider the transposition of Directive 79/7/EEC related to equal treatment in matters of social security based on local possibilities and capacity.

3.3. Acquis Chapter 3: Right of Establishment of Companies and Freedom to Provide Services

The EU legislation on the freedom of establishment and freedom to provide services requires member states to ensure that the right of establishment of EU nationals and legal entities in each Member State and the freedom to provide cross-border services defined in Articles 49 and 56 TFEU, will not be hampered by national legislation, apart from the exceptions set out in the EU Treaty. The basic legislation in this area consists of Directive 2006/123/EC on services in the internal market ("Services Directive"). The case law of the European Court of Justice is also part of the acquis and should be respected.

In connection with the freedom of establishment and freedom to provide services, the Services Directive aims to facilitate the establishment and provision of services in other Member States and to provide cross-border services between Member States. Since the directive is a horizontal instrument covering a wide range of services, its implementation requires a combination of legislative, organizational and practical measures. The provisions of the directive at a considerable extent are based on case law of the European Court of Justice in the areas of freedom of establishment and provision of services and complement existing EU instruments. The Directive obliges Member States to create a 'single point of contact' and participate in an electronic information system\(^{19}\) for information exchange and cooperation in the supervision of services between Member States.

As regards mutual recognition of professional qualifications, Directive 2005/36/EC amended by Directive 2013/55/EC establishes the rules on the recognition of diplomas and other qualifications between Member States. This facilitates the work of EU citizens in other countries for regulated professions. The Directive also regulates the temporary provision of services by professionals (Title II of the Directive) and a common training curriculum minimum for certain regulated professions (Chapter III of Title III of the Directive). There is also legislation regulating the exercise of activity for judges, commercial agents and recognition of professional qualifications relating to the use, trade and distribution of toxic products. In terms of administrative capacity, there is a requirement for a national point of contact for receipt of requests for recognition of professional qualifications and administrative cooperation with the authorities of member countries.

In the area of postal services, basic legislation consists of First Postal Directive 97/67/EC (Framework Directive) amended by the Second Postal and Third Postal Directive 2008/6/EC aiming to create the internal market for postal services by gradually opening the market to competition, and providing a universal postal service of high quality for users. As regards administrative capacity, there is a requirement for creating an independent national regulatory authority to ensure proper implementation of EU legislation.

SAA Requirements

The main provisions of the SAA regulating this area are contained in Articles 51, 56, 57, 58, 59 and 74. According to Article 51, Kosovo is obliged, after the entry into force of the SAA, to ensure equal treatment of EU companies with domestic ones in terms of working conditions, payment and treatment of workers and legal entities who are legally established in the territory of Kosovo. Article 57 of the SAA stipulates that after 6 years from the entry into force of this Agreement, the Stabilisation and Association Council (SAC) will need to establish the modalities for extending provisions of the chapter on providing of services to EU citizens and citizens of Kosovo. Article 58 of the SAA states that, five years after the entry into force of this Agreement, SAC shall take the necessary measures to gradually allow provision of services by companies of the EU from Kosovo companies or EU nationals and citizens of Kosovo which are located in the territory of one Party, to persons other than those for whom the services are intended.

\(^{19}\)Internal Market Information System.
According to Article 74 of the SAA, with the signing of this agreement, Kosovo is obliged to harmonize its legislation with the existing and future EU acquis, and to ensure its entry into force and appropriate implementation. Initially, approximation will focus on fundamental elements of the EU acquis in the area of the Internal Market as well as in areas related to trade.

As regards regulated professions, under Article 56 of the SAA, the Stabilisation and Association Council (SAC) is obliged, within two years from the entry into force of the Agreement, to examine what steps are necessary for the mutual recognition of qualifications, in order to facilitate this process for EU nationals and citizens of Kosovo and to begin and pursue regulated professional activities respectively in Kosovo and the EU.

**Requirement of other EU accession mechanisms**

With regards to freedom to provide services, the 2018 EC’s Kosovo Report stresses that Kosovo must in the following year eliminate the identified barriers to the free movement of services. Further, the findings of the Subcommittee on Internal Market, Competition and Consumer and Health Protection emphasize that Kosovo should continue the approximation of its legislation with the Service Directive.

In relation to postal services, the EC Kosovo Report and the findings of the Subcommittee on Internal Market, Competition and Consumer and Health Protection highlight that Kosovo should adopt a new law on postal services, as well as draft secondary legislation for the technical implementation of the Law. Universal postal service is still not provided in 30% of the territory. The weight limits for the reserved services market should be reduced further to ensure full liberalization of the postal market.

In the area of mutual recognition of professional qualifications, the 2018 EC’s Kosovo Report and the findings of the Subcommittee on Internal Market, Competition and Consumer and Health Protection highlight that Kosovo should establish the necessary structures and rules on the recognition of professional qualifications obtained in other countries to enable the cross-border movement of professionals and services.

**State of Play**

**Legal and Policy Framework**

**Legal and policy framework on the right of establishment and freedom for provision of services**

The legal framework in this area consists of the following main relevant normative acts:

- Law No. 05/L-130 on Services;
- AI on the Manner of Functioning of Single Point of Contact;


Other laws regulating specific aspects of this area include the following:

- Law No. 06/L-016 on Business Organizations (The right of establishment of business organizations in Kosovo);
- Law No. 04/L-202 on Permit and Licence System. This law regulates permits and licenses for the provision of cross-border services currently applicable to all sectors requiring professional licensing. Regulation No. 06/2015 on Central Registry of Types of Permits and Licenses has been issued for the purpose of implementing this Law. This Regulation determines the procedures for the establishment, management and operation of a central registry of permits and licenses at the central level in the Republic of Kosovo.
- Law No. 04/L-219 on Foreigners, as amended by Law No. 06/L-036 on Foreigners. This law regulates the conditions of entry, movement, residence and employment of foreigners in the territory of the Republic of Kosovo. AI No. 01/2014 on the Procedure of Issuance of Residence Permit for Foreigners and the Certificate for Notification of Work has been adopted to implement this Law. This Regulation regulates the procedural aspects pursued by the administrative body (the Department for Citizenship, Asylum and Migration together with the Department of Labour and Employment within MLSW) when they issue a staying permit (especially for work purposes in Kosovo).
- Law on the Bar - (Provision of legal services);
- Law on Notary – (Provision of legal services);
- Law on Enforcement Procedure (Provision of legal services);
- Law No. 04/L-176 on Tourism, which regulates the tourism and hotelier activity.

**Legal and policy framework on postal services**

The legal framework in this area consists of the following main relevant normative acts:
- Law No. 03/L-173 on Postal Services;
- AI No. 2012/05 on Licencing of Private Operators.

The above normative acts have transposed the following *acquis* acts:
- Directive 2008/06/EC related to restrictions on the reserved area – partially.

**Legal and policy framework in the area of mutual recognition of professional qualifications**

The legal framework in this area consists of the following main relevant normative act: Law No. 05/L-066 on Regulated Professions.

The above normative act has transposed the following *acquis* acts:

With respect to mutual recognition of professional qualifications, only four professions (accountants, architects, engineers and lawyers) are currently legally regulated in Kosovo. Foreign professional qualifications are recognized as long as they are certified by an accredited authority in the country of origin.

**Institutional Framework**

**Institutional framework in the area of the right of establishment and the freedom to provide services**

The institutional framework in this area consists of the following institutions:
- Ministry of Trade and Industry (Department of Trade);
- Central Bank of Kosovo (Financial services);
- Ministry of Economic Development (Information Technology and Telecommunications services);
- Ministry of Justice (Legal services);
- Ministry of Health (Healthcare services);
- Regulatory Authority of Electronic and Postal Communications (RAEPC) (Telecommunications services);
- Kosovo Investment and Enterprise Support Agency (KIESA);
- Chamber of Private Enforcements Agents;
- Notary Chamber of the Republic of Kosovo;
• Chambers of Healthcare Professionals.

Institutional framework in the area of postal services
The institutional framework in this area consists of the following institutions:
• Ministry of Economic Development – Division of Postal Services;
• Regulatory Authority of Electronic and Postal Communications (RAEPC).

Institutional framework in the area of mutual recognition of professional qualifications
The institutional framework in this area consists of the following institutions:
• Ministry of Education, Science and Technology – Division for Examination of Regulated Professions;
• National Qualifications Authority.

Donor Support
Kosovo institutions are supported by the European Commission (through IPA) and other bilateral donors with the projects summarized below.

Current and planned projects supported by IPA

Description: Support and Development of Trade in Kosovo
Beneficiary: Ministry of Trade and Industry
Implementation period: 2018 - 2020

In the framework of financial agreement of the IPA 2016 "Competitiveness and Innovation" financial agreement, the project "Support to the implementation of the EU Services Directive" is foreseen, which is expected to start implementation in during 2018. This project has a twinning character.

Medium-term Priority Objectives

In order to meet the obligations deriving from the SAA and other EU accession documents and mechanisms in the areas within the scope of Chapter 3, the focus for the period 2019-2023 will be on the following medium-term priority objectives:

Right of establishment and freedom to provide services
• Undertaking steps for the implementation of the Administrative Instruction No. 04/2018 on the Manner of Functioning of Single Point of Contact, this will enter into force in 2022.

Postal services
• Adoption of secondary legislation for implementing the Law on Postal Services;
• Development of the National Strategy on Postal Sector Development in the Republic of Kosovo for 2021 – 2025;
• Gradual liberalization of the reserved area for postal deliveries.

Mutual recognition of professional qualifications
• Evaluation 7 (General Practitioners, Nurses, Midwives, Dentists, Pharmacists, Architects and Veterinary Surgeons) regulated professions in Kosovo in relation to EU Directive 2005/36/EU;
• Development and publication of the list of regulated professions;
• Completion of secondary legislation for implementing the Law on Regulated Professions.
• Capacity building.
3.4. Acquis Chapter 4: Free Movement of Capital

Member States must remove all restrictions on the movement of capital and payments, with some exceptions, both within the EU and between Member States and third countries. The *acquis* of this chapter is based on the Treaty for the Functioning of the European Union, in particular Articles 63-66. The definition of different types of capital is provided in Annex I to Directive 88/361/EEC. Case law of the European Court of Justice and Commission Communications provide additional interpretations of the above articles.

EU legislation also includes rules for cross-border payments and execution of transfer orders concerning securities. The Directive on combating money laundering and financing of terrorism requires that the entities that are subject to this directive must identify customers and report suspicious transactions, especially when it comes to high value objects and cash transactions of high value. This Directive also requires entities to take additional steps such as record keeping, training and establishment of internal procedures in this area. A key requirement in the fight against financial crime is the creation of effective administrative and enforcement capacities, including cooperation between the authorities dealing with supervision, enforcement and prosecution. The new directive is aligned but goes beyond the recommendations on money laundering and terrorist financing of the Financial Action Task Force (FATF).

Acquis in this area also consists of Conventions No. 141 and No. 198\(^{20}\) of the Council of Europe and EU legislation on cooperation in the area of justice and police (including the Joint Action 98/699/JHA, Council Framework Decision 2001/500/JHA and the 2000 Protocol extending the powers of Europol in the area of money laundering). Similarly, the Council Decision 2000/642/JHA of 2000 establishes a framework of cooperation between the Financial Intelligence Units of EU countries.

**SAA Requirements**

Kosovo’s obligations in the SAA with regard to free movement of capital derive from the Articles 51, 63, 64, 65 and 89. Article 51 of the SAA obliges Kosovo to ensure that subsidiaries and branches of the EU companies, within five years of entry into force of the SAA, enjoy the right of *acquisition* and enjoy property rights over immobile property same as Kosovo companies.

Article 64 of the SAA provides for the obligations arising in relation to any payment or transfer in the current account of balance of payments between the EU and Kosovo, in accordance with Article VIII of the Articles of Agreement of the International Monetary Fund. In regard to transactions on capital and financial account of the balance of payments, since the entry into force of the Agreement, the Parties shall ensure the free movement of capital related to commercial transactions or provision of services including financial loans and credits, in which a resident of a Party takes part.

Article 65 of the SAA obliges Kosovo within five years from the entry into force of this Agreement, to provide national treatment to EU citizens who buy real estate on its territory.

Article 89 of the SAA envisages cooperation of the parties in relation to money laundering and terrorist financing.

**Requirement of other EU accession mechanisms**

Regarding the liberalization of foreign property *acquisition* policies, the EC 2018 Kosovo Report highlighted that there are still legal barriers in Kosovo that hinder EU citizens from acquiring immovable

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\(^{20}\) This complements Convention 141 and is also ratified by the EU.
property, and stresses the need for Kosovo to take all necessary steps to ensure equal treatment of EU citizens in the *acquis*ition of immovable property in Kosovo.

The conclusions of the Subcommittee on Internal Market, Competition and Consumer Protection emphasize the need for Kosovo to prepare legislation for equal treatment of EU citizens in the *acquis*ition of real estate in Kosovo under the provisions of the SAA.

Regarding *payment* services, the EC 2018 Kosovo Report highlights that the movement of capital in Kosovo remains free and without restrictions for foreign investors willing to invest in the financial sector.

Regarding the *prevention of money laundering and financing of terrorism*, the 2018 EC’s Kosovo Report highlights that the Law on Prevention of Money Laundering and Terrorist Financing is only partially in line with the *acquis* and the recommendations of Financial Action Task Force. It also stresses the need for inter-institutional cooperation in order to achieve tangible results in terms of investigation and combating of economic and financial crimes.

The conclusions of the Subcommittee on Internal Market, Competition and Consumer Protection highlight the need for Kosovo to take steps towards approximation of the Law on Prevention of Money Laundering and Terrorist Financing with the EU *acquis* requirements.

*State of Play*

*Legal and Policy Framework*

*Legal and policy framework in the area of liberalization of capital movement*

The legal framework in this area consists of the Law No. 03/L-154 on Property and Other Real Rights.

On the transposition of *acquis* acts in it, this law does not specify the possibility of acquiring the right to immovable property from natural or legal persons. On the other hand, the EU *acquis* includes the possibility for natural and legal persons to acquire the right to immovable property in any EU member state.

The policy framework in this area consists of the National Strategy on Property Rights 2017-2021.

*Legal and policy framework in the area of payment system*

The legal framework in this area consists of the following main relevant normative acts:

- Law No. 03/L-209 on Central Bank of the Republic of Kosovo and Law No. 05/L-150 amending Law No. 03/L-209;
- Law No. 04/L-155 on Payment System;
- Regulation on Electronic Instruments;
- Regulation on Reporting of Payment System Instruments.

The above normative acts have transposed the following *acquis* acts:

- Directive 2007/64/EC on payment services in the internal market;
- Regulation (EU) No. 1409/2013 of the European Central Bank on payments statistics (ECB/2013/43);
- Regulation (EU) No. 260/2012 establishing technical and business requirements for credit transfers and direct debits;
- Directive 2007/64/EC on payment services in the internal market, Regulation No. 1409/2013 of the European Central Bank on payments statistics (ECB/2013/43) and Regulation No. 260/2012 establishing technical and business requirements for credit transfers and direct debits in euro.
The policy framework in this area consists of the following documents:

- **CBK Strategic Plan 2015-2019**, which foresees the following:
  - Amendment of the regulation related to the oversight of payment systems in accordance with international standards and best practices;
  - Overall advancement of the oversight function of the payment system in Kosovo;
  - Supporting and further modernization of payment services and promotion of cooperation amongst the stakeholders of the national payment system;
  - Advancement of the role of CBK as a catalyst for progress in the area of payments in the Republic of Kosovo.

**Legal and policy framework in the area of prevention and combating of money laundering**

The legal framework in this area consists of the following main relevant normative acts:

- Law No. 05/L-096 on the Prevention of Money Laundering and Combating Terrorist Financing;
- AI on Politically Exposed Persons;
- CBK Regulation on Prevention of Money Laundering and Combating Terrorism;
- AI No. 01/2018 on Keeping Statistics on Prevention of Money Laundering and Combating Terrorism;

The above normative acts have transposed the Directive 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (partially), and based on the recommendations of the Financial Action Task Force;


**Institutional Framework**

The institutional framework consists of the Ministry of Justice for the area of liberalization of the free movement of capital, the Central Bank of Kosovo for the area of payment system, and the Financial Intelligence Unit within the Ministry of Finance for the area of prevention of money laundering and combating terrorist financing.

**Donor Support**

**Current and planned projects of bilateral donors**

*Support to the drafting of the Civil Code and dealing with property issues*: it aims to finalize the Civil Code and deal with property issues. The project is divided into three phases: 1. *Initial phase (three months)*; 2. *Implementation phase (36 months)*; and 3. *Departure phase (6 months).*

*Support through the Property Rights Programme*: is a USAID-funded project aimed at better coordination and determination of property policy priorities, promotion of women's property rights and access to information on the importance of property rights.

*Support to Kosovo institutions in the European integration process*: aims at building institutional capacities for the Kosovo Public Administration in meeting the obligations deriving from the SAA. Among the priority chapters that will be funded by this project is also Chapter 4 with three components of this chapter to be supported by this project. The project is supported by Norway and is expected to start implementation in 2019.

**Medium-term Priority Objectives**
In order to meet the obligations deriving from the SAA and other EU accession documents and mechanisms in the areas within the scope of Chapter 4, the focus over the period 2019-2023 will be on the following medium-term priority objectives:

**Liberalization of capital movement:**
- Implementation of the National Strategy on Property Rights 2017-2020
- Adoption of secondary legislation in the area of property rights of foreigner citizens

**Payment system:**
- Amending Law No. 04/L-155 on Payment System for purposes of approximation with Directive No. 2015/2366 on payment services in the internal market.
- Approximation of the payment system oversight policy with the Eurosystem oversight policy framework.
- Assessment of payment systems operated by the CBK against financial market infrastructure principles of the Bank for International Settlement – BIS).
- Training and qualification of payment system oversight staff to implement the manual and conduct a system evaluation based on the ECB Regulation and the principles of the BIS Payment and Settlement System Committee.

**Prevention of Money Laundering and Financing of Terrorism:**
- Transposition of Directive 2015/849 and Directive 2018/843 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing by amending the Law No. 05/L-096 on Prevention of Money Laundering and Financing of Terrorism
- Establishment of an effective system for fighting money laundering and terrorist financing aimed at reducing the phenomenon of money laundering and terrorist financing.
- Enhancement of information quality sent by reporting entities to the FIU.
- Kosovo’s membership in Moneyval.
- Increasing FIU’s staff.

3.5. **Acquis Chapter 5: Public Procurement**

The *acquis* Chapter 5 (Public Procurement) is based on the general principles of transparency, equal treatment, free competition and non-discrimination deriving from the Treaty on the Functioning of the EU, Part III, Title IV and Title VII and from the jurisprudence of the European Court of Justice. These general principles are applicable to all procurement procedures including procedures that are outside the scope of EU directives on procurement, such as procurement procedures below the EU minimum.


These directives provide a framework for e-procurement application. Directive 2009/81/EC regulates the award of some contracts in the area of defence and security. Implementation of these directives requires adequate administrative capacity to ensure that all areas related to public procurement operate efficiently including key aspects of policy-making, drafting of legislation, monitoring, control, operational aspects and adequate statistics.

EU legislation also includes Directive 2007/66/EC of the European Parliament and of the Council of 11 December 2007 on Legal Remedies. This directive provides provisions for the establishment of independent and effective procedures to review certain values against decisions taken by contracting authorities. Review institutions should be independent and have adequate capacity to guarantee the
effectiveness and efficiency of operation of the procurement system. In accordance with the principle of legal protection deriving from the EU legal order, review mechanisms are required to also operate outside the scope of the relevant implementing directives.

SAA Requirements

The Stabilization an Association Agreement explicitly envisages a series of obligations for Kosovo, included in Article 79, of Chapter I of Title VI.

According to the SAA, with the entry into force of the Agreement, Kosovo companies regardless if they are established in the EU or not, are allowed access to application for public contracts under the EU procurement rules and have equal treatment with companies from EU countries. The same access is offered to EU companies established in Kosovo under Chapter I, Title V of this Agreement. Meanwhile, for companies established in the EU, their access to public contracts in Kosovo applies with the exceptions set out in paragraph 5 of Article 79.

Opening the award of public contracts is considered a desirable objective on grounds of non-discrimination and reciprocity, complying in particular with the WTO rules. These rules are based on the Agreement on Government Procurement (AGP) signed by the EU and are negotiated during the negotiations for WTO membership. Under Article V of the Agreement, developing countries may negotiate preferential treatment for public procurement within a transitional period.

Paragraph 9 of Article 79 defines that public procurement in the area of services between Kosovo and the EU will be in line with Articles 56-60 of the SAA, which provides provisions for mutual progressive treatment for services, regulated professions, self-employment and transportation. Transitional modalities and periods for these areas will be in line with the respective conventions (for instance, in the area of transport) and will be reviewed by the SAA Council. Paragraph 5 defines the transitional period for the removal of any existing preferences for Kosovo companies or companies of the EU established in Kosovo and for contracts awarded under the criteria of the most economically advantageous and lowest price tender, with a preference price. The transitional period is 5 years and the reduction of the price preferences will start gradually from the entry into force of the agreement.

Requirements of other EU accession mechanisms

In the area of public procurement, the EC Country Report for Kosovo 2018 and the conclusions of the Subcommittee on Internal Market, Competition Policy and Consumer Protection highlight the need for further approximation of public procurement legislation with European legislation in order to implement the Law on Public Procurement and address weak public procurement, monitoring and contract implementation capacity.

The limited capacity to strengthen the oversight and monitoring of the full bidding cycle for corruption investigations remains a challenge.

The Law on Public Procurement provides for the possibility of using competitive bidding procedures, however, the best ratio of the price quality and the full lifecycle costs of the product introduced by the EU Public Procurement Directives in 2014 should be considered. In addition, the rules for the selection of candidates in the restricted procedure and the reasons for exclusion are not in accordance with the acquis. The EU Defence and Security Procurement Directive should be transposed into the domestic legislation. Moreover, the transition between the new and old Public Procurement Law has caused delays in signing and implementation.

Contract oversight and contract management monitoring has not yet been sufficiently implemented.
Centralized Procurement is mandatory for all cases included in the list issued by the Ministry of Finance and applies to agencies that report to the Assembly with fewer than 50 employees. However, the expansion of the list of goods purchased jointly should be supported by a substantial increase in the staff of the Central Procurement Agency. Monitoring of central procurement activities is particularly important due to their high value and complexity.

Regarding the decisions of the Procurement Review Body, they will have to include a more rational justification and the execution of its decisions should be improved.

State of Play

Legal and Policy Framework

The legal framework in the area of public procurement consists of the Law No. 04/L-042 on Public Procurement in the Republic of Kosovo, as amended by the Law No. 04/L-237, Law No. 05/L-068 and Law No. 05/L-092.

With regards to secondary legislation for the implementation of the basic Law on Public Procurement, it consists of a total of 81 bylaws, including a joint document called Rules and Operational Guidelines for Public Procurement:

- Rules and Operational Guidelines for Public Procurement, which entered into force on 1 November 2016, and the standards documents to be used in carrying out public procurement activities, revised on 16 April 2018 and 1 September 2018.

The above normative acts have transposed the following acquis acts:


The PPRC has initiated the amendment of the Law on Public Procurement upon identification of the emerging needs. This amendment will incorporate the provisions of the new EU Procurement Directives, complete the basis for the proper functioning of the e-procurement platform, define opportunities for SMEs to participate in procurement activities, and eliminate all difficulties encountered during the implementation of the Law on Public Procurement in practice.

Regulation of concessions was removed from the law to avoid confusion and inconsistency with the specific law on the procedure for concessions which was adopted in 2005. A significant number of secondary legislation to enable implementation of the law has been prepared, including standard forms for each type of notice, code of ethics, a form for reporting on signed contracts, the standard forms of tender files, a form for filing complaints to the Procurement Review Body and instructions for procedures with minimal value.
For the purpose of better functioning of the electronic procurement platform, two amendments to the Public Procurement Rules and Guidelines and two amendments to Standard Form B58 have been made. The first amendment, A01 Rules and Operational Guidelines for Public Procurement, entered into force on 16 April 2018, while the Standard Form “B58 Notification on the Decision of the Contracting Authority” entered into force on 16 April 2018.

The Regulation A01 on Public Procurement Rules and Operational Guidelines was amended for the second time on 3 September 2018, aimed at better functioning of the e-procurement platform in order to increase the transparency. It makes it mandatory for the contracting authorities to publish contracts on the e-procurement platform. The second amendment to the Standard Form “B58 Notification on the Decision of the Contracting Authority” entered into force on 3 September 2018 and this amendment and the Rules and Operational Guidelines for Public Procurement made it mandatory to publish all notification letters to bidders.

The legal framework is partially aligned with EU standards, and is not discriminatory. The amended Law on Public Procurement has eliminated the preferential treatment for local bidders.

**Institutional Framework**

**Institutional framework in the area of public procurement**
The institutional framework in the area of public procurement consists of the following institutions:

- Public Procurement Regulatory Commission (PPRC)
- Procurement Review Body (PRB)
- Central Procurement Agency (CPA).

The Public Procurement Regulatory Commission (PPRC) acts in the capacity of an independent regulatory agency and is responsible for the development, operation and oversight of the Public Procurement System. According to the Law on Public Procurement, the Commission is responsible for the design and distribution of secondary legislation, including manuals on rules of procurement, guidelines, standard forms, and model contracts and to prepare recommendations for improvement of the LPP and the general system public procurement for the Government and the Assembly.

The Procurement Review Body (PRB) is responsible for carrying out the functions assigned by the Law on Public Procurement and the Law on the Procedure for the Award of Concessions, concerning complaints related to these laws. This body is a quasi-judicial body responsible for the review of administrative decisions issued by central procurement institutions for carrying out procurement procedures and to review appeals from bidders under the review procedure.

The Central Procurement Agency (CPA) operates as an agency under the Ministry of Finance with broad responsibilities concerning procurement procedures of the central level. CPA implements and carries out functions and responsibilities specified in the Law on Public Procurement Agency while the main function of the Agency is central procurement.

**Public procurement reform**
In pursuance of the Government's decision of 2016, all budget organizations have started with the application of the e-procurement system from 1 January 2017. Whereas, effective 1 January 2018, the use of the e-procurement system has become mandatory for all contracting authorities and for all procurement procedures worth over 1000 Euros, i.e., about 98% of procurement procedures are carried out in the e-procurement system up to contract signing.

The PPRC, in view of increasing the use of the electronic procurement system by the economic operators, issued a decision in mid-2018, according to which bids may only be submitted electronically for all...
centralized procurements carried out by CPA starting from 5 July 2018, whereas bids may only be submitted electronically for all large value procurements published by all contracting authorities starting from 1 September 2018.

In this regard, the objective and planning for 2019 is that the submission of bids be supported/carried out electronically through the e-procurement system for all procurement procedures and for all bid values.

The PPRC, with the aim of facilitating and supporting the contracting authorities at all levels, has initiated a continuous training process that will be continuous as far as it will be considered necessary and/or requested by the contracting authorities and economic operators.

PPRC in cooperation with KIPA organized training on Basic Procurement, Code of Ethics in Public Procurement, E-procurement and Ethics, and Contract Management. Training was attended by judges, internal auditors, business representatives, directors of municipal departments, officials who are members of tender opening and evaluation commissions, and school principals of several municipalities.

**Donor Support**

Kosovo institutions are supported by the European Commission (through IPA) and other bilateral donors in the projects summarized below.

**Current and planned projects supported by IPA**

- The reform of the public procurement system in Kosovo is widely supported by relevant projects funded by the European Union and the World Bank.
- DAI USAID “Transparent and Accountable Municipality - Component of Transparency and Accountability Municipality” Project, which aims to improve administrative capacities in the area of public procurement in Kosovo and is expected to be completed by the end of June 2022.
- Support to Kosovo institutions for SAA implementation, which started in September 2017 and will be completed in June 2019.
- The UK Embassy is supporting the Procurement Review Body with experts who will contribute to ensure that the PRB’s decisions are properly justified and fully implemented. The project is foreseen to last until March 2020.

The reform of the public procurement system in Kosovo is widely supported by relevant projects funded by the European Union and the World Bank.

Since December 2017, public procurement in Kosovo has been supported by the DAI USAID project “Transparent and Accountable Municipality - Component of Transparency and Accountability Municipality”, which aims to improve administrative capacities in the area of public procurement in Kosovo and is expected to end by the end of June 2022.

Moreover, this project has continued to assist the PPRC in providing training, whose overall objective is to ensure the proper administration of public funds, transparency and efficiency in public spending through the improvement of the public financial management system and creating an effective public governance framework in Kosovo and building public trust by increasing public accountability. The project aims to increase transparency, efficiency and accountability in all municipalities of Kosovo. Initially, a pilot project was initiated in five (5) municipalities and later it is expected to include all the municipalities in the country.

In addition, the three public procurement institutions in Kosovo (PPRC, PRB and CPA) are benefiting from the project “Support to Kosovo Institutions for SAA Implementation” which started in September 2017 and will continue until June 2019. An analysis of the legislation compatibility with the EU legislation was
conducted initially, followed by a three-day training on “Innovation of European Legislation on Public Procurement” was held in November 2018, attended by 26 participants from the three public procurement institutions.

Regarding support to the Procurement Review Body, the Embassy of Great Britain has started to support the PRB with experts that will contribute to ensure that the PRB’s decisions are properly justified and fully implemented. The project is foreseen to last until March 2020.

**Medium-term Priority Objectives**

In order to fulfil the obligations deriving from the SAA and the other EU accession documents and mechanisms in the areas within the scope of Chapter 5, the focus over the period 2019-2023 will be on the following medium-term priority objectives:

- Increasing efficiency in the Public Procurement system including the electronic system, setting of rules and monitoring according to the principle of transparency and access to information at all stages of procurement activities during the use of public funds.
- Ensuring consistent compliance with the EU legal framework by utilizing the best practices and practices of EU member states in the area of public procurement.
- Improving responsibility, integrity, accountability, control for policy implementation and legislation in public procurement, making the necessary amendments to the LPP.
- Training and enhancement of the quality of Public Procurement training, including training on e-procurements, aimed at development of professional procurement staff in the procurement sector to cope with an increasing procurement market and its expected role in national economic development.
- Communicating and raising awareness about public procurement in Kosovo.

### 3.6. Acquis Chapter 6: Company Law

Legislation for companies includes rules on the formation, registration, merger and division of companies and financial reporting requirements aimed at supporting the freedom of establishment.


The Third Directive (78/855/EEC) and the Sixth Directive (82/891/EEC) of the Company Law harmonize national rules for protection of shareholders and creditors in the context of mergers and divisions of local public limited liability companies. **Acquis** in this area also contains several other directives that regulate the cross-border aspects of the functioning of companies.

EU legislation also contains a number of regulations governing certain European legal forms such as the European Economic Interest Grouping and European Company - **Societas Europaea** leaving at the competence of Member States to regulate the operations and internal structure. Four Recommendations of the Commission (2004/913/EC, 2005/162/EC, 2009/385/EC and 2009/384/EC) address the principles
of corporate governance for the payment of directors and payment to financial institutions, the independence of the committees of the board and non-executive directors.

In the area of financial reporting and auditing, the acquis rules require the publication of annual and consolidated accounts of public and private limited liability companies (Seventh Company Law Directive), statement of revenues and profit (Fourth Company Law Directive) including simplified rules for small and medium enterprises. Application of International Accounting Standards is mandatory for some entities of public interest. These guidelines also set requirements for auditing and obligations for disclosure and publication of data. In addition, the acquis specifies rules for the approval, professional integrity and independence of statutory audits.

There are regulations which oblige companies which are listed on a regulated market to ensure their accounts comply with the international standards adopted by the European Commission. Finally, the Eighth Company Law Directive (2006/43/EC) on Statutory Audit harmonises rules including inter alia the approval and registration of statutory auditors, external assurance, public oversight, auditor independence and the possible application of international auditing standards.

SAA Requirements

The SAA obligations for the gradual transposition of EU legislation and effective implementation derive from the Article 74 of the agreement. These obligations include the area of company law, where paragraph 3 of Article 74 gives priority to the transposition of internal market legislation and trade in the first phase of the transitional period.

According to Article 51, Kosovo is obliged, with the entry into force of the SAA, to provide equal treatment for EU companies same as for domestic ones in terms of working conditions, payment and treatment of workers and legal entities that are established legally in the territory of Kosovo.

Requirements of other EU accession mechanisms

With regard to the requirements of the 2018 EC’s Kosovo Report, it is pointed out that in the area of company law, after adoption of the new Law on Business Organizations, Kosovo needs to develop the Corporate Governance Code. It also highlighted that company acquisitions are not regulated by the applicable legislation.

The need of adopting the new Law on Business Organizations was emphasised during the meetings of the Subcommittee on Internal Market, Consumer Protection and Competition. Among others, it was requested for future initiatives to transpose the provisions of the Directive EU/2017/1132.

In the area of financial reporting and auditing, the EC Kosovo Report highlights that under the new Law on Accounting, Financial Reporting and Auditing, large entities are required to apply the International Financial Reporting Standards. It also emphasizes that Kosovo should apply a simplified regime for small companies based on the EU Accounting Directive. It also stresses the need for addressing the lack of appropriate financing for auditing oversight structures.

Conclusions of the Subcommittee on Internal Market, Consumer Protection and Competition concerning this area require that Kosovo adopt the Law on Accounting, Financial Reporting and Auditing.

State of Play

Legal and Policy Framework
The legal and policy framework in the area of company law consists of the following main relevant normative acts:

- Law No. 06/L-016 on Business Organizations;
- AI No. 11/2018 on setting of taxation for services provided by the Business Registration Agency.

The above normative acts have transposed the following acquis acts:

- Directive 2009/101/EC of the European Parliament and of the Council on coordination of safeguards which, for the protection of the interests of members and third parties, are required by Member States of companies within the meaning of the second paragraph of Article 48 of the Treaty, with a view to making such safeguards equivalent;
- Council Directive 89/666/EEC concerning disclosure requirements in respect of branches opened in a Member State by certain types of company governed by the law of another State;
- Partial transposition of Directive 2012/30/EU of the European Parliament and of the Council of 25 October 2012 on coordination of safeguards which, for the protection of the interests of members and others, are required by Member States of companies within the meaning of the second paragraph of Article 54 of the Treaty on the Functioning of the European Union, in respect of the formation of public limited liability companies and the maintenance and alteration of their capital, with a view to making such safeguards equivalent.
- Directive 77/91/EEC on coordination of safeguards;
- Directive 78/855/EEC of 9 October 1978 based on Article 54 (3) (g) of the Treaty concerning mergers of public limited liability companies (joint stock companies);
- Directive 82/891/EEC of 17 December 1982 based on Article 54 (3) (g) of the Treaty, concerning the division of public limited liability companies (joint stock companies);
- Directive 89/666/EEC concerning disclosure requirements in respect of branches opened in a Member State by certain types of company governed by the law of another State.

The policy framework on this area consists of the following documents:

- The Government Programme 2017-2021 includes the following objectives for this area:
  - Sustainable economic development, establishment of competitive trading policies and improvement of the business environment;
  - Operationalization of free zones, combating informal economy, and facilitating and promoting investment including strategic investment partnerships;
  - Completion and implementation of legislation on establishment, operation and closure of businesses and reduction of bureaucracy, support of small and medium enterprises, especially production and value added services;
- Private Sector Development Strategy 2018-2021;
- Southeast Europe 2020 Strategy.
Legal and policy framework in the area of financial reporting and auditing:

The legal framework on this area consists of the following main relevant normative acts:

- Law No. 06/L-032 on Accounting, Financial Reporting and Auditing

The above normative acts have transposed the following acquis acts:

- Directive 2013/34/EU of the European Parliament and of the Council on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC; and

Institutional Framework

Institutional framework in the area of Company law

- Kosovo Business Registration Agency
- Ministry of Trade and Industry

Institutional framework in the area of financial reporting and auditing

- Kosovo Council for Financial Reporting
- Ministry of Finance

Donor Support

Current and planned bilateral donor projects

Support to Kosovo institutions on SAA Implementation - Twinning Project, is a project that aims to support Kosovo’s administration in effectively managing the SAA implementation process by improving policy planning in the area of Kosovo's legislation alignment with that of the EU acquis. So far, this project has prepared the Legal Gap Assessment with the EU acquis for the new Law on Business Organizations and the Law on Accounting, Financial Reporting and Auditing, as well as the Action Plan and Training Needs Assessment. Trainings are expected to be organized during 2019.

Support to Kosovo institutions on the integration process is a Luxembourg Government programme aimed at building the institutional capacities of the Republic of Kosovo in implementing the priorities deriving from the SAA. This project, expected to commence in 2019, will provide support to KBRA and KCFR as main bearers of this chapter.

Medium-term Priority Objectives

In order to fulfil the obligations deriving from the SAA and other EU accession documents and mechanisms in the areas within the scope of Chapter 6, the focus over the period 2019-2023 will be in the following mid-term priorities:

The Company Law

- Completion of secondary legislation for the enforcement of the Law on Business Organizations;
- Improvement of human and technical capacities of One-Stop Shop centres, improvement of business services, training of staff on the use of new software and electronic platform;

Financial Reporting and Auditing

- Issuance of subsidiary legal acts harmonized with the amendment of the Law on Accounting, Financial Reporting and Auditing.
• Drafting of a methodology and adoption of an effective auditing quality assurance system.
• Development and implementation of Rules for Vocational Education and Continuous Professional Development in Accounting and Auditing.

3.7. **Acquis Chapter 7: Intellectual Property Law**

The EU legislation in this area specifies harmonised rules for the protection of industrial property, copyright and related rights.

In the area of industrial property rights, the *acquis* sets out the rules for legal protection of trademarks and design (Directive 2008/95/EC) and partially harmonized rules for patents for mandatory licensing of commercial patents. For the patent system in the EU it is important the membership in the European Patent Convention and the European Patent Organisation.

The *acquis* also contains Regulation (EC) No. 40/94 and Regulation (EC) No. 06/2002, which regulate industrial design and trademarks in the EU. Participation in the Madrid Protocol and the Hague Agreement are important not only for the system of trademarks and design in the EU but also for the international registration of industrial design and trademarks. There are also provisions (within both Regulations) on supplementary protection certificates offering the invention authors additional protection in the events the patent is covered by an administrative marketing authorization that does not allow for full benefits from the use of patent (particularly in the area of pharmaceutics, plant products etc.).

In the area of copyright and related rights, the main objective is the harmonization of certain aspects of information society in line with technological developments. This involves the EU legislation deriving from the international treaties obligations on copyright and related rights adopted in the framework of the World Intellectual Property Organization (WIPO). The Directive No. 2006/115/EC regulates the copyright and related rights. This Directive regulates a number of related rights, including the right of reproduction, transmission, and distribution. Directive 2006/116/EC as amended by Directive 2011/77/EU sets the term of protection for different types of work and other related matters for the EU Member States. There are several other directives regulating audio-visual cross-border broadcasting (satellite), the right to resell the benefits of copyright, protection of computer programmes, databases, digitization, and online presentation of the work for which the authors are either unknown or cannot be located (contacted).

Regarding the enforcement of the rights of intellectual and industrial property, EU legislation requires Member States to apply effective and proportional measures and penalties for counterfeiting and piracy of goods. It aims to establish equal treatment for holders of rights throughout the EU. Regulation (EC) No. 1383/2003 gives customs administrations an important role in preventing and stopping the flow of products that infringe industrial right or copyright. Implementation of the *acquis* in this area requires effective and adequate capacities and structures. There should be an institution that receives the applications for protection in all areas of intellectual property. EU is a member of the World Trade Organization, which administers the Agreement on Trade-Related Aspects of Intellectual Property Rights.

*SAA Requirements*

The provisions of the SAA require that Kosovo institutions responsible for intellectual property provide first of all the legal framework harmonized with the Directives and Regulations of the EU, and secondly provide equal protection of these rights in Kosovo at the same level as those of the EU. Articles 77 and 78 of the SAA oblige Kosovo to take all necessary measures in order to guarantee the protection of the intellectual property rights, including effective means of enforcing such rights.
More specifically, based on the SAA articles, Kosovo shall:

- Establish a system of intellectual property in Kosovo in conformity with international standards in the area of intellectual property;
- Pay attention to regional and international cooperation, because Kosovo is not a signatory to any international or regional agreements, likewise, it is not a member of any international and regional organizations in the area of intellectual property; Kosovo is obliged to draft legislation and policies in a way that will conform with National Treatment Principle, whereby Kosovo and the EU will give companies of each other treatment no less favourable than what they give to any third country under the Bilateral Agreements;
- Cooperate, in line with Article 109 of the SAA, in the audio-visual area to promote the audio-visual industry in Europe, and support co-production in the areas of cinema and audio-visual media, where, under this Article, cooperation may include programmes and facilities for the training of journalists and professionals in the audio-visual media industry, as well as technical assistance to Kosovo's public and private media, aiming at strengthening their independence, professionalism and ties to the European media;
- Approximate its policies on regulating aspects of content of cross-border broadcasting with those of the EU;
- Harmonize its legislation with the EU acquis in the area of the acquisition of intellectual property rights for programmes and broadcasts as well as ensure and strengthen the independence of the relevant regulatory authorities;
- Engage in the protection of Geographical Indications and Designations of Origin in accordance with Articles 2, 6, 7, 8 of the Agreement on the Reciprocal Recognition, Protection and Control of Wine, Alcoholic Beverages and Aromatized Wines names;
- Encourage cooperation in civil scientific research and technological development in accordance with Article 118 of the SAA, on the basis of mutual benefit and taking into account available resources, appropriate access to their respective programmes, conditioned by appropriate levels of efficient protection of intellectual, industrial and commercial property rights.

Regarding Customs, the report finds that the sector dealing with intellectual property rights needs to be strengthened as there are now only two officials responsible for this area. Administrative requirements to be complied with in order to obtain police authorization to conduct market investigations for intellectual property rights violations undermine the market inspectorate's effectiveness in prosecuting legal violations.

*Requirements from other EU accession mechanisms*

In the area of copyright, the EC 2018 Report on Kosovo underlines the lack of progress in implementing legislation regarding private copy schemes and digital piracy. Mechanisms for determining the fees for usage of copyrighted material between collective management organisations and broadcasters should be determined without further delay.

Concerning the conclusions derived from the meeting of the Subcommittee on Internal Market, Consumer Protection and Competition, the responsible authorities are required to adopt secondary legislation in the area of mediation related to copyright and special compensations (regulation of compensation schemes for reprography). Also, the Office on the Copyright and Related Rights is required to initiate and conclude mediation between the parties as well as undertake all necessary steps for the parties to sign an agreement on general fees.

On the other hand, as far as industrial property is concerned, the EC 2018 Report on Kosovo states that Kosovo has some level of preparation in this area but little progress has been made in harmonizing the legislation with the EU acquis. However, the State Intellectual Property Agency and the Industrial
Property Agency still need more funding, staff and training. Significant efforts are still needed to ensure implementation, including effective means of exercising intellectual property rights, in line with SAA obligations.

In the following year, Kosovo needs to further strengthen the capacity and coordination of law enforcement agencies to enforce intellectual, industrial and commercial property rights and address the lack of resources of the Industrial Property Agency to deal with the backlog of applications for intellectual property rights. Cooperation between policymaking institutions and law enforcement agencies remains weak. There is a need for government strategy on intellectual property rights and for more awareness-raising among holders and users of these rights.

Based on the conclusions of the Subcommittee on Internal Market, Consumer Protection and Competition, the Industrial Property Agency is required to address the lack of administrative capacity of the Industrial Property Agency, including the nomination of the Director-General and the temporary recruitment of 7 officials. They also stress the need to reduce the backlog of applications for intellectual property registration, while requiring the organization of awareness campaigns for SMEs on the importance of industrial property. In the absence of legislation on trade secrecy and since no new directives on trademarks have been adopted, the Subcommittee demanded that Kosovo undertake legislative measures regulating trade secrets and harmonize the relevant law on trademarks with the acquis requirements.

In the horizontal aspect of enforcing the intellectual property rights, the EC 2018 Report on Kosovo concludes that the Customs, specifically the sector dealing with intellectual property rights, needs to be strengthened as there are now only two officials in charge of this area. Administrative requirements to be complied with in order to obtain police authorization to conduct market investigations for intellectual property rights violations undermine the market inspectorate's effectiveness in prosecuting legal violations.

**State of Play**

**Legal and Policy Framework**

*Legal and policy framework in the area of copyright* consists of the following relevant normative acts:

- Law No. 04/L-065 on Copyright and Related Rights and the Law No. 05/L-047 amending the Law on Copyright and Related Rights;
- Amendment of Regulation No. 21/2018 on mediation in the area of copyright and related rights;
- Regulation No. 20/2018 on the right to special and reproductive compensation;
- Regulation No. 01/2018 on procedures of granting, respectively revoking the licence to associations for collective administration of copyright and related rights.

These normative acts have transposed the following *acquis acts*:

- Directive 93/83/ECC on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission;
- Directive 2001/29/EC on the harmonization of certain aspects of copyright and related rights in the information society;
- Directive 2001/84/EC on the resale right for the benefit of the author of an original work of art;
- Directive 96/9/EC of 11 March 1996 on the legal protection of databases (OJ L 077, 27/03/1996);
- Directive 2006/115/EC on rental right and lending right and on certain rights related to copyright in the area of intellectual property;
- Directive 2009/24/EC on the legal protection of computer programmes;
• Directive 2012/28/EC on certain permitted uses of orphan works (OJ L 299, 27/10/2012);
• Directive 2014/26/EU of the European Parliament and of the Council on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market (OJ L 84, 26/02/2014);

Legal and policy framework in the area of industrial property consists of the following relevant normative acts:

• Law No. 04/L-029 on Patents;
• Law No. 04/L-026 on Trademarks;
• Law No. 05/L-058 on Industrial Design;
• Law No. 05/L-051 on Geographical Indications and Designations of Origin;
• Law No. 06/L-015 on Customs Measures for Protection of Intellectual Property Rights;
• Law on Market Inspectorate;
• AI No. 06/2018 on authorized representatives in the area of industrial property;
• AI No. 09/2018 on determining symbols for geographical indications, designation of origin and guaranteed traditional specialities.

These normative acts have transposed the following acquis acts:

• Regulation (EC) No. 1610/96 of the European Parliament and of the Council concerning the creation of a supplementary protection certificate for plant protection products,
• Regulation (EC) No. 816/2006 on compulsory licensing of patents relating to the manufacture of pharmaceutical products for export to countries with public health problems.

The policy framework in this area consists of the Private Sector Development Strategy 2018-2021.

Institutional Framework

Institutional framework in the area of copyright
• Office on the Copyright and Related Rights
• Ministry of Culture, Youth and Sport

Institutional framework in the area of industrial property
• Industrial Property Agency
• Ministry of Trade and Industry

Institutional framework in the area of horizontal enforcement of intellectual property law
• Kosovo Customs
• Market Inspectorate
• Economic Crime Unit (Kosovo Police)
• Cyber Crime Unit (Kosovo Police).

Donor Support

Kosovo institutions are supported by the European Commission (through IPA) and other bilateral donors with the projects summarized as follows.

Current and planned IPA projects
Support for development of trade in Kosovo: In the framework of the IPA II Competitiveness Project, which commenced in 2018, the support to the Industrial Property Agency is also foreseen, in particular in strengthening the enforcement of industrial property rights including geographical indications, trade secrets, capacity building of the Industrial Property Agency and the awareness of businesses and citizens in using the IPR system. The project is funded and managed by the EU Office in Kosovo.

Current and planned bilateral donor projects
Support Kosovo institutions on SAA Implementation - Twinning Project - supports institutions of acquis Chapter 7, Intellectual property law, in meeting the obligations deriving from the SAA. The main purpose of this project is the identification of legal gaps and the capacity building of relevant institutions to address these gaps during the forthcoming legislative initiatives within this area. To date, this project has finalized the Gap Analysis and Action Plans. Also, trainings on the copyright for the officials of the institutions which are relevant to this area have been completed, while other trainings for the institutions in charge of Industrial Property will be organized during 2019.

“Support Kosovo institutions on the integration process” is a Luxembourg government programme aimed at building the institutional capacities of the Republic of Kosovo in implementing the priorities deriving from the SAA. This project, expected to commence in 2019, will provide support to the Office on the Copyright and the Industrial Property Agency.

Medium-term Priority Objectives

In order to fulfil the obligations deriving from the SAA and the other EU accession documents and mechanisms in the areas within the scope of Chapter 7, the focus over the period 2019-2023 will be in the following mid-term priorities:

Copyright and Related Rights
• Capacity building of staff in intellectual property institutions and intellectual property rights enforcement institutions;
• Raising the awareness of rights holders regarding the importance of the establishment of new Collective Copyright Management Associations.
• Raising the awareness of copyright holders on the importance and benefits of collective rights management (with particular emphasis on publishers’ awareness-raising activities).
• Alignment of the Law on Copyright with the EU acquis.
• Improvement of legislation on cybercrime.

Industrial Property
• Alignment of the Law on Trademarks with the EU acquis.
• Capacity building of staff in intellectual property institutions and intellectual property rights enforcement institutions;
• Drafting and adoption of legislation on trade secrets.
• Raising awareness of SMEs on the importance of protecting industrial property;
• In addition to public events and business meetings, promotion of IPRs should also be done through information media, where target audiences would also be citizens. The aim of such campaigns would be to raise awareness among consumers not to use counterfeit goods, which among other things pose a risk to health;
• Awareness of consumers not to use counterfeit goods, among other things, pose a health risk through information tools or other mechanisms;
• Membership in international and European organizations (WIPO and EPO).
• Reduction of the backlog of applications at the Industrial Property Agency.

3.8. Acquis Chapter 8: Competition Policy

The area of competition, including anti-trust and state aid control policies. The chapter contains legislation, rules and procedures for non-competitive behaviour of undertakings such as prohibited agreements between undertakings and abuse of dominant position in the market. It also includes analysis of the merger of undertakings and the government's preventive function in providing state aid that distorts competition in the market. EU competition law derives from the Treaty on the Functioning of the European Union (TFEU), more specifically, Article 37 which regulates state monopolies of a commercial character, Articles 101 to 105 relating to rules applicable to undertakings, Article 106 on public undertakings and undertakings with special or exclusive rights and Articles 107-109 of the Treaty relating to the rules applicable to state aid.

SAA Requirements

The Stabilisation and Association Agreement, on the other hand, explicitly imposes a set of obligations for Kosovo, included in Title VI, namely Articles 74 and 75 of the SAA.

Under the SAA, in the area of competition policy, Kosovo must implement competition rules and gradually align its legislation with EU legislation starting from the entry into force of the agreement (Articles 74 and 75 of the SAA). Furthermore, Article 75 “Competition and other Provisions” defines the responsibilities of the Competition Authority and provides the framework for the functioning of the agreement on trade between the EU and Kosovo in all agreements between undertakings, decisions by associations of undertakings and concerted practices between undertakings that prevent, restrict or distort competition.

The Agreement impacts on gradual approximation of the legislation of Kosovo with the acquis, its effective implementation, and ensures appropriate monitoring and transparency mechanisms compatible with the EU rules. In essence, this is related to:
• Cartels and Agreements between undertakings;
• Abuse with a dominant position; and
• Mergers, acquisitions (of one company from another) in the relevant Kosovo market.

The SAA provisions related to the State Aid (Articles 75.1 – 75.7) require Kosovo to not provide any state aid which distorts or threatens to distort competition by favouring certain undertakings or certain products insofar as they may affect trade between the EU and Kosovo. Kosovo shall gradually approximate its legislation with the EU’s legislation, and establish an operationally independent authority which will have the legal powers necessary to control the state aid.
More specifically, based on the SAA articles, Kosovo shall:

- Adopt the legislation on state aid and ensure that an operationally independent authority is entrusted with the powers necessary for the state aid grants and recoveries;
- Apply the EU rules on the state aids, including exemptions in the block, *de minimis* aid, services of the general economic interest, and the transparency rules for public enterprises;
- Establish an inventory of state aid schemes that exist prior to the entry into force of the law (existing aid schemes) within a period of three years from the entry into force of the Agreement;
- Ensure harmonization of state aid schemes within 3 years as of entry into force of the Agreement;
- To draw up a “regional state aid map” which is related to the GDP per capita figures harmonised at NUTS II level within four years from the entry into force of the Agreement and to jointly discuss with the European Commission for the needs of harmonization with the EU’s rules for regional state aid. In the meantime, for the purposes of the limits of regional aids, the entire territory of Kosovo shall be treated as the less developed regions; and
- To report to the European Commission on yearly basis related to the state aids in Kosovo through an annual report after entry into force of the SAA.
- Provisions of the SAA on state aid emphasize the importance of the development of legislation compatible with the EU rules and of the establishment of monitoring and transparency mechanisms.

**Requirements from other EU accession mechanisms**

In the area of competition, the EC’s 2018 country report on Kosovo states that some progress has been made in this area, but the Competition Authority faces challenges to its investigatory and decision-making capacity. Its operating budget has remained stable but insufficient. Judges and court staffs dealing with cases of competition and control of concentrations do not have sufficient knowledge in this area. The report also requires advocacy activities to be significantly strengthened.

In the following year, Kosovo should pay special attention to improving the competition law enforcement, approximating the competition legislation, as well as ensuring operational capacity and operational independence.

Regarding State Aid, efforts are required to improve legal approximation and enforcement in the area of state aid and competition. Particularly, secondary legislation needs to be further approximated with EU legislation on state aid control.

Moreover, advocacy is required to be considerably increased so that state aid donors become aware of state aid rules since no decision has been issued for state aid in the last three years.

**State of Play**

**Legal and Policy Framework**

**Legal and policy framework in the area of competition**

The legal framework in this area is regulated by the Law No. 03/L-229 on Protection of Competition as amended by the 2014 Law No. 04/L-226. This law defines rules and measures for the protection of free and effective competition in the market, the competences and organization of the Authority for the Protection of Competition and the procedures for enforcing this law.

In May 2018, a working group was established to amend the Law on Protection of Competition. Among the main reasons for amending the law is the further approximation with the European legislation. In addition, collision within the law itself has been noted, and there is a need to change the percentage of dominant position.
The draft Concept Document for the Law on Protection of Competition has already been drafted and submitted for public discussion, and it is then foreseen to continue with the procedures for approval by the Government.

Secondary legislation for the implementation of the basic Law on Competition is comprised of 10 secondary legislative acts. Secondary legislation partially transposing the EU legislation includes:

- AI No. 02/2017 on Group Exemption of Horizontal Agreements between Entrepreneurs;
- AI No. 03/2017 on Group Exemptions of Vertical Agreements between Entrepreneurs;
- AI No. 04/2017 on Group Exemptions of Agreements in the Sector of Transport;
- AI No. 05/2017 on Group Exemptions of Agreements in the Sector of Insurance;
- AI No. 06/2017 on Group Exemption of the Agreement on Motor Vehicle Distribution and Service.
- AI No. 01/2018 on the criteria for imposing administrative sanctions.
- AI No. 02/2018 on the manner of defining the relevant market.

These normative acts have transposed the following *acquis* acts:

- Articles 101-105 of the TFEU
- Commission Notice on agreements of minor importance which do not appreciably restrict competition under Article 81(1) (now Article 101) of the Treaty establishing the European Community (de minimis) (OJ/C 368/13 of 22 December 2001);
- Some elements of the request and criteria for merger/concentration defined in Commission Regulation No. 802/2004 implementing Council Regulation No. 139/2004 on the control of concentrations between undertakings.

*Legal and policy framework in the area of State Aid*

The basic legislation regulating this area consists of the Law No. 05/L-100 on State Aid which entered into force in January 2017. The law established the basis for the development of the state aid system, principles and procedures for granting state aid. Further, the law contains basic definitions including the definition of state aid and establishes the mechanism and framework for state aid control. It also establishes the basis for the establishment of a comprehensive state aid inventory and the reporting system.

Regarding secondary legislation, the detailed procedures and content of the notification forms, the procedures for non-legal aid as well as the monitoring and reporting procedures are regulated by the Regulation on Procedures and Format of Notification for State Aid, which has been revised and drafted under the new Law on State Aid. This Regulation was adopted on 23 October 2018 and partially transposes Commission Regulation (EC) No. 794/2004 of 21 April 2004 implementing Council Regulation (EC) No. 659/1999 laying down detailed rules for the application of Article 93 of the EC Treaty. A draft Regulation on the State Aid Commission was also drafted, which is expected to be adopted once the members of the State Aid Commission are appointed by the Assembly. While the rules of organization and functioning of the State Aid Commission, including the duties and responsibilities and the manner of implementation, are regulated by Regulation No. 01/2013 of the Ministry of Finance on Organization and Functioning of the State Aid Commission.

The policy framework in this area consists of the following documents:

- KCA - Strategy for Implementation of European Reforms, it represents the two main tasks of the Authority that are part of the implementation of the European Reform Agenda (ERA) and the SAA for the scope of the Kosovo Competition Authority, which are the following:
Strengthening of the internal procedures and capacities of KCA: The Kosovo Competition Authority, in addition to identifying monopolies, will also identify other commercial undertakings that have significant relevant market power, where the Authority will make appropriate recommendations based on the Law on Protection of Competition. If the Kosovo Competition Authority identifies, during this research, any anti-competitive behaviour by the undertakings in the respective markets, the Authority will exercise its legal powers and will act promptly in accordance with the provisions of the Law on Protection of Competition.

Institutional Framework

Institutional framework in the area of competition:

Pursuant to the Law on Protection of Competition, the Kosovo Competition Authority (KCA) is the main institution for the prevention and prohibition of anti-competitive practices including prohibited agreements, abuse of dominant position, concentrations or the sale and purchase of shares in the undertaking, and aspects of advocacy in the area of competition.

Kosovo Competition Authority consists of the Competition Commission as a collegial decision-making body and the Secretariat consisting of professional civil servants, investigators and support staff. By law, the Competition Commission is part of the Authority and manages with its work. It consists of five (5) members. Commission reports to and is supervised by the Kosovo Parliament.

The KCA Secretariat consists of the Sector and two departments. The Legal and Administration Department which develops personnel management policies and coordinates the process of drafting legislation, and the Market Surveillance Department which conducts investigative procedures, oversees the market and proposes measures to restore competition in cases of obstruction, restriction or disruption of the competition in the market.

Institutional framework in the area of State Aid

The institutional framework consists in the State Aid Commission and the State Aid Department. Based on current law, the State Aid Commission is the state aid decision-making body acting on an ad hoc basis and is independent in decision-making and the exercise of its functions. The Commission consists of 5 members who are voted by the Assembly.

The State Aid Department is responsible for receiving, analysing and overseeing notifications and other data related to state aid schemes. The Department is now functional with regard to the staff, having the Director of the Department, a Head of Division and 5 staff members who have started work on 21 May 2018.

Donor Support

The Kosovo Institutions are supported by the European Commission (through IPA) and by other bilateral donors with the projects summarized as follows.

Current and planned bilateral donor projects

- Support to Kosovo institutions on SAA Implementation - Twinning Project, supports institutions mentioned in acquis Chapter 8 Competition Policy and State Aid in meeting the obligations deriving from the SAA. The main purpose of this project is to identify legal gaps and build the capacities of relevant institutions to address these gaps during the forthcoming legislative initiatives within this area. So far, this project has finalized the Gap Analysis and Action Plans. The project was launched in September 2017 and will continue until June 2019. Initially, there has been an analysis of whether the competition legislation is in compliance with the European
legislation and then there will be trainings for the Competition Authority during February-March 2019.

- The EU Project under IPA II 2014-2020 for "Technical Assistance to Support the Competition Authority and the State Aid Commission" (State Aid Department will work from 2019 to 2021 and there will be a total cost of 3 million Euros).
- The UK Embassy project that is backed by experts from the Competition Authority.

Currently, the main institutions dealing with state aid are being supported as follows:

- State Aid is being supported since August 2018 by the Framework Contract of the European Commission that will provide support in drafting secondary legislation. This project will continue until June 2019. While the State Aid component will ensure harmonization of legislation with the EU legal framework in this area. Furthermore, it will provide awareness-raising activities tailored to the needs of beneficiaries.
- Also, the State Aid Department is benefiting from the UK Embassy for a 1-year period in inventory of state aid, with experts from this area helping staff in drafting the inventory.

Medium-term Priority Objectives

Competition

- Amendment of the Law on Protection of Competition
- Transposition of the "Merger Directive" (GBER) and of implementing regulations in the local legislation
- Transposition of the EU Commission Regulation No. 1217/2010 on certain categories of research and development agreements
- Transposition of the EU Commission Regulation No. 1218/2010 on certain categories of specialization agreements
- Organization of awareness-raising activities with relevant partners including businesses, business associations, courts, civil society etc.
- Human capacity development including professional training programmes for the staff of the Competition Authority.

State Aid

- Regulation on Aid to Services of General Economic Interest
- Finalization of state aid schemes inventory
- Development of the information system for monitoring state aid
- Organization of awareness-raising activities for potential state aid providers and trainings for the staff of the SAD.

3.9. Acquis Chapter 9: Financial Services

The acquis in the area of financial services includes rules for the authorisation, operation and supervision of financial institutions in the areas of banking, insurance, pensions, investment services and securities markets, and in relation to the infrastructure of the financial market. The new European System of Financial Supervision (ESFS) has entered into force in January 2011. This system consists of a network of national supervisory financial authorities working together with three new European Supervisory
Authorities (ESAs), the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA), and the European Insurance and Occupational Pensions Authority (EIOPA). Besides this, the European Systemic Risk Board (ESRB) has been established to monitor and assess potential threats towards financial stability that may arise due to macro-economic developments and from general developments in the financial system.

In the area of **banks and financial conglomerates**, the *acquis* sets out the requirements for the authorization, operation and prudential supervision of credit institutions and the requirements concerning the calculation of the capital of credit institutions and investment firms. Current directives related to the capital requirements, which translate international standards of Basel II into the EU’s law, were superseded in 2014 by a package based on Basel III accords. The *acquis* in this sector also lays down rules relating to the supervision of financial conglomerates, as well as the taking up, the pursuit and prudential supervision of the business of electronic money institutions. The *acquis* establishes rules relating to the annual consolidated accounts of banks and other financial institutions.

In the area of **insurance and occupational pensions**, some Directives establish rules concerning the authorization, operation and supervision of life and non-life insurance, and reinsurance of enterprises. The *acquis* establishes rules for the supervision of supplementary group insurance. Special provisions exist in the non-life sector for co-insurance, tourist assistance, credit insurance and legal expenses insurance. This includes a cautious regulatory framework for reinsurance activities in the EU aimed at removing obstacles to achieve business reinsurance.

In the area of **securities markets and investment services**, Directive 2004/39/EC on markets in financial instruments (MiFID), along with its changes and implementing measures, determines a full regulatory regime which covers authorization, operation and supervision of investment firms and regulated markets. As regards the financial market infrastructure, the *acquis* aims to remove obstacles in the trade zones by increasing the efficiency of market infrastructure and promoting financial stability.

Finally, the *acquis* has a comprehensive regulatory and supervisory framework for alternative investments, capital and social funds, increasing transparency towards investors and public authorities.

**SAA Requirements**

Within the SAA, Chapter 9 Financial Services provides for obligations of the Central Bank of Kosovo (CBK) in the area of financial services, namely, in relation to the establishment and freedom of providing banking, insurance and other financial services, and the approximation and implementation of legal and regulatory framework (namely, Articles 50, 96 and Annex 6 of the SAA), with the European Union legislation, the Statute of European Central Bank and the European System of Central Banks.

**Requirements from other EU accession mechanisms**

Based on EC’s 2018 Kosovo Report, regarding financial services matters, the local legislation should be further aligned with the *acquis*. The report underlines that Kosovo is not yet part of the "green card" system. It is also mentioned that the financial services market remains at an early stage of development.

On banks and financial conglomerates, some progress has been made in implementing the legislation on banking supervision, which aims to strengthen corporate governance and the management of credit risk. The Central Bank needs to ensure adequate protection of consumers and the prevention of unfair banking practices. Kosovo needs to establish an independent recovery and resolution authority. On the harmonisation of the regulatory framework with Basel II and EU standards, the Chapter on Risk-Weighted Exposure Amounts for Credit Risk has yet to be adopted. In March 2017, the Central Bank of Kosovo has signed a memorandum of understanding with the European Banking Authority, establishing a framework for cooperation and information exchange and on the European Single Supervisory
Mechanism. The latter still needs to be signed with the European Central Bank. The legislation on microfinance institutions and nonbank financial institutions is not yet in line with the EU acquis. The law on accounting, financial reporting and auditing has not been adopted.

On insurance and occupational pensions, Solvency I measures need to be fully implemented and enforced. Preparations have not yet begun to introduce measures aligned with the Solvency II Directive. The insurance law is aligned with the EU acquis on the exercise and pursuit of the business of insurance, reinsurance and insurance mediation. The oversight and supervision of occupational pension funds needs to be improved. Some progress was made on improving the transparency of insurance services, namely by publishing annual audit reports online, but additional efforts are still needed to increase the conditions for granting licences to new insurance companies. Stronger inter-institutional coordination is required to address the issue of non-insured, non-registered vehicles. Due to Kosovo’s inability to partake in the ‘green card’ system, vehicle insurance continues to be required for foreign-registered vehicles entering Kosovo and for vehicles with Kosovo registration plates leaving Kosovo. This is not the case for countries with which Kosovo has bilateral vehicle insurance arrangements.

On securities markets and investment services, the Central Bank auctions government securities and maintains records, which are stored and processed electronically.

**State of Play**

**Legislative Framework**

In relation to the banking sector, legal and regulatory framework on licencing, regulation and supervision of banks in the Republic of Kosovo includes:

- Law No. 05/L-150 amending the Law No. 03/L-209 on Central Bank of the Republic of Kosovo (hereinafter the Law on CBK);
- Law No. 04/L-093 on Banks, Microfinance Institutions and Non-Bank Financial Institutions (Official Gazette of the Republic of Kosovo, No. 11/11 May 2012) (hereinafter the Law on Banks);
- Law No. 04/L-155 on Payment System (hereinafter the Law on Payment System).

Within the framework of existing legislation, below is the secondary legislation (rules, regulations and guidelines) issued by the CBK pursuant to, and implementing the above-mentioned laws (the Law on CBK, the Law on Banks and Law on Payment System) which address licencing, organization, operation, requirement for risk management and requirements for prudential supervision of banks, microfinance institutions and non-bank financial institutions. This regulatory framework on regulation and supervision of banks is based on Basic Principles of Basel Committee and the Basel II Standards, particularly in terms of adoption of the Law on Banks in 2012 and of respective regulations for its implementation, which were mainly adopted in 2013:

- Regulation on Bank Capital Adequacy (amended as of 27.02.2015);
- Regulation on External Audit of Banks;
- Regulation on the Mergers and acquisitions of Banks;
- Regulation on Capital Equivalency Deposit for Branches of Foreign Banks;
- Regulation on Directors and Senior Managers of Banks;
- Regulation on Large Exposures;
- Regulation on the Opening and Closing inside and outside the Republic of Kosovo of Branch Offices and Subsidiaries of Banks;
- Regulation on the Opening of a Representative Office inside and outside the Republic of Kosovo;
- Regulation on Internal Controls and Internal Audit of Banks;
- Regulation on Limits to Holdings of Real Estate and Movable Property;
- Regulation on Licensing of Banks and Branches of Foreign Banks;
• Regulation on the Consolidated Supervision of Banking Groups;
• Regulation on Credit Risk Management for Banks;
• Regulation on Operational Risk Management;
• Regulation on the Liquidity Risk Management for Banks;
• Regulation on Minimum Reserve Requirement for Banks;
• Regulation on Changes in Capital Accounts;
• Regulation on Effective Interest Rate and Disclosure Requirements;
• Regulation on Publication of Information by Banks;
• Regulation on Reporting of Banks to the CBK;
• Regulation on Foreign Exchange Risk;
• Regulation on Transactions to Bank-Related Persons and Exposures to Bank Employees;
• Regulation on Safe Deposit;
• Regulation on Mortgage Lending;
• Regulation on Appraisal of Immovable Properties;
• Regulation on Minimum Security Requirements;
• Regulation on the Direct Debit Scheme of EICS;
• Regulation on Emergency Liquidity Assistance;
• Regulation on Interbank Payment System;
• Regulation on Payment Instruments Statistics;
• Regulation on Electronic Payment Instruments
• Regulation on guarantee instruments and agreements between licensed financial institutions and the Kosovo Credit Guarantee Fund
• Regulation on the allocation of credit funds to banks
• Regulation on use of external credit assessments for the purpose of calculation of regulatory capital
• Regulation on Prevention of Money Laundering and Financing of Terrorism
• Regulation on the interest rate risk management in the banking book
• Regulation on issuance of licensing or registration certificates for financial institutions
• Regulation on letter of credit and bank guarantee
• Regulation on International Payments;
• Regulation on Clearing and Operating of Settlement Accounts;
• Regulation on Bank Account Standard Numbering System;
• Regulation on Procedures for Imposing Administrative Penalties;
• Regulation on Internal Complaints Handling Process;
• Regulation on Credit Registry;
• Regulation on Registry of Bank Accounts Holders;
• Regulation on External Audit of Microfinance Institutions;
• Regulation on Internal Controls and Internal Audit Function in Microfinance Institutions;
• Regulation on Limits to Holdings of Real Estate and Movable Property of Microfinance Institutions;
• Regulation on the Liquidity Risk Management for Microfinance Institutions;
• Regulation on Credit Risk Management for Microfinance Institutions;
• Regulation on Effective Interest Rate and Disclosure Requirements for Microfinance Institutions;
• Regulation on Reporting of Microfinance Institutions to the CBK;
• Regulation on the Registration, Supervision and Activities of Non-Banking Financial Institutions;
• Regulation on External Audit and External Auditor of Financial Institutions;
• Regulation on Direct and Indirect Disbursement of Loans in Cash;
• Rule on the Prevention of Money Laundering and Terrorist Financing.
Law on Banks and regulations mentioned above have established the legal basis for adopting the requirements of Directive 2006/48/EC of the European Parliament and the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions and Directive 2006/49/EC of the European Parliament and the Council of 14 June 2006 on the capital adequacy of investment firms and credit institutions, which were superseded in 2013 by the adoption of Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV) and Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms (CRR).

Regarding the Deposit Insurance Fund, the same was established in 2011 under the Law No. 03/L-216 on the Establishment of a Deposit Insurance System for Financial Institutions in Kosovo as amended by the Law No. 04/L-133 amending the Law No. 03/L-216 on the Establishment of a Deposit Insurance System for Financial Institutions in Kosovo. This law regulates the insurance of deposits of natural and legal persons, the establishment, governance, and authority of the Deposit Insurance Fund of Kosovo.

The Deposit Insurance System ("SSD") was established as a development project in the framework of bilateral German-Kosovian cooperation, whereby the Tripartite Financing and Project Agreement was signed in 2011 between the Government of Kosovo (through the MoF), the German Government (through KfW) and DIFK (as the Project Execution Agency) for establishing a deposit insurance system in Kosovo through a donation contribution to the FSD in a total amount of 15.5 million, out of which 11 million were granted by the Government of Kosovo (through the MoF) while the German Government (through KfW) has provided EUR 4.5 million on capital contribution and 0.5 million in associated advisory services. The third instalment paid by the Government of Kosovo (through the MoF) in the amount of EUR 2.9 million was financed by IDA's loan (via the WB). In support of the increase of the insurance limit to 5,000 from 01.01.2018, DIFK has received an additional contribution from the German Government (through KfW) in the amount of EUR 2 million in 2013. This three-year project was concluded in July 2015.

Main features of the DIS in Kosovo are the following: independence of the deposit insurance agency, mandatory membership of all institutions receiving deposits, “upfront” financing (“ex-ante”), differential premiums system, insurance coverage of natural and legal persons, limited amount of deposit insurance, deposit insurance rule: for a depositor, for every bank, the targeted DIF level, conservative investment policy.

Regarding the Deposit Insurance System, the legal framework includes

- Law No. 03/L-216 on the Establishment of a Deposit Insurance System for Financial Institutions in Kosovo as amended by Law No. 04/L-133 amending the Law No. 03/L-216 which regulates the ensuring of deposits of natural and legal persons and the establishment, governance and authorizations of the Deposit Insurance Fund of Kosovo.
- Law No. 03/L-216 on the Establishment of a Deposit Insurance System for Financial Institutions in Kosovo.
- Law No. 04/L-133 amending the Law No. 03/L-216 on the Establishment of a Deposit Insurance System for Financial Institutions in Kosovo.

Under the existing legislation, the subsidiary legislation is presented also in the following (rules, regulations and guidelines) issued by DIFK based on and in compliance with the above mentioned laws that address the obligations of member banks related to the insurance of natural and legal persons deposits, requirements on the structure and format of data to be submitted by member banks for the accurate and rapid determination of the insured deposits, calculation and collection of initial and ongoing premiums, information of member clients, etc. This regulatory framework has been complemented in 2013-2016:

- Regulation on the participation of member banks in DCS testing and submission of data in required format and specification to determine insured deposits.
• Rule on the quarterly reporting by members on deposits and depositor’s overdue liabilities to the deposit insurance fund of Kosovo
• Rule on calculation and collection of on-going and initial premiums
• Rule on Administrative Sanctions for members of the Deposit Insurance Fund
• Rule on informing the clients of members DIFK- amended
• Rule on selection process and selection criteria for pay-out agent bank.
• Rule on emergency funding
• Regulation on compensation procedures of insured deposits
• Rule for the general procedure for consultation with stakeholders
• Investment guidelines of the deposit insurance fund of Kosovo
• Public awareness policy
• Guide for depositors on the compensation process of insured deposits

The Law on Banks and regulations mentioned above have established the legal basis for adopting the requirements of Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions and Directive 2006/49/EC of the European Parliament and of the Council of 14 June 2006 on the Capital Adequacy of Investment Firms and Credit Institutions, which in 2013 were replaced by the adoption of Directive 2013/36/EU on Access to the Activity of Credit Institutions and the prudential supervision of Credit Institutions and Investment Firms (CRD IV) and Regulation (EU) No. 575/2013 on Prudential Requirements for Credit Institutions and Investment firms (CRR).

In relation to insurances, the legal and regulatory framework for licencing, regulation and supervision of insurances in the Republic of Kosovo includes:
• Law No. 03/L-209 on the Central Bank of the Republic of Kosovo
• Law No. 04/L-018 on Compulsory Motor Liability Insurance (hereinafter referred to as Law on Motor Liability Insurance)
• Law No. 05/L -045 on Insurances, which has repealed Regulation No. 2001/25 on Licencing, Supervision and Regulation of Insurance Companies and Insurance Intermediaries (hereinafter referred to as Regulation No. 2001/25)

Law No. 04/L-018 on Compulsory Motor Liability Insurance and related regulations for its implementation are partially in compliance with the Directive 2009/103/EC of the European Parliament and the Council, dated 16 September 2009, relating to insurance against civil liability in respect of the use of motor vehicles, and the enforcement of the obligation to insure against such liability.

In order to harmonize and approximate the legislation in the area of insurance with that of the European directives, in the beginning of 2016 the Law no.05/L-045 on Insurance entered into force, which was adopted by the Assembly of the Republic of Kosovo which repealed the Regulation no.2001/25 on Licensing, Supervision and Regulating of Insurance Companies and Insurance intermediaries (hereinafter Regulation no.2001/25), which was in force. This law is partially harmonized with the European Directive 2009/138 EC of the European Parliament and the Council dated 25 November 2009 on the taking up and the pursuit of the business of insurance and re-insurance (Solvency II) and the European Directive 2002/92/EC of the European Parliament and the Council dated 9 December 2002 on Insurance Intermediaries. This Law sets the basis for further approximation with the EU acquis. The abovementioned Law defines principles and basic rules for licencing, regulation and supervision of insurers, re-insurers, insurance intermediaries and other relevant entities, so that the insurance industry in the Republic of Kosovo can operate in a safe, stable and transparent manner in protection of the rights and interests of women and men policy holders. All legal acts (regulations) issued under Regulation 2001/25 have remained in force as long as they are not in contravention of the Law on Insurance. The
reviewing process of all the regulations has started aiming the full harmonization of regulations with the requirements of the Law on Insurance, whereby several regulations have been issued so far.

Regulations adopted based and pursuant to the Law on CBK, Law on Motor Liability Insurance and Regulation No.2001/25, which are mentioned above, are as follows:

- Regulation on Calculation of the Minimum Solvency Margins, Capital Adequacy and Guarantee Fund for Non-life Insurers (29 February 2017);
- Regulation on licencing of insurers, adopted (amended), (31 August 2017);
- Regulation on Licensing of Insurance Intermediaries, approved (amended) (31 August 2017);
- Regulation on Determination of Premium’s Structure for Compulsory Motor Liability Insurance;
- Regulation on deposit of asset as guaranty, capital adequacy, financial reporting, risk management, investment and liquidity;
- Regulation on Compensation Fund of Kosovo Insurance Bureau;
- Regulation on Implementation of BONUS-MALUS System;
- Regulation on General Conditions of Motor Liability Insurance Policy;
- Regulation on Licencing of Insurance Intermediaries;
- Regulation on Procedures on Handling Complaints for Motor Liability Insurance Damage Compensation
- Regulation on Standards on Reporting and Oversight of Kosovo Insurance Bureau;
- Regulation on licensing of the insurance companies and branches of foreign insurance companies;
- Rule on Insurance Related Activity;
- Rules on affiliation and outsourcing Contracts;
- Rule on Derivative Financial Products;
- Rule on Internal Controls;
- Rule on the Establishment of an Arbitration Forum to Resolved Disputes on Claims;
- Rule on licensing regulators/supervisors of insurance damages;
- Rule amending Rule on Accounting Standards and Record-keeping Requirements for Insurance Companies and Insurance Intermediaries;
- Rule on Prescribing Reserve Requirements of Insurance Companies;
- Rule on Prescribing Additional Requirements to be Included in the Engagement Letter of External Auditors;
- Rule on Corporate Governance of Insurance Companies and Insurance Intermediaries;
- Rule on Selling Insurance Via the Internet;
- Rule on Related Parties Transaction;
- Rule on the Validity and Amount of Policyholders’ and Creditors’ Claims, in Liquidation;
- Rule amending the Rule on General Insurance Classes recognized by the BPK.

Following the entry into force of the Law on Insurance, the following regulations governing new areas of insurance were issued:

- Regulation on mergers and acquisitions;
- Regulation on insurance actuaries;
- Regulation on the criteria for appraisal of intangible motor liability claims;
- Regulation on the opening of representative offices by foreign insurers in the republic of Kosovo.

In addition, a number of other regulations have been issued replacing and amending existing regulations such as:

- Regulation on insurance premium’s structure
- Regulation on investment of assets covering technical and mathematical provisions and investment of charter capital for insurers;
• Regulation on risk retention and reinsurance coverage requirements;
• Regulation on internal controls and internal audit of the insurers;
• Regulation on calculation and retention of technical and mathematical provisions for non-life and life insurers;
• Regulation on the external audit of insurers, insurance intermediaries, claim handlers and the Kosovo Insurance Bureau;
• Regulation on publication of information by insurers;
• Regulation on delegation of functions of insurers;
• Regulation on reporting of insurers to the CBK;
• Regulation on Licencing Claim Handlers.

These regulations and rules are partially harmonized with the EU Directives in the area of insurance, which regulate issues such as non-life insurance, life insurance, insurance intermediation, compulsory motor liability insurance, prudential risk management requirements, minimum capital requirements, and other issues of importance in the area of insurance, in a continuous effort to harmonize legislation in the area of insurance with the EU acquis, as was mentioned above.

With regards to pensions, the Law on CBK defines pension funds as financial institutions. Therefore, this law establishes the exclusive competence of the CBK to license, regulate and supervise Kosovo Pension Funds.

The legal and regulatory framework for licencing, regulating and supervising the pension funds in the Republic of Kosovo includes the Law No. 04/L-101 on Pension Funds of Kosovo (Law on Pension Funds) and CBK Regulations on Pension Funds.

Law No. 04/L-101 on Pension Funds and relevant regulations for its implementation are partially in compliance with the EU Directive 2003/41/EC of the European Parliament and the Council dated 3 June 2003 on the activities and supervision of institutions for occupational retirement provision, which set the basis for full harmonization with requirements of this directive.

At the end of 2015, the revision of the Law No. 04/L-101 on Pension Funds of Kosovo (Law on Pension Funds) has started, and in September 2016 it underwent the first reading in the Assembly of the Republic of Kosovo. The amendment of the Law in question was adopted and published in January 2017.

Regulations adopted based on the Law on CBK and Law on Pension Funds: the regulatory framework for the regulation and supervision of pensions after the entry into force of the Law on Pension Funds is as follows:
• Regulation on defining the conditions and criteria for withdrawal of funds from KPST;
• Regulation on Reports and Information requested by the Kosovo Pension Savings;
• Regulation on licencing asset managers of pension funds;
• Regulation on Individual Savings Pension Payment;
• Regulation on Licencing of the supplementary employer pension funds;
• Regulation on Licencing of the supplementary individual pension providers;
• Regulation on Individual Accounts of Participants.

During 2016 the following regulations were revised:
• Regulation on Investment of Pension Fund Assets;
• Regulation for reporting of Kosovo Pension Fund (Regulation on Reports and Information requested by the Kosovo Pension Savings)
• Rule on the Holders of Pension Assets (Rule amending the Rule on Custody of Pension Assets)
• Regulation on reporting of individual supplementary pension funds (Rule on reports and other information required to be submitted by Pension Funds and Pension Providers)
• Rule on the Value of Pension Contributions (in process)

During 2017 the following regulations were revised:
• Regulation on pension assets and valuation of pension assets, approved (amended), (29 June 2017);
• Regulation on the amount of pension contributions, approved (amended), (27 April 2017);

These regulations implement the requirements set out by the Law on Pension Funds, which contribute to further approximation with the requirements of the Directive. In addition to these regulations, for the regulation and supervision of pensions there are a number of rules, as follows:
• Rule on Pension Benefits Applicable Programmes of Supplementary individual pensions;
• Rule on Funding and Actuarial Valuation of Defined Benefit Pension Arrangements;
• Rule on Investment of Pension Assets;
• Rule describing requirement in the Engagement Letter of External Auditors of Pension Funds and Pension Providers;
• Rule on Record-Keeping by Pension Funds and Pension Providers;
• Rule on Pension Assets and Valuation of Pension Assets;
• Rule amending the Rule on Designating Pensions Beneficiaries;
• Rule amending the Rule on Transfers and Transfer Payments of Pension Assets;
• Rule amending the Rule on the Custody of Pension Assets;
• Rule amending the Rule on Asset Managers of Pension Assets;
• Rule on termination of Individual Supplementary Pensions;
• Rule on Participation in a Pension Fund and Occupational Categories of Employees;
• Rule on reports and other information required to be submitted by Pension Funds and Pension Providers;
• Rule on the Establishment of Pension Funds;
• Rule on the Establishment of Supplementary Individual Pensions by Pension Providers;
• Rule on the value of the Pension benefit Applicable to the Employer Supplementary Pension Fund;
• Rule on the Amount of Pension Contribution (under revision).

In the area of financial market, the domestic debt market has been developed so far by issuing Kosovo Government securities, which operates through the electronic platform for trading securities. This activity is realized through the organization of auctions announced by the Government of the Republic of Kosovo and is managed by the Central Bank of the Republic of Kosovo. The organization of government securities auctions is based on the system of primary actors (commercial banks), whereby physical and legal persons can participate in the market through the primary stakeholders mentioned above.

The first issuance of securities of the Government of Kosovo was conducted on January 17, 2012, whereby one instrument with 3 months maturity was issued, and the process continued by issuing 6 and 12 months maturity instruments. Apart from treasury bills, bonds with maturity period of 2 and 3 years are also issued. The 24th of May 2014 marked the first trade transaction with securities in the secondary market, whereby a transaction was carried out between the Primary Dealers and the Client. A considerable number of such transactions have been conducted to date, mainly between the Primary Dealers and their clients, as well as transactions between Primary Dealers themselves.

An expansion of the base of investors participating in the securities market of the Government of Kosovo has been noticed, where, in addition to natural persons, the Pension Funds and Insurance Companies take part as well. In addition, in August 2015 were conducted transactions of purchasing securities
through the secondary market by the Central Bank of the Republic of Kosovo in relation to Article 11 of Law No. 03/L-209.

The market of securities of the Republic of Kosovo is regulated by the Law 04/L-175 on Public Debt, applicable since November 2009, as well as by the bylaws, Regulation MoF-CBK No. 01/2014 for the primary and secondary market of Government Securities of the Republic of Kosovo, adopted in 2012 (amended in 2014).

Among the strategic goals is also the provision of efficient and quality interbank systems for transferring funds and securities, which implies further advancement of the Central Securities Depository - CSD, Electronic Trading Platform – ETP, and the engagement in establishing a modern interbank money and capital market system.

Institutional and Policy Framework

Pursuant to Articles 11 and 140 of the Constitution and according to the provisions of the related law, the Central Bank of the Republic of Kosovo (CBK) is a public legal entity. CBK is the key participating and regulatory institution in the financial system of the Republic of Kosovo and has administrative, financial and management independence and autonomy. The CBK primary objective is to promote and maintain a sound financial system, including an efficient and sustainable payment system. In view of this objective, and relating to the area of financial services, the relevant departments have been set up to ensure a supervision of financial institutions, including supervision of banks, insurance companies, pension funds and other non-banking financial institutions.

The CBK activity is ensured by its decision-making bodies and its personnel. The CBK decision-making bodies are the following: CBK Board, Executive Board and the Governor. The Central Bank Board consists of the Governor and three (3) other non-executive members, who are in charge of approving and supervising of the implementation of the policies, and the supervision of the administration and operations of the Central Bank. The non-executive members of the CBK Board shall not be members of the BCK staff. CBK is also the supervisor of the activities of Kosovo Pension Savings Trust and the Kosovo Insurance Bureau.

Kosovo Pension Savings Trust (KPST) is an independent public institution established by the Assembly of the Republic of Kosovo. The general activity of KPST is regulated by the Assembly of Kosovo and supervised by the Central Bank of Kosovo (CBK). KPST is created based on the model of defined pension contribution, which means that each contributor saves for pension in a personal account. KPST is an institution established in December 2001 and its activity was launched in August 2002 with a primary task to administer and manage mandatory (and voluntary) pension contributions of the employed persons in Kosovo.

The powers and responsibilities of the KPST over administering the pension funds are vested pursuant to Law No. 04/L-101 on Kosovo Pension Funds (Article 5.1), through its Board of Directors, including the rights relating to pension funds (Article 5.2). KPST has its main and sole office in Pristina, while other services relating to contributors and beneficiaries are also carried out in six other centres of the Tax Administration of Kosovo (TAK), such as: Mitrovica, Peja, Gjakova, Prizren, Ferizaj and Gjilan. KPST is led by the Board of Directors consisting of five professional members with at least 10 years of working experience in the area of pensions; two representative members, one member representing the Employers; one member representing the Employees; one member representing the Government of Kosovo. All members of the Board are appointed by the Kosovo Assembly with a term of 3 years, with the possibility of reappointment. If a Board Members term has expired and no new member has been appointed, then the existing Board Member will continue their mandate for ninety days.
The Kosovo Insurance Bureau was established on 07 August 2011 by ten insurance companies licensed to operate in the Republic of Kosovo, based on Law No. 04/L-018 on Compulsory Motor Liability Insurance.

The Kosovo Insurance Bureau is a professional organization with legal entity capacity, established for non-profit purposes. The Government of the Republic of Kosovo recognizes the institutional status of the National Insurance Bureau with unrestricted rights, in the capacity of a payment and treatment bureau, guaranteeing the implementation of all obligations stipulated under the international insurance card system. The Bureau is funded by its members and its activity is supervised by the Central Bank of Kosovo. Within the Kosovo Insurance Bureau operate the Compensation Fund, Border Insurance, Insurance Information Centre and the Green Card.

Besides the implementation of a prudential, constant and independent supervision over all financial institutions licensed by CBK, the relevant departments of supervision of financial institutions also aim at developing secure financial activities, such as those of banking, insurance and pensions, and creating conditions for the realization of a healthy process of financial intermediation in the Republic of Kosovo, for the development of the financial sector and thus the development of the economy.

**Medium-term Priority Objectives**

In the medium-term perspective, the main legal priorities foreseen to be implemented are as described in the following.

**Banking sector:**
- Amendment of capital adequacy regulation in order to adopt requirement for capital definition as per Basel III, to fully harmonize risk weights against risk credit according to the standardized approach, to adopt capital requirements against the market risk, and to recognize mitigating factors of risk credit in accordance with a standardized approach;
- Adoption of standards from Pillar II and Pillar III of Basel Framework relating to Capital;
- Adoption of the risk liquidity management requirements and the leverage ratio based on new standard recognized as Basel III;
- Adapting the reporting framework of banks according to International Financial Reporting Standards and adapting the legal framework related to asset classification and provisioning;
- Guidelines on Capital Reporting and Capital Requirements;
- Guidelines on the reporting of risk weighted exposures for credit risk;
- Guidelines on reporting capital market risk requirements;
- Guidelines on reporting the Leverage Indicator.

These standards are part of the Directive 2013/36/EU and the Regulation (EU) No. 575/2013 of the EU, known as CRD IV and CRR, namely part of the EU *acquis* and are foreseen to be adopted for the purposes of a full approximation of the legislation concerning the area of bank supervision within the framework of full fulfilment of requirements deriving out of the SAA, respectively, the Article 96 and its Annex 6 relating to the financial services.

**Insurance sector:**
- Further approximation of the insurance regulations in Kosovo with the relevant European Directives. Existing regulations will be subject to amended in order to implement the Law on Insurance.

**Pensions sector:**
The CBK regulatory framework in the area of pensions will be amended in line with the requirements of the Law on Pension Funds and the EU acquis in the area of pensions. At the request of civil society organizations dealing with gender equality, gender mainstreaming should be ensured in this process, in accordance with the Law on Gender Equality.

In the medium term, the main implementation priorities expected to be implemented are the following:

**Banking sector:**
- Training and qualification of the bank supervision staff on application of the Basel Capital Framework standards and the International Financial Reporting Standards;
- Analysis and adoption of best practices of the EU countries in the area of customer protection;
- Capacity building for administering the emergency situations in the event of crisis and resolution of troubled banks;
- Establishment of a periodical testing programme recognized as — stress testing and adoption of the early warning system.

**Deposit Insurance Fund:**
- Advance collaboration with safety net partners and strengthen cooperation with stakeholders in the financial sector;
- Increase of public awareness through continued and effective communication;
- Advance differential premium system and reporting by member banks.

**Insurance sector:**
- Amend the Manual for Off-site supervision;
- Training and qualification of staff on insurance supervision in applying the Solvency standards I and II;
- Preparations for the entry into force of solvency (Solvency II);
- Stress-test – Establish the programme and scenario for testing insurers, recognized as — stress testing programme.

**Pension sector:**
- Training and qualification of Pension Supervision staff and application of the IOPS standards and principles;
- Training of staff in the area of pension consolidated supervision;
- Analysis and adoption of best practices of the EU countries in the area of protection of participants and beneficiaries in/from pension funds;
- Capacity building for managing emergency situation in the events of crisis and resolution of pension funds.

3.10. Acquis Chapter 10: Information Society and Media

This SAA chapter covers electronic communication, information society services and the audio-visual policies by which the European regulations promote and encourage competition, development and a more comprehensive approach to modern services and technologies, with particular emphasis on the interests of end users.

In the area of electronic communications, the EU acquis aims to implement the objectives specified in Law No. 04/L-109 on Electronic Communications, Electronic Communication Sector Policy – Digital Agenda for Kosova, as well as in the EU Regulatory Framework for provision of broadband services, safety of electronic communications networks and services, by promoting and protecting effective competition
through the implementation of adequate mechanisms which guarantee the protection of competition and the provision of appropriate and appropriate services throughout the territory of the Republic of Kosovo.

The main issues that are covered in the area of electronic communications are the following: the provision of high-speed broadband services within the shortest time possible, with high security and reasonable prices for consumers, provision of universal services, planning and the evaluation of frequency bands of special economic importance as well as the security of electronic communications networks and services. Main issues in the area of information society services include the following: information security, e-governance, e-health, e-signature, e-commerce and public sector. Main issues in the area of audio-visual policies are the following: audio-visual media services, public services for radio emission, minors’ protection, film heritage and cultural diversity.

SAA Requirements

Relevant articles of the SAA are the Chapter VIII, respectively, Article 111 relating to electronic communications network and electronic communications services, Article 110 on Information Society and Article 109 on cooperation in the audio-visual area. Article 111 relates to strengthening cooperation in the area of electronic communications networks and electronic communications services, with the ultimate objective of the adoption by Kosovo of the EU acquis in the sector five years after the entry into force of this Agreement, paying particular attention to ensuring and strengthening the independence of the relevant regulatory authorities.

Article 110 relates to the cooperation in the area of information society, mainly supporting Kosovo’s gradual approximation of policies and legislation in this sector with those of the EU. Global objectives are to further prepare the society as a whole for the digital age, as well as identifying measures ensuring interoperability of networks and services. Article 109 relates to the cooperation and promotion of the audio-visual industry in Europe and encourages co-productions in the sectors of cinema and audio-visual media, including, inter alia, programmes and facilities for the training of journalists and professionals of the audio-visual media industry. This Article also addresses technical assistance to Kosovo public and private media, so as to reinforce their independence, professionalism and links with European media, approximate Kosovo’s policies on the regulation of content aspects of cross-border/ boundary broadcasting with those of the EU and harmonise its legislation with the EU acquis, and the acquisition of copyrights and strengthening the independence of the regulatory authorities.

Requirements deriving from other EU accession mechanisms

With regard to the requirements of the Kosovo Report 2018, concerning the area of electronic communications, information society services, and audio-visual policies, Kosovo is needed to continue its efforts in approximating and completing the legal framework in terms of harmonization with EU acquis. Moreover, in the context of increasing professional and institutional capacities, it is recommended to strengthen the independence and capacity of the Telecommunication (RAEPC) and Media Regulatory (IMC). Also, according to the report, the Computer Security Incident Response Team needs additional staff members, and the full implementation of system 112 should be ensured. Similarly, the report also recommends providing funds for the implementation of the Cyber Security Strategy.

As a matter of urgency deriving from the Report and seeking institution’s attention, Kosovo needs to undertake concrete steps towards crossing from analogue to digital transmission and develop a solution for sustainable funding of the public service broadcaster, RTK.

With regard to the requirements deriving from the last meeting of the Subcommittee on Innovation concerning the area of electronic communications, information society services, and audio-visual policies, the legal and strategic framework is planned to complemented. Furthermore, the Kosovo Government should provide adequate budgetary resources in the area of information society services, in particular for
the implementation of the Strategy for e-Governance and the Cyber Security Strategy. Also, the relevant institutions should take steps in order to develop the information society statistics in line with Eurostat standards.

Furthermore, the Kosovo Government, in the area of audio-visual policies, should take all necessary steps to implement the crossover from analogue system to digital transmission system. Consequently, Kosovo Government should adopt the Strategy on Crossing the Digital Transmission as soon as possible so that the Independent Media Commission implements the Law and Strategy on the relevant matter.

Among other things, Kosovo institutions should provide a model that ensures sustainable financing of RTK. In the context of strengthening the professional capacities, Kosovo Government should provide adequate capacities and resources aiming the functioning of RAEP and IMC. Likewise, Kosovo institutions should ensure the minimum capacities in national CERT (Computer Emergency Response Team - CERT), respectively computer emergency response team, in accordance with the ENISA's recommendations.

State of Play

Legal and Policy Framework

Legal and Policy Framework in the area of electronic communications

The legislative framework in this area consists of the following relevant normative acts:

- Law on Electronic Communications;
- Regulation No. 05/2017 for construction, installation, and supervision of electronic communications infrastructure;
- Regulation No. 40 on use of radio frequency bands exempted from individual authorization and technical conditions for use of radio equipment in these band (046/B/18, 03 August 2018);
- Regulation No 39 for Universal Services in Electronic Communications (036/B/18, 04 July 2018), Regulation No 38 on contracts, transparency and disclosure of information, and other safeguards for end-users for the provision of electronic communications networks and services (022/B/18, 19 April 2018);
- Regulation No 37 on general authorisations (019/B/18; 16 April 2018), Regulation No 36 on the quality of electronic communication services (016/B/18 16 April 2018);
- Regulation No 35 on payment for the supervision and the right to use the radio frequencies (005/B/18; 19 January 2018);
- Regulation No 33 on Number Portability for the Subscribers of Public Electronic Communication Services (043/B/17, 26 June 2017);
- Regulation No 32 on the National Numbering Plan for Electronic Communications Networks in the Republic of Kosovo (038/B/17, 16 June 2017);
- Technical Regulation No 31 on Radio Equipment (032/B/17, 31 December 2017);
- Regulation No 29 on technical and organizational standards for the security and integrity of networks and/or electronic communications services (046/B/16; 22 November 2016);
- Regulation No 24 on Accounting Separation (012/B/14 01 April 2014);
- Regulation No 22 on allocating and usage of radiofrequencies (054/B/13, 31 December 2013);
- Regulation No 27 on Market Analysis (041/B/14; dated 23 December 2014);
- Regulation on Cost Accounting to the Fully Distributed Costs (FDC) Method (FDC 043/B/12; 22 June 2012);
- Regulation No 14 on the rights of way and common use of the infrastructure (030/B/13, 19 March 2012); Regulation No 9 on Interconnection (033/B/11 3 June 2011) Regulation No 8 Regulation No 9 on full and shared common use of the local loop and sub-loop (024/B/11, 18 April 2011); and
These normative acts have transposed the following acts of *acquis*:

- Regulation No 2015/2120;
- Directive 2009/136/EC;
- Directive 2009/140/EC;
-Directive 1999/5/EC;
- EC Recommendation 2003/311/EC; EC Recommendation 2007/879/EC; and
- EC Decision on classification of radio and terminal devices 200/299/EC.
- Directive 2014/53/EU;
- Decision No 376/2002/EC;
- Decision ECC Dec. (08) 04);
- Decision ECC Dec. (06) 04);
- Recommendation 2003/311/EC
- Recommendation 2007/879/EC;
- EC Recommendation 98/322/EC;
- European Commission Recommendation 2005/698/EC on accounting separation and cost accounting systems under the regulatory framework for electronic communications
- Guidelines published by the European Union Agency for Network and Information Security (ENISA); and

The policy framework in this area consists of the following documents:

- Development of the Electronic Atlas for Broadband Telecommunications Infrastructure.

*Institutional framework in the area of electronic communications*

The institutional framework in this area is comprised of the following institutions:

- Ministry of Economic Development; and
- Regulatory Authority of Electronic and Postal Communications (ARKEP).

*Donor Support*

On the other hand, regarding the support and funds provided by external donors for the implementation of various activities in the area of electronic communications, funds have been donated by donors such as: World Bank, IPA, etc. MED in cooperation with the World Bank is developing the programme for Kosovo Digital Economy - KODE. KODE components are based on projects that will develop (1) broadband interconnection infrastructure in uncovered areas; (2) human capital and digital businesses to introduce Kosovo into the digital economy of the future. It will provide high-speed (broadband) infrastructure and will support access to labour markets, new sources of knowledge and public services for families and institutions in underdeveloped rural areas. Kosovo is doing all the preparatory work to connect to the Pan-European Network for Research and Education Network - GEANT.
In July 2018 a financing agreement was signed between the Ministry of Finance and the World Bank in the amount of EUR 20.7 million. The Law on the Ratification of this Agreement has been approved by the Assembly of the Republic of Kosovo on 20.09.2018. The CODE Implementation Unit was established and the implementation of this programme will start as of 2019.

As part of the preparations for KODE, during 2018, eleven pilot projects/lots have been implemented for the extension of the broadband infrastructure in the rural areas of the country, which include about 34 villages, and three other lots are under implementation.

Medium-term Priority Objectives

In order to meet the obligations deriving from the SAA and the other EU accession documents and mechanisms in the areas within the scope of Chapter 10, the focus over the period 2020-2023 will be in the following mid-term priorities:

- Drafting and adoption of primary and secondary legislation in the area of electronic communications;
- Implementation of the objectives of "The Electronic Communication sector Policy – Digital Agenda for Kosova 2013-2020", i.e. extension of broadband network purview, and coverage up to 99% of the population;
- Promoting competition in the broadband electronic communication market in order to increase the efficiency of market regulation and to make efforts to provide high-speed Internet access to all inhabitants of Kosovo; and
- Establishment of the National Radio Monitoring Network with enables 24/7 monitoring through fixed/nomadic and mobile monitoring stations.

State of Play

Legal and Policy Framework

Legal and policy framework in the area of information society

The legal framework in this area consists of the following relevant normative acts:

- Law on Information Society Services;
- Law on Preventing and Combating Cyber Crime;
- Law on Services;
- Law on General Administrative Procedure;
- Law on Government Bodies for the Information Society; and
- Interoperability Framework of the Republic of Kosovo;

These normative acts have transposed the following acquis acts:

- Directive 1999/93/EC;
- Directive 2000/31/EC;
- Directive 2007/64/EC; and
- Directive 2006/123/EC

The policy framework in this area consists of the following documents:

- Kosovo Information Technology Strategy, including Action Plan for the period 2016-2018; and

Institutional Framework

Institutional framework in the area of information society policy
The institutional framework in this area is comprised of the following institutions:

- Ministry of Economic Development; and
- Ministry of Public Administration (MAP), namely the Agency for Information Society.

**Donor Support**

In order to accomplish the strategic objectives for the development of the Information Society (and the Kosovo Information Technology Strategy), support and funds from various donors, such as: WB, IPA, have been donated. The IPA-2017 funded project "EU Support for the competitiveness of Kosovo's ICT Sector" (€ 3 million) has been approved and will start implementation as of 2019 for a period of three years. The main beneficiary of this action is the Ministry of Economic Development. The overall objective of the action is to enhance the competitiveness of Kosovo’s digital and traditional businesses by supporting growth of Kosovo’s Information and Communication Technology (ICT) sector leading to growth and new job creation. The Specific Objectives of the proposed action are to bridge the digital and business skills gap in a sustainable manner that meets the needs of the market and increases the competitiveness of Kosovo’s digital and traditional businesses and to increase the exports of Kosovar businesses by using the full potential of digital technologies.

*Kosovo Digital Economy - KODE Project* that is under implementation by MED in cooperation with the World Bank (WB), namely the second Component of KODE, is based on projects that will develop human capital and digital businesses to introduce Kosovo into the digital economy of the future, and that will support access to labour markets, etc. At national level, the Project will train and liaise young people with employment opportunities on the Internet; and will improve access to knowledge sources, including better opportunities and cooperation, for higher education institutions.

**Medium-term Priority Objectives**

In order to meet the obligations deriving from the SAA and the other EU accession documents and mechanisms in the areas within the scope of Chapter 10, the focus over the period 2020-2023 will be in these mid-term priorities:

- Drafting and adoption of primary and secondary legislation that will transpose the EU NIS Directive;
- Implementation of the Kosovo Information Technology Strategy;
- Enhancement of the Interoperability Platform, and interconnection of most of the existing electronic systems through this Platform;
- Developing the "e-Kosovo" services portal, in order to increase the number of electronic services for citizens and institutions; and
- Establishment of the Disaster Recovery Centre.

**State of Play**

*Legal and Policy framework*

*Legal and Policy framework in the area of audio-visual policies*

The legislative framework in this area consists of the following relevant normative acts:

- Law No. 04 / L-44 on the Independent Media Commission;
- IMC 2013/01 Regulation on the Protection of Children and Minors in Audio-Visual Media Services;
- IMC-2013/02 Regulation on Copyright;
- IMC-2014/02 Regulation on Evaluation of the Applications for the IMC License;
• IMC-2016/01 Rules for Distribution of Audio and Audio Visual Media Service Providers; Application Form;
• IMC-2016/02 Regulation for Commercial Audio-Visual Communication;
• IMC-2016-03 Code of Conduct for Audio-visual Media Services in the Republic of Kosovo;
• IMC-2017/01 Regulation for Multiplex Operators at state level;
• IMC-2017/02 Regulation for Audio and Audio Visual Media Service Providers;
• IMC-2017/03 Regulation for the Annual License Fees;
• IMC-2017/04 Regulation for Mandatory Carriage of the Audio-visual Media Services in Multiplex Operators; and
• IMC-2017/05 Regulation for Logical Ordering of Channels.

These normative acts have transposed the Directive AVMSD 89/552/EEC.

_Institutional framework in the area of audio-visual policies_ consists of the Independent Media Commission.

**Medium-term Priority Objectives**

In order to meet the obligations deriving from the SAA and the other EU accession documents and mechanisms in the areas within the scope of Chapter 10, the focus over the period 2020-2023 will be in these mid-term priorities:

- Amending the Law on the Independent Media Commission; and
- Drafting regulations and packages for multiplex operators at the state and regional level

However, the planned drafting of these regulations as well as the entire process of transition to digital broadcasting is dependent on the adoption of the Strategy for Transition to Digital Terrestrial Broadcasting by the Government.

### 3.11. Acquis Chapter 11: Agriculture and Rural Development

The agriculture chapter covers a large number of binding rules, many of which are directly applicable. The proper application of these rules and their effective enforcement and control by an efficient public administration are essential for the functioning of the Common Agricultural Policy (CAP). Running the CAP requires the setting up of management and quality systems such as a paying agency and the integrated administration and control system (IACS), and the capacity to implement rural development measures.

Chapter 11 requires that Member States must be able to apply the EU legislation on direct farm support schemes and to implement the common market organisations for various agricultural products.

_SAA Requirements_

With regard to the SAA requirements concerning the legal framework (approximation with EU legislation) the obligation for chapter 11 stems from Article 74 and 102 of the SAA. According to Article 102 of the SAA, the cooperation between the Parties shall be developed in all priority areas related to the EU _acquis_ in the area of agriculture, as well as on quality schemes for agricultural and food products, food safety, veterinary and phyto-sanitary domains. According to SAA, the cooperation shall notably aim to modernise and restructure the agriculture and agro-industrial sector in Kosovo, in particular to achieve EU sanitary requirements. In addition, cooperation under the SAA also aims to improve water management and rural development, to develop the related aspects of the forestry sector in Kosovo, and to support the gradual approximation of Kosovo legislation and practices to the EU _acquis_.

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**Requirements from other EU accession mechanisms**

With regard to the area of agriculture and rural development, the EC Country Report 2018 states that Kosovo has made some progress in implementing the rural development programme. The report also states that Kosovo should particularly improve the assessment and monitoring of grants and direct payments as well as review and update the programme for agriculture and rural development in order to make investments in this sector more efficient.

Regarding horizontal issues, the budget is stable in terms of subsidies and grants. However, there is a lack of staff for proper reviewing and processing of applications and payment execution. Kosovo has established a system for parcel identification, animal identification and registration, farm register, farm accounting, and an integrated administration and control system. With regard to rural development sector, the measures mainly address the modernization of farms and food processing facilities. However, the level of funding and effectiveness of the current rural development measures remains weak, particularly with regard to farm investments, primary food processing, job creation in rural areas, establishment and empowering of local communities, land consolidation, access to irrigation, and improvement of farmer education. After 2015 agriculture registration and in line with developments in the sector, the measures planned in this programme need to be revised and updated to better use and achieve the maximum impact of agriculture funding, increase farmers' incomes, and improve the livelihood of the rural population.

In addition, the EC requires our Institutions to take steps to establish a legal basis for the establishment and functioning of the common market organization and capacity building for the implementation of the Law on Organic Agriculture. Furthermore, in the area of rural development, the EC emphasizes that the level of funding and effectiveness of the current rural development measures remains weak, particularly with regard to farm investments, primary food processing, job creation in rural areas, establishment and empowering of local communities, land consolidation, access to irrigation, and updating of farmers' education data.

Regarding the protection of agricultural land, it is emphasized that Kosovo does not have information on how much agricultural land is lost on an annual basis and it does not have a strategy or action plan to address this issue, and Kosovo should, therefore, undertake urgent measures to stop further agricultural land losses, and to implement legislation regulating spatial planning.

Regarding the fishery sector, the EC requires Kosovo to conduct the inventory of fish species. Conclusions from the meeting of the Subcommittee on Agriculture and Fisheries held on 17 May 2018 emphasized that Kosovo should use IPA projects in the best way, by transferring good practices, and by recommending that national authorities address relevant recommendations that emerge from the reports of the European Court of Auditors. In addition, the European Commission required our authorities to draft their strategies and legislation through continuous consultation with all relevant stakeholders, improve statistics and data collection, and to provide a monitoring mechanism for the implementation of strategies.

In addition, it is also stated that the Agriculture and Rural Development Programme will be reviewed and updated in order to make investments in this sector more efficient and to improve the evaluation and monitoring of grants and direct payments foreseen in the Agriculture and Rural Development Programme. The agricultural sector requires the adoption of the Law on Spirit Alcoholic Drinks, the adoption of the AI implementing the Law on Organic Farming, the registration of farms, the continuation of developments in quality policies, and registration of the first geographic indicator.

As far as the fisheries sector is concerned, efforts are needed to strengthen administrative capacity, as well as inter-ministerial and inter-institutional co-ordination and co-operation in order to ensure
alignment with the Fisheries *acquis*. In addition, the EC also seeks to increase efforts to align with market provisions and relevant control actions, including the IUU catch certificate.

**State of Play**

*Legal, policy and institutional framework*

**Rural Development Sector**

The legislative framework in this area consists of the Law No. 03/L-098 on Agriculture and Rural Development, which has transposed the Council Regulation (EC) No 73/2009; and Council Regulation (EC) No 1217/2009.

As regards the secondary legislation in the area of rural development sector, a total of 12 Administrative Instructions have been adopted.

The policy framework in this area consists of the following documents:

- Agriculture and Rural Development Programme 2014-2020; and
- Rural Development Programme 2018.

The institutional framework in the Rural Development Sector is composed of the Department of Rural Development Policy/Managing Authority.

**Agriculture Sector**

The legal framework in this area consists of the following relevant normative acts:

- Law No 04/L-253 on Agricultural Census;
- Law No 02/L-26 on Agricultural Land;
- Law No 04/L-040 on Land Regulation;
- Law No 03/L-198 on irrigation of agricultural lands;
- Law No 02/L-98 Plant Variety Protection;
- Law No 2003/5 on Seeds;
- Law No 04/L-085 on Organic Agriculture;
- Law No 04/L-041 on Production, Gathering, Processing and Marketing of Tobacco;
- Law No 2003/9 on Agricultural Cooperatives;
- Law No 04/L-191 on Agriculture Livestock; and
- Law No 02/L-85 on Fisheries and Aquaculture.

Regarding secondary legislation in the agricultural sector, a total of 12 AIs have been adopted.

These normative acts have partially transposed the following acts of the *acquis*:

- Regulation No 1166/2008 of the European Parliament;
- European Council (EC) Directive No 2100/94;
The policy framework in this area consists of the following documents:
- Agriculture and Rural Development Plan 2014-2021;
- Direct Payment Programme 2018;
- Land Consolidation Strategy 2010-2020;
- Horticultural Sector Strategy 2009-2013;
- Green Report 2017;
- Action Plan 2010-2020 for the implementation of the strategy; and

**Land Sector**
The institutional framework in this sector is comprised of the Department for Agricultural Policies and Markets.

**Viticulture**
The legal framework in the area of viticulture consists of the following main relevant normative acts:
- Law No 02/L-08 for wines as amended by Law No 04/L-019 for the amendment of Law No 02/L-08; and
- AI - No 01/2017 on registration of vineyards, mandatory declarations, accompanying documents and evidence in wine cellars.

These normative acts have partially transposed the following acts of the acquis:
- Council Regulation (EC) No 479/2008;
- Commission Regulation (EC) No 555/2008;
- Council Regulation (EC) No 479/2008;
- Council Regulation (EC) No 491/2009; and
- Regulation of the Commission and European Council (EU) No 1308/2013.

The policy framework in this area consists of the Viticulture and Vineyard Sector Strategy 2018-2022.

The institutional framework in the area of viticulture consists of the Department for Vineyards and Wine, and the Sector of Advisory Services.

The legal framework in the sector of advisory services consists of the Law No 04/L-074 on Agriculture and Rural Development Advisory Services, which partially transposes the Council Regulation (EC) No. 73/2009.

Regarding secondary legislation in the sector of advisory services, a total of 9 Administrative Instructions were adopted.

The policy framework in this area consists of the Strategy of Advisory Services for Agriculture and Rural Development 2015-2020.
The *institutional framework in the area of advisory services* consists of the Department of the Advisory and Technical Services.

MAFRD executive agencies are the following: Agency for Agricultural Development and Kosova Forestry Agency.

**Donor Support**

In the framework of donor support, the German Government through the German Agency for International Cooperation (GIZ) is implementing the project (2018-2021) called 'Creation of Employment through Promotion of Export' (CETEP), which started in 2018 and amounts to over EUR 5,500,000,000.

Current and planned IPA projects will contribute to the improvement of the irrigation, forestry, and forestry sectors where the EU is expected to support landslide irrigation with a 10m-euro grant including the further capacity building of the Agricultural Institute of Kosovo. Another important donor is the World Bank, which through the project "Agriculture and Rural Development Project" will continue supporting this sector in the amount of 19,480,00.00 million EURO. The project aims to promote competitiveness and growth in the livestock and horticultural subsectors over the next decade through the implementation of selected measures from the agricultural strategy.

**Medium-term Priority Objectives**

In order to meet obligations derived from SAA and other EU accession documents and mechanisms within the scope of Chapter 11, during 2020-2023 the focus shall be in the following mid-term priorities:

- Sustainable rural development and quality life improvement under LRD programme 2021-2027;
- Growth of farms and production potential of households in agriculture sector and reducing import through subsidies;
- Improving competitiveness in primary agriculture production through grants;
- Improving the processing and marketing of agricultural products through subsidies and grants;
- Supporting farmers for the cultivation of organic farming, by implementing the Action Plan for the Development of Organic Farming 2018-2021; and
- Preparation of the Strategy for the Advancement of Agro-food Enterprises.


The integrated approach of the EU on food safety aims to ensure a high level of food safety, animal health, animal welfare and plant health within the European Union through coherent measures farm-to-table and appropriate monitoring, ensuring the effective functioning of the internal market.

Chapter 12 covers detailed rules in the area of food safety. The general foodstuffs policy sets hygiene rules for foodstuff production. Furthermore, the *acquis* provides detailed rules in the veterinary area, which are essential for safeguarding animal health, animal welfare and safety of food of animal origin in the internal market. In the phytosanitary area, EU rules cover issues such as quality of seed, plant protection material, harmful organisms and animal nutrition.

**SAA Requirements**

The obligation for Kosovo legislation approximation with Chapter 12 to that of the EU derives from the Articles 74 and 102 of the SAA. Article 102 of the SAA provides for cooperation between the Parties to be developed in all priority areas related to the EU *acquis* in the area of agriculture, as well as on quality schemes for agricultural products and foodstuffs, food safety, veterinary and phyto-sanitary domains.
Cooperation shall notably aim at modernising and restructuring the agriculture and agro-industrial sector in Kosovo, in particular to reach EU sanitary requirements, to improve water management and rural development as well as to develop the related aspects of the forestry sector in Kosovo and at supporting the gradual approximation of Kosovo legislation and practices to the EU "acquis".

Requirements from other EU accession mechanisms

Besides the obligations from SAA, Kosovo must also meet the requirements deriving from Country Report 2018, and the Subcommittee meeting on Agriculture and Fishery held on May 2018. These documents emphasize some of the key areas of Kosovo for improvement, such as: providing an integrated food control system, including the transfer of municipal inspectors to FVA; continuation of the legal basis approximation with the EU "acquis"; drafting a multiannual food and feed control plan; plant functionalization for processing animal by-products; registration and full categorization of food and feed business operators, and the use of this categorization data during drafting these enterprises advancement strategy; continuation of strengthening all involved bodies to EU "acquis" management related to agriculture, food safety and fisheries, including phytosanitary reference laboratory; FVA capacity building for emergent responses in case of disease outbreaks; strengthening mechanism of cooperation with Serbia in the fight against illegal animal trade; a more effective legislation enforcement on the animal identification and registration at the level of animal, slaughterhouses and animal transportation market.; prioritizing minimum standard and cross-compliance measures establishment and approval in the area of food safety, animal health and welfare, and environment; further strengthening of operational and enforcement capacities of responsible institutions for providing an effective system for plant disease controls.

State of Play

Legal, Policy and Institutional Framework

Legal and policy framework in the area of food safety

The legal framework in this area consists of the following main relevant normative acts:

- Law No. 03/L-016 on Food;
- Law No. 04/L-114 on Flour Fortification
- Law No. 2003/22 on the Sanitary Inspectorate of Kosovo
- Law No. 02/L-109 for Prevention and Fighting against Infectious Diseases
- Law No. 04/L-156 on Tobacco Control;

For further amendment of the legal framework, a total of 25 subsidiary legal acts that regulate food safety area have been approved, six (6) of which were approved in 2018.

These normative acts have transposed the following "acquis" acts:

- Regulation No. 2073/2005 of European Commission;
- Regulation No. 1331/2008 of the European Parliament and of the Council;
- Regulation No. 1332/2008 of the European Parliament and of the Council;
- Regulation No. 1333/2008 of the European Parliament and of the Council;
- Regulation No. 1334/2008 of the European Parliament and of the Council;
- Regulation No. 1881/2006 of European Commission; and
• Regulation No. 333/2007 of European Commission.

Policy framework in this area consists of National Annual Plan of controls and Sampling as well.

**Institutional framework in the area of food safety**

The institutional framework in this area consists of the following institutions:
- Ministry of Agriculture, Forestry and Rural Development;
- Food and Veterinary Agency;
- Ministry of Health;
- Ministry of Environment and Spatial Planning;
- Ministry of Trade and Industry;
- Municipalities (Municipal Inspectorate).

**Legal and policy framework in the area of veterinary**

The legal framework in this area consists of the following main relevant normative acts:
- Law No. 2004/21 on Veterinary;
- Law No. 02/L-10 on Animal Welfare;
- Law No. 03/L-016 on Food;
- Law No. 02/L-111 Apiculture;

In the meantime, the legal framework has been complemented by 20 subsidiary legal acts in the veterinary area, two (2) acts of which have been approved during 2018.

These normative acts have partially transposed the following acquis acts:
- Regulation No. 494/98 laying down detailed rules for the implementation of Council Regulation (EC) No 820/97;
- Council Regulation No. 1/2005 and amending Directives 64/432/EEC and 93/119/EC and Regulation No. 1255/97;
- Directive 91/496/EEC;
- Directive 97/78/EC;
Policy framework in this area consists of National Annual Plan for Official Controls as well.

**Institutional framework in the area of veterinary**
The institutional framework in this area consists of the following institutions:
- Ministry of Agriculture, Forestry and Rural Development;
- Food and Veterinary Agency;
- Municipalities (Municipal Inspectorate);
- Veterinary Chamber of Kosovo;
- Customs;
- Kosovo Police.

**Legal and policy framework in the area of phytosanitary**
This legal framework in this area consists of the following main relevant normative acts:
- Law No. 03/L-029 on Agricultural Inspectorate;
- Law No. 02/L-95 on Plant Protection;
- Law No. 03/L-042 on Plant Protection Products;
- Law No. 03/L-016 on Food;
- Law No. 2004/13 on Planting Material;
- Law No. 2003/5 on Seeds in Kosovo;
- Law No. 2003/10 on Fertilizers;
- Law No. 04/L-019 amending the Law No. 02/L-8 for Wines;
- Law No. 02/L-98 on Protection of Plants Varieties;

The legal framework is complemented with five (5) subsidiary legal acts in the area of phyto-sanitary, three (3) acts of which have been approved during 2018.

These normative acts partially transposed the following *acquis* acts:
- Directive 2000/29/EC;
- EC Regulation No. 1907/2006;
- Regulation No. 178/2002 of the European Parliament;
- Directive No. 2008/72/EC;
- Council Regulation (EC) No. 479/2008;
Council Regulation (EC) No. 2100/94;
Directive No. 2000/29/EC.

Institutional framework in the area of phyto-sanitary
This institutional framework in this area consists of the following institutions:
- Ministry of Agriculture, Forestry and Rural Development;
- Food and Veterinary Agency;
- Municipalities (Municipal Inspectorate);
- Customs;
- Kosovo Police.

Donor Support
Kosovo institutions are supported by the European Commission (through IPA) and by other bilateral donors. The current project "Support to the Development and Implementation of Food Safety and Sanitary and Phytosanitary Control in Kosovo" (under IPA 2014) aims to increase public health protection through the introduction of food safety control measures and education programmes for central control bodies and food business operators, as well as to create prerequisites for the export of products, enabling the introduction of food safety standards and full implementation of legislation. It also envisages an increase in incomes generated by farms through the establishment of EU compatible and sound animal breeding policies and mechanisms that will enable the development of the livestock sector.

In the framework of IPA 2015, the country's institutions benefit through the project "Supporting Capacity Building of Plant Production and Plant Protection in Kosovo", which aims to improve and strengthen the (administrative and technical) capacity of the phytosanitary sector for the implementation the success of national and EU legislation in the area of phytosanitary - plant health, plant protection products, food safety, seed and reproductive material, plant variety rights and inspections. Other projects from which the country's insitutities benefit are the following: "Support to the Food and Veterinary Agency in capacity development to implement the integrated food safety system, including the improvement and functionalization of the information technology system" (under IPA 2015); "Improving the Infrastructure of the Laboratory and Regional Offices" (under IPA 2017); "Establishment and implementation of a transparent disease surveillance and control programmes" (under IPA 2017); and "Preparing a Comprehensive Document for the Transposition and Implementation of the EU acquis in Chapter 12 - Food Safety, Veterinary and Phytosanitary Policy" (under IPA 2017).

Medium-term Priority Objectives
In order to meet the obligations derived from the SAA and other documents and mechanisms of EU accession within the scope of Chapter 12, during 2020-2023 the focus will be in the following mid-term priorities:

- Drafting Multi-Annual National Control Plan;
- Drafting a strategy for upgrading of food establishments;
- Transfer of veterinary and phyto-sanitary inspectors from the municipal level to the central level;
- Expanding the FVL accreditation scope with new testing methods; and
- Further advancement of the Animal Identification and Registration Database.

3.13. **Acquis Chapter 13: Fisheries**

Acquis Chapter 13 on Fisheries provides rules for the conservation of living aquatic resources and management of the fleet capacity; control and enforcement; structural actions for operators in the sector; implementation of common marketing standards and joint fishery market organization and inclusion of producing organizations in implementing these rules. As it is very important in identification of these rules, special emphasis is given to the assessment of existing fish stocks and collection reliable data on fisheries sector. Implementing legislation and policies of Chapter 13 requires inclusion of measures to prepare administration and operators for participation in joint fisheries policy and to gain experience in implementing fisheries legislation and policies.

It should be noted that the final legislative amendments in this chapter lay down detailed and strict rules to be applied effectively not only from member states but also from third countries exporting to the EU. This implies undertaking actions for preparing administration and operators to participate in the common fisheries policy, which covers market policy, resource and fleet management, inspection and control, structural actions and state aid control. In some cases, existing fisheries agreements and conventions with third countries or international organisations need to be adapted.

According to Article 103 of the SAA, the Parties shall consider the possibility of identifying mutually beneficial areas of common interest in the aquaculture and fishery sectors. Cooperation shall take due account of priority areas related to the EU acquis in these areas and of principles of management and conservation of fisheries resources based on rules developed by relevant international and regional fisheries organisations.

Within the conclusions of meeting of the Subcommittee on Agriculture and Fishery held on 17 May 2018, is emphasized that Kosovo must increase its efforts to strengthen administrative capacity, and inter-ministerial and inter-institutional coordination and cooperation in order to align with the acquis on fisheries. Besides this, EC requires more efforts to be made for harmonization with labour provisions and relevant control activities, including IUU certificate on fishing.

The aquaculture and fisheries sector is regulated by Law No. 02/L-85 on Fisheries and Aquaculture, adopted by the Assembly on 10 October 2006. This law regulates the management of fishing resources and activities of fishery and aquaculture exercised in the waters of the territory of Kosovo. The law has not yet been harmonized with EU legislation. For the implementation of the Law the following AIs are issued: AI No. 27/2007 on recreational sport fishing and recreational sport fishing equipment, AI no.09/2008 on Licensing of aquaculture activities, and AI No. 07/2009 on the areas-regions for fishing.

The fisheries sector in Kosovo is not very developed, however, Kosovo has a considerable potential of fresh water, which can ensure great employment opportunities, profits and other opportunities for the country’s economic development. The aquaculture sector in Kosovo compared to regional countries and Europe is small and produces a minimum amount of meat fish at about 614 t/year. Trout fish is being

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21 This chapter does not contain a matrix of short-term measures.
cultivated in Kosovo, which is mainly consumed in restaurants, and little or almost nothing available on the market.

MAFRD in cooperation with the Federation of Sport Fishermen of Kosovo (KFRSF) decides on fishing areas, the amount of fish for fishing, fishing equipment, etc. While in aquaculture decisions taken by the MAFRD only and as such are executed by the Inspectorate. According to legislation, licensing in the area of aquaculture at the national level is the responsibility of MAFRD, while the licensing of fishermen for recreational sport fishing is under the competencies of KFRSF. Federation of Sport Fishermen of Kosovo reports to MAFRD on the number of licenses issued. At the same time, MAFRD is notified from the KFRSF on developments in fisheries, restocking and the amount of fish caught by the sports fishermen.

Medium-term Priority Objectives:
- Inventory of fish.


This chapter covers part of transport policies stemming from the SAA. EU transport legislation aims at improving the functioning of the internal market by promoting safe, efficient and environmentally sustainable services with an integrated system of user-friendly transport. Furthermore, the transport acquis covers the sectors of road, railways, inland waterways, multimodal, aviation, and maritime transport. In this context, the transport legislation is related to technical standards; safety standards; social standards; including state aid control and market liberalisation in the context of the internal transport market. In addition, the transport policy is also covered by the Title VI, articles 90-100 of the TFEU.

SAA Requirements

Transport under the SAA is covered by Chapter II of the Agreement - Provision of Services. Relevant articles are Articles 53, 60, 61, 62 and 113. Article 53 provides for obligations that will derive from the Treaty of Transportation and the obligations assumed through the Treaty of the European Common Aviation Area (ECAA). Article 60 except for taking into account the Treaty of Transport Community and the ECAA Agreement, it also provides for a gradual approximation of legislation in the area of transport in order to promote the liberalization of mutual market access of the Parties and facilitate the movement of passengers and goods and the inclusion of any international conventions relating to road safety. Articles 61 and 62 are mainly focused on transportation of goods in transit from Kosovo through EU territory and destined for a third country or vice versa. Article 113 provides for cooperation between the Parties on priority areas related to the EU acquis in the area of transport.

Requirements from other mechanisms

In the context of the requirements arising from the Kosovo country report (2018), in the area of road transport, Kosovo needs to further approximate the primary and secondary legal framework with the EU acquis. Among the other requirements arising from the report is also the harmonization of Kosovo's legislation with that of the EU in terms of market access, dangerous goods, and interoperability of payment systems, social legislation and road safety, as well as the strengthening of capacities in order to reduce fatal accidents. To reduce the number of fatalities, the report recommends that educational policies shall be developed, staff shall be trained and traffic regulations shall be effectively enforced. Furthermore, it is required to further approximate the legislation on energy-efficient and clean road transport vehicles, as well as on the establishment of infrastructure for the use of alternative fuels.

Meanwhile, in the railway sector, the report estimates that Kosovo needs to increase its efforts towards harmonization of domestic legislation in the area of interoperability with the acquis. Additionally, Kosovo must enforce railway safety legislation, increase investment in the capacity building of INFRAKOS.
In the area of civil aviation, the report estimates that Kosovo has made progress in approximating the *acquis* and has implemented almost all requirements from the first transitional phase of the European Common Aviation Area Agreement (ECAA), with the exception of some provisions in the area of economic regulation related mainly to law on labour. The report also estimates that Kosovo has made some progress in harmonizing the Single European Sky II framework and in implementing the Law on the Air Navigation Services Agency, but estimates that further efforts are needed to ensure full implementation of this legislation.

Meanwhile, within the requirements of the *Subcommittee “INFRA” 2018*, it should be continued with the further approximation of the legal framework of the transport sector with EU legislation in accordance with the best practices. Furthermore, responsible institutions should implement reform measures stemming from the connectivity agenda in the area of transport.

Regarding road transport, it is necessary to increase the institutional efforts regarding the implementation of the legislation and improve the quality of road safety data as preconditions for improving road safety, as mentioned in the context of Vienna's soft measures. Institutional efforts for implementation of social legislation on international road transport (time of rest and driving, tacho-graphs) should be increased in accordance with European rules (EU and European Agreement concerning the Work of Crews of Vehicles Engaged in International Road Transport = AETR) as well as regulatory reforms in road transport (access to the profession, access to the international market) should be completed.

Whereas, with regard to railway transport, railway reforms should be continued in line with the scope and obligations arising from the Transport Community Treaty, in particular, increasing the efforts towards mutual recognition of train driver licenses and the revision of technical regulations and safety regulations.

In the area of civil aviation, some of the remaining requirements of the first phase of the European Common Aviation Area Agreement (ECAA) on the regulation of labour relations in line with the *acquis* should be met and the Kosovo Civil Aviation Strategy should be finalized and approved.

**State of Play**

**Legislative, Policy and Institutional Framework**

**Legislative and policy framework in the area of road transport**

The Law on Road Transport; legislative framework in this area consists of the following relevant normative acts:

- Law on the Establishment of the Transport Community Treaty;
- Law on Roads;
- Law on Railways;
- Law on Civil Aviation;
- Law on Driving Licence;
- Law on Vehicles;
- Law on Road Traffic Provisions; and

In terms of completing and further harmonizing the secondary legal framework, MoI has adopted 23 Administrative Instructions.

These normative acts have transposed the following *acquis* acts:
• Directive 2006/126/EC;
• Directive 2000/30/EC;
• Directive 96/96/EC;
• Directive 96/35/EC;
• Directive 2008/68;
• Directive 1071/2009;
• Directive 1072/2009;
• Directive 95/50;
• Directive 96/35/EC as amended by Directive 2008/68/EC;
• European Agreement concerning the International Carriage of Dangerous Goods by Road (ADR);
• International Convention concerning the Carriage of Goods by Rail (CIM) and Convention concerning International Carriage by Rail (COTIF); and
• Regulation concerning the International Carriage of Dangerous Goods by Rail (RID).

The policy framework in the area of transport consists of the following documents:
• Sector and Multimodal Transport Strategy 2015-2025 (SSTMM) and the 5-year Action Plan; and

Institutional Framework

Institutional framework in the area of road transport
• Ministry of Infrastructure;
• Inspectorate Department;
• Department of Road Infrastructure;
• Department of Road Transportation;
• Department of Vehicles;
• Department of Driving Licence; and
• Coordination Department of the Council on Road Traffic Safety;

Donor Support

Consequently, during this period of time, in the construction and upgrading of road infrastructure, respectively highways and regional roads (Rehabilitation of Prishtina - Peja Road M9; Rehabilitation of Prishtina - Mitrovica Road M2; Rehabilitation of Regional Roads, Rehabilitation of the Railway Line X; Road Infrastructure Window; as well as Prishtina Circular Route) are expected to be invested around EUR 840 mil. Consequently, about EUR 412 million from BRK, while the other half, about EUR 428 mil., will be borrowed by the International Financial Institutions (IFIs), respectively the European Bank for Reconstruction and Development, the European Investment Bank and the Arab Fund. Meanwhile, regarding the preparation of project technical documentation, financial means are provided or will be provided by Kosovo's international donors, mainly by IPA and WBIF.

Medium-term Priority Objectives

In order to meet the obligations deriving from the SAA and the other EU accession documents and mechanisms in the areas within the scope of Chapter 14, the focus during the period 2020-2023 will be on the following medium-term priority objectives:
• Implementation of the Transport Community Treaty;
• Application of Digital Tachograph;
• Drafting and approving primary and secondary legislation;
• Establishment of Roads Agency; and
• Construction, rehabilitation and completion of highways and main segments of national roads.

State of Play

Legislative, Policy and Institutional Framework

Legislative and policy framework in the area of civil aviation
• Law on Civil Aviation;
• Law on the Establishment of the Air Navigation Services Agency;
• Regulation No. 01/2016 amending General Basic Standards on Civil Aviation Security;
• Regulation No. 04/2017 laying down Detailed Measures for the Implementation of the Common Basic Standards on Aviation Security; and
• Regulation No. 01/2017 on the Investigation and Prevention of Accidents and Incidents in Civil Aviation, a regulation transposing EU regulations No: 996/2010 (26 October 2017, AAIIC).

These normative acts have transposed the following acquis acts:
• Kosovo institutions (MoI and CAA) have transposed all legislation deriving from the first phase of the European Common Aviation Area Agreement (ECAA), in addition to the Directive 2003/88 which is expected to be transposed by amending the Law on Labour;
• In addition, Kosovo institutions (MoI and CAA) have transposed 38 regulations deriving from the second phase of the European Common Aviation Area Agreement (ECAA);

The policy framework in this area consists of the following documents:
• Sector and Multimodal Transport Strategy 2015-2025 (SSTMM) and the 5-year Action Plan;
• The National Programme for Civil Aviation Safety has been approved by the MIA on 04 October 2017 and aims to protect passengers, crew, terrestrial staff and the general public from illegal interventions;
• The National Programme for Civil Aviation Safety Quality Control that aims to determine compliance with the effectiveness assessment of the National Programme for Civil Aviation Safety through audits, tests and inspections;
• The National Training Programme for Civil Aviation Safety, providing equal opportunities and treatment for both genders, which provides the creation of trained staff for the standardized implementation of preventive security for the safe operation of international flights; and
• The National Programme for Civil Aviation Safety in the Republic of Kosovo.

Institutional Framework

Institutional framework in the area of civil aviation
The institutional framework in this area consists of the following institutions:
• Ministry of Infrastructure;
• Civil Aviation Authority of Kosovo;
• Ministry of Internal Affairs – Division for Civil Aviation Safety; and
• Aeronautical Accident and Incident Investigations Commission (AAIIC).

Medium-term Priority Objectives
For the purpose of meeting the obligations deriving from the SAA and the other EU accession documents and mechanisms in the areas within the scope of Chapter 14, respectively in the area of civil aviation, the focus during the period 2020-2023 will be in the following mid-term priorities:

- Completion of projects for the runway extension and the establishment of an instrumental landing system at Prishtina International Airport “Adem Jashari” (EUR 33 mil.);
- Implementation of obligations arising from Phase II of the ECAA Agreement;
- The implementation of the State Security Programme and the State Aviation Safety Plan that comes after it, in accordance with Regulation (EU) No. 2018/1139; and
- Amending the National Training Programme for Civil Aviation Safety in the Republic of Kosovo.

**Railway transport**

**State of Play**

*Laws and policy framework*

The legislative framework in this area consists of the following relevant normative acts:

- Law No. 04/L-063 on Kosovo Railways;
- 28-Regulations covering the licensing, security, interoperability and market regulation; and
- 4 Administrative Instructions covering licensing, security, interoperability and market regulation.

These normative acts have transposed the following *acquis* acts:

- EU Directive 2004/49;
- EU Directive 2001/14;
- EU Directive 91/440 and 95/18;
- EU Directive 2007/59;
- EU Directive 2008/57; as well as
- EU Directive 2012/34.

The policy framework in this area consists of the Sector and Multimodal Transport Strategy 2015-2025 (SSTMM) and the 5-year Action Plan.

*Institutional framework*

The institutional framework in this area consists of the following institutions:

- Ministry of Infrastructure;
- Railway Regulatory Authority (RRA);
- Aeronautical Accident and Incident Investigations Commission (AAIIC); and
- Infrakos;

*Donor Support*

The budget for implementation of medium-term priority objectives will be planned within the MTEF, including the continuation of support by IFIs, as well as potential donors. In this context, the total cost of rehabilitation of the railway route 10 is 208,400,000.00, out of which 39.9 million euros are a loan from the EBRD, 41.4 million euros are a loan from the EIB, 85.3 million are grants from the EU, 1.7 million euros are grants from EBRD, and 40.1 million euros are investments by BRK. The cost of implementing the preliminary draft design for the 7th railway line is worth 1,250,000.00 euros and is a WBIF grant, while the costs of the feasibility study for the Prishtina - Airport railway line amounts to 1,100,000.00 euros and is also a WBIF grant.

*Medium-term Priority Objectives*
In order to meet the obligations deriving from the SAA and the other EU accession documents and mechanisms in the areas within the scope of Chapter 14, the focus during the period 2020-2023 will be on the following medium-term priority objectives:

- Amending the Law on Kosovo Railways;
- The commencement of the implementation of the 4th Railway Package, which includes standards and authorization for rolling stock, training of the workforce, independent infrastructure management, and liberalization of internal market for passengers and goods;
- General rehabilitation and modernization of the 10th Railway Line (Serbia border - Leshak - Fushe Kosova - Hani i Elezit - North Macedonia border);
- Preliminary draft design for the 7th railway line Fushe Kosova - Podujeva - Serbia border;
- Feasibility study for the Prishtina - Prishtina Airport railway line; and
- Draft design for the Klina - Prizren south-western line.

3.15. **Acquis Chapter 15: Energy**

This chapter contains the EU *acquis* on energy, namely the EU energy policy objectives include the following: the competition, security of energy supply and sustainability. The EU Legislation on Energy consists of rules and policies, notably regarding competition and state aids including the coal sector, conditions for equal access to the resources for exploration and conditions of production in the sector of hydrocarbons. This chapter also determines the conditions of internal energy market, promotion of renewable energy sources, energy efficiency, nuclear security and radiation protection.

**SAA Requirements**

The obligation to approximate Kosovo’s legislation with that of the EU in the energy sector derives from Article 74 and Article 114 of the SAA. These provisions oblige Kosovo to technically align its national legislation with that of the EU, but also to ensure its implementation. Article 114 states that cooperation between the parties will focus on priority areas related to the *acquis* of Energy Community. This cooperation will reflect the principles of the market economy and is based on the Treaty establishing the Energy Community, with a view to gradually integrate Kosovo into European energy markets. It also envisages the possibility of inclusion for assistance in terms of improving and diversifying energy supply and access to the energy market and the application of EU rules on transit, transmission, distribution and restoration of energy interconnections of regional importance to neighbouring countries. It is also envisaged the implementation of the EU *acquis* on energy efficiency, renewable energy sources and environmental impact from the energy sector.

**Measures from the Energy Community Ministerial Council**: Kosovo is a contracting party of the Energy Community and as part of the obligations arising from this framework it is obliged to approximate or implement the European Union acquis outlined in the Energy Community Treaty (Article 10)\(^\text{22}\).

**Supply security and Internal Energy Market**

**Requirements from other EU accession mechanisms**

*The EC Report on Kosovo 2018* emphasizes that Kosovo is still at an early stage in the energy area. It is especially recommended to start implementing the *acquis* on security of energy supply, decommissioning the TPP Kosovo A and to ensure the establishment of new generating capacities.

It is further stated that Kosovo needs to approve the Action Plan for the 2017-2026 Energy Strategy in order to implement policy orientations foreseen by the energy strategy already approved. In supply security, investments and maintenance continue to improve the reliability of the energy transmission

\(^{22}\) [https://www.energy-community.org/legal/treaty.html](https://www.energy-community.org/legal/treaty.html)
system. However, the new 400kV OHL transmission line with Albania remains out of function due to the obstacles that the Serbian System Operator (EMS) has made to the implementation of the connection agreement between the European network of OST and KOSTT. However, the Government of Kosovo has taken steps to join the Albanian Power Exchange, which is being established. As distribution losses are slowly decreasing, investment speed in the distribution network is not satisfactory. Combined commercial (in unpaid bills) and technical losses in 2016 are still high by 30%. It is also noted that there is no progress in approximation of legislation in the area of mandatory petroleum reserves with the acquis. Currently, petroleum stocks are estimated to remain only for four days. Tariffs on petroleum products (lubricants and petroleum coke) have been removed.

Regarding the internal energy market, the 2018 EC Report states that there has been little progress in implementing the legislation transposing the Third Energy Package.

The regulatory authority started moving towards the market opening by adopting regulations and issuing licenses for two new suppliers for operation in the Kosovo market.

Regarding the new energy generation capacities, the commercial agreement for the new power plant has been signed with the bidder in December 2017, but its potential impact on public finances, tariffs and the environment still remains to be assessed. Also, the report underlined the urgent need for environmental measures in Kosovo B power plant, to reduce the ash discharge level in the air and to respect the emission reduction plan. Kosovo has made some progress in the partial de-regulation of the generation price and the removal of indirect subsidies between different categories of consumers. However, electricity consumption (unpaid bills) in northern Kosovo continues to be treated as a commercial loss, which is recovered from retail tariffs.

Whereas, regarding the meeting of the SAA Subcommittee “Infrastructure” held on March 2018, it is stated that the priority of the Republic of Kosovo is implementation of Regulation No. 347/2013. It further emphasizes the importance of urgent approval of secondary legislation necessary for the implementation of the laws of the Third Energy Package. The conclusions underline the harmonization of the regulatory and contractual framework with the requirements for establishing the Day-Ahead Market and the common market as well as adopting new balancing rules, allowing for cross-border balancing. The adoption of the Law on Mandatory Petroleum Reserves and the Law on Trade of Petroleum Products and Renewable Fuels in Kosovo is also a priority. As for the new capacities, it is underlined as a conclusion that Kosovo should ensure compliance of the “Kosova e Re” project contractual framework with the Energy Community acquis and adopt a National Plan on Emission Reduction.

State of Play

Legislative and policy framework
On October 25, 2005, the Republic of Kosovo signed the Treaty establishing the Energy Community (TEC) and is a contracting party to the Energy Community.

Policy development, organization, regulation and management of the energy sector in the Republic of Kosovo is done through a package of laws that are generally in line with the EU acquis in the area of energy. While, sector institutions include governmental and regulatory institutions and energy companies.

The legislative framework in this area consists of the following main relevant normative acts:

- Law No. 05/L-081 on Energy;
- Law No. 05/L-085 on Electricity;
- Law No. 05/L-084 on the Energy Regulator;
- Law No. 05/L-052 on Thermal Energy;
• Law No. 05/L-082 on Natural Gas; and
• 13 Administrative Instructions (AIs).

These normative acts have transposed the following *acquis* acts:

• Regulation No. 715/2009/EC on conditions for access to the natural gas transmission networks – partially;
• Regulation No. 714/2009/EC on conditions for access to the network for cross-border exchanges in electricity – partially;
• Directive No. 2009/28/EC of the European Parliament and of the Council on the promotion of the use of energy from renewable sources – partially; and

The policy framework in this area consists of the following documents:

• Energy Strategy of the Republic of Kosovo 2017-2026;
• Kosovo Heating Strategy 2011-2018; and

**Institutional framework**

The institutional framework in this area consists of the following institutions:

• Ministry of Economic Development (MED);
• Ministry of Environment and Spatial Planning (MESP);
• Ministry of Trade and Industry (MTI);
• Ministry of Finance (MoF);
• Energy Regulatory Office (ERO);
• Kosovo Energy Corporation (KEC);
• Kosovo Electricity Transmission, System and Market Operator (KOSTT);
• Kosovo Energy Distribution Services (KEDS);
• Kosovo Company for Supply of Energy (KESCO); and
• District Heating of Cities (Termokos-Prishtina, Gjakova, Mitrovica and Zvecan).

On 17 July 2018, the Government of the Republic of Kosovo approved the Energy Strategy Implementation Programme 2018-2020. This programme presents detailed activities through a list of 27 specific objectives and 97 planned activities to be undertaken for the development of the energy sector by 2020.

*Whereas regarding the new generation capacities*, respectively TPP Kosova e Re, on 24 May 2018, the Commercial Agreement has become enforceable, while the Financial Closure of the Project is foreseen to last 24 months from the effective date of the commercial agreement. Also, a study was conducted during 2018 on the impact of environmental assessment and two other studies related to TPP Kosova e Re.

Also in 2018, electricity generation by wind turbines at the "KITKA" wind farm, in Poliqlka, MA Kamenica was introduced, with a capacity of 32.4 MW and in operation since 11.10.2018. Meanwhile, on 06.11.2018 electricity generation by solar power entered into operation in Madanaj/Kusar, Municipality of Gjakova, with a generating capacity of 3 MW. Whereas on 13 April 2018, three (3) licenses for electricity supply were issued, giving us a total of 6 licenses for electricity supply.

On 24th of September 2018, a preliminary decision was made on the certification of KOSTT and on 30 October, the modified version of the Market Rules (which contains elements from the ENTSO-E 'Network
Balancing Code') was adopted, and as such, these rules do not present an obstacle to cross-border balancing.

The concrete actions have also been undertaken to draft and approve the secondary legislation necessary for implementation of the laws of the Third Energy Package as follows:

- Regulation on the Publication of Market Data transposing Regulations 714/2009 and 543/2013 has been drafted by KOSTT and approved by ERO on 13th June 2018; and
- The Grid Code, which transposes the EU Regulations 1388/2016 (Network Code on Demand Connection) and 631/2016 (Network Code on Requirements for Grid Connection of Generators) has been drafted by KOSTT and approved by the ERO on 15th of October 2018.

**Donor Support**

Kosovo institutions are supported by the European Commission (through IPA) and by other bilateral donors with the following summarized projects:

**Current and Planned IPA Projects**

Donor support is mainly concentrated on the project regarding the de-commissioning process of facilities related to TPP “Kosova A” that do not have an impact on the operation of TPP “Kosova A”, the project for rehabilitation of Gjakova Heating Plant and expansion of the “Termokos Network” as well as the project for the construction of the facility for the temporary storage of hazardous wastes.

All these financial investments come through the Instrument for Pre-Accession (IPA) and amount to around € 34.5 million.

In the framework of IPA 2018, regarding TPP “Kosova B”, support is expected for installation of electrostatic precipitators (ESP), reduction of dust emissions (particles) and reduction of nitrogen oxides (NOx), reduction of discharged industrial waters and its monitoring.

Moreover, following the submission of the action plan on the project for doubling the generation capacities and expanding of network, the EU Office has expressed readiness to finance the project with € 13 million under IPA 2020, while the European Investment Bank is ready to give a loan of € 12 million to double the generating capacity. Also, PE “Termokos” JSC for the project of doubling of generation capacities and expanding of network within IPA 2020 commits for co-financing of the project from 2021-2025 with € 500,000.00 per year in total € 2.5 mil.

The Republic of Kosovo has applied with a joint project, together with the Republic of Albania, within the framework of the 15th round at WBIF, for the realization of the Feasibility Study for the Albania-Kosovo Gas Pipeline within the TAP/IPA system. Regarding this initiative, the Western Balkans Investment Framework (WBIF) has allocated a grant of € 300,000 for this phase in the form of Technical Assistance for the realization of the Pre-Feasibility Study for Albania-Kosovo Gas Pipeline (ALKOGAP). It is planned that this Pre-Feasibility Study will be finalized by 2018, through which we will have the necessary recommendations for plans and developments in the future.

Also MED and MEI, in cooperation with the European Bank for Reconstruction and Development, applied for technical assistance in the 18th round of WBIF for the pre-feasibility study project for central heating plants in 10 municipalities of the Republic of Kosovo. The required amount of this assistance is around € 1,400,000 and the response to the approval of this project will be given to the WBIF Steering Committee.

**Medium-term Priority Objectives**
In order to meet the obligations deriving from the SAA and other EU accession documents and mechanisms in the areas within the scope of Chapter 15, the focus during the period 2020-2023 will be on the following medium-term priority objectives:

- KOSTT operation as an independent regulatory area;
- Membership of KOSTT in ENTSO-E;
- Carrying out of activities of the decommissioning process of gasification, nitrification, heating plant and other facilities that do not obstruct the normal operation of active units of TPP Kosova “A”;
- ERO membership in ACER (Agency for the Cooperation of Energy); and
- Carrying out of a comprehensive energy sector study by 2050.

**Energy efficiency and renewable energy sources**

**SAA Requirements**

Under Article 114 of the SAA, the Republic of Kosovo should align and implement the EU *acquis* on energy efficiency, renewable energy sources and the environment affected by energy activities, to promote energy saving, energy efficiency, the use of renewable sources energy, the reduction of environmental emissions and the research and development in these areas.

**Requirements from other EU accession mechanisms**

Challenges identified by the 2018 EC Report on Kosovo include the adoption of the Law on Energy Efficiency and the Establishment of the Energy Efficiency Fund.

Kosovo needs to review its Action Plan for RES in order to catch up with a 25% energy target in 2020. While connecting and accessing the distribution network remain the main barriers to renewable energy producers due to inability of the network operator to cope with electricity generation with outages. There has been no progress in meeting the criteria for the use of biofuels in transport and there is still no regulation on minimum criteria for renewable energy in buildings. Further on, the report states that Kosovo has approved the Action Plan for Third Energy Efficiency. In the framework of capacity building, the report highlights the lack of staff and weak capacities within the Kosovo Energy Efficiency Agency as regards the monitoring, assessing and verifying the progress towards targets. The Energy Regulatory Office Board is already operational, but the capacity and independence of the Office have been compromised by political interference, poor administrative capacity and lack of human resources. Another challenge is the lack of auctions market for producers as well as the legislation still needs to be drafted in compliance with in terms of connectivity measures.

While the challenges deriving from the SAA Subcommittee “Infrastructure” 2018 meeting include the adoption of the Law on Energy Efficiency, the establishment of the Energy Efficiency Fund and the adoption of secondary legislation deriving from the Law on Energy Performance of Buildings in order to transpose Directive 2010/31. It is also emphasized the updating and approving of the plan for renewable sources including appropriate measures to ensure that Kosovo is achieving 25% of renewable energy targets by 2020. One of the conclusions remains the urgent adoption of the Law on Trade of Petroleum Products and Renewable Fuels in Kosovo, and AI for biofuels and bio-liquids. Existing rules on granting state aid to renewable energy producers need to be amended and include competitiveness in order to be in compliance with the state aid legislation.

**State of Play**

The legislative framework in this filed consists of the following relevant normative acts:

- Law on Energy Efficiency;
• Law No. 05/L-101 on Energy Performance of Buildings;
• Regulation for Inspection of Heating and Air-Conditioning System;
• Regulation on the Minimum Calculation Methodology for Energy Performance;
• Regulation on the Certificate of Energy Performance of Buildings;
• A.I. No. 05/2017 Renewable Energy Source Targets;
• A.I. No. 06/2017 on Utilization and Support of Energy Generation from Renewable Sources;
• A.I. “One Stop Shop” for RES.

These normative acts have transposed the following acquis acts:
• Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources – partially; and
• Directive 2010/30/EU on the indication by labelling and standard product information of the consumption of energy and other resources by energy-related products – partially.

The policy framework in this filed consists of the following documents:
• Third National Plan of Action for Energy Efficiency 2017-2019
• National Renewable Energy Action Plan 2011-2020
• Kosovo Energy Efficiency Action Plan (KEEP) 2010-2018

The institutional framework in this area consists of the following institutions: Kosovo Agency for Energy Efficiency (KAEE), MED, MES, MTI, KOSTT, ERO, KEC.

In the framework of the adoption of primary and secondary legislation during 2018, the Law on Energy Efficiency was adopted on 07 November 2018; the AI “One Stop Shop” for RES and three regulations deriving from the Law on Energy Performance of Buildings were adopted as well.

Donor Support

Within the framework of the secured budget and foreign technical assistance funds for all implementing measures for energy efficiency, the situation is as follows:
• The World Bank project for financing energy efficiency measures in buildings of central level institutions and the promotion of RES energy through a soft loan of USD 31 million has commenced and is being implemented; and
• The € 2.5 million KfW-funded project and € 5 million WBIF grant totalling in € 7.5 million to finance energy efficiency measures at municipal public service buildings.

Medium-term Priority Objectives

In order to meet the obligations deriving from the SAA and the other EU accession documents and mechanisms in the areas within the scope of Chapter 15, the focus during the period 2020-2023 will be on the following medium-term priority objectives:
• Approval of the Kosovo Energy and Climate Plan 2021-2030;
• Implementation of EE measures in 52 public buildings for 2020, (27 will be funded by BRK and 25 buildings by the World Bank). Of this amount, € 4.950.000 million will be from BRK while € 6 million will be as a loan and € 3.833.000 million from donors;
• In 2020, the implementation of four (4) new HCV projects with installed capacity of 14.6. MW at € 17.52 million and the implementation of three (3) wind energy projects with a capacity of 105 MW and at € 147 million private investment will be done.

Radiation Protection and Nuclear Safety
SAA Requirements
One of Kosovo’s commitments under the SAA, namely under Article 114, is the approximation of legislation in the area of nuclear safety and ionizing radiation protection. Moreover, all provisions in the area of nuclear radiation generation, nuclear safety are based on the EURATOM Treaty (Treaty establishing the European Atomic Energy Community, 1957), which provides that members of the European Community must establish and provide uniform standards of security from nuclear technology to protect the population and the health of workers.

Requirements from other EU accession mechanisms
The 2018 EC Report on Radiation Protection and Nuclear Safety states that Kosovo is at an early stage of preparing the legal and regulatory framework for radiation protection and nuclear safety. The Law on Radiation Protection and Nuclear Safety has been approved. KAPRNS capacity in licensing and inspections remains weak, while funds are insufficient to meet its mandate.

Consequently there is no radiation monitoring (e.g. for potential depleted uranium locations), no radioactive waste control, and there is no radiological emergency plan. The solution for the permanent radioactive waste disposal remains to be found. Kosovo is not a party to the Nuclear Safety Convention or to the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management.

State of Play

Legislative and Policy Framework
- Law No. 06/L-029 on Radiation Protection and Nuclear Safety;
- Regulation No. 18/2018 on Radiation Sources and Practices; and
- Regulation on authorization.

These normative acts have transposed the following acquis acts:
- Directive No. 2013/59/EURATOM laying down basic safety standards – partially;
- Directive No. 2011/70/EURATOM for the responsible and safe management of spent fuel and radioactive waste – partially;
- Directive No. 2013/51/EURATOM with regard to radioactive substances in water intended for human consumption – partially;
- Directive No. 2006/117/EURATOM on the supervision and control of shipments of radioactive waste and spent fuel – partially; and

Institutional framework
The institutional framework in this area consists of the following institutions:
- Kosovo Agency on Protection from Radiation and Nuclear Safety (KAPRNS);
- Ministry of Defence (MoD);
- Ministry of Environment and Spatial Planning (MESP);
- Ministry of Trade and Industry (MTI);
- Ministry of Economic Development (MED); and
- Ministry of Health (MoH).

In the framework of the adoption of primary and secondary legislation in 2018, the Law on Radiation Protection and Nuclear Safety and two Regulations were adopted.
Whereas for the implementation of the legislation in the area of radiation protection and nuclear safety for 2018 the following activities have been undertaken: 73 inspections have been carried out as regards the authorization process (registration, licensing) of ionizing radiation practices and import permits; and radioactive resource transport. The agency fully conducted enterprise applications by issuing: 34 licenses, 19 authorizations, 5 registrations and 49 permits for import-transport. While during 2018 the Agency has made the recognition of 6 experts of Medical Physics and 9 experts of Radiation Protection.

Regarding radiation monitoring (for example, for potential depleted uranium locations), the Agency, through the Cooperation Agreement between the KAPRNS and the IRE-ELiT: Institute for radioelements, performs radiological monitoring of water and soil in the territory of Kosovo with particular emphasis on the potential depleted uranium locations). By 2018, 84 water samples and 13 soil samples were collected and analysed.

Regarding the control of radioactive waste, the KAPRNS, based on the annual plan of radioactive waste inspection, performs regular inspections of radioactive waste together with KFOR in the territory of Kosovo.

**Donor Support**

Regarding projects in the area of radiation protection and nuclear safety, the project Ref: Europe Aid/136376/DH/SER/Multi/2 has been completed in June 2018 by the assistance of the Western Balkans Regional Cooperation Programme with the title “Further improvement of technical capacities of Nuclear Regulators in Albania, Bosnia and Herzegovina, Montenegro, Serbia, North Macedonia and Kosovo” implemented by the ENCONET consortium, whose goal is to contribute to the improvement of radiation protection and nuclear safety in Kosovo by strengthening technical capacities of the regulatory agency and further contribute to the transposition of the EU acquis in the area of nuclear safety.

**Medium-term Priority Objectives**

In order to meet the obligations deriving from the SAA and the other EU accession documents and mechanisms in the areas within the scope of Chapter 15, the focus during the period 2020-2023 will be on the following medium-term priority objectives:

- Ratification of the Treaty on the Prohibition of Nuclear Testing;
- Signing of the Convention on the Physical Protection of Nuclear Material (CPPNM 2005);
- Signing of the Convention on Early Notification of a Nuclear Accident;
- Signing of the Convention on Assistance in the Case of a Nuclear Accident or Radiological Emergency;
- Signing of the International Convention on the Suppression of Acts of Nuclear Terrorism; and
- Signing of Safeguard Agreement and Additional Protocol; and

**3.16. Acquis Chapter 16: Taxation**

The acquis in taxation consists in harmonized legislation on indirect taxation (i.e. value added tax) and excise duties. acquis defines the scope, definitions as well as principles of VAT. VAT legislation provides for equal treatment in terms of taxation for national and international transactions (imports). VAT is also based on the principle of neutrality, whereby the applied taxation is proportional to the price, independent to the number of intermediate transactions.

Excise duties for tobacco, alcoholic beverages and energetic products are also subject to the EU legislation. The EU legislation establishes the excise duties structure to be charged, as well as the minimal
tariﬀ system for each of the product groups. The goods are subject to charged excise duties if produced within the EU or imported from abroad. However, excise duties are paid only in the Member State where the goods are set in circulation/ for consumption (with few exceptions) under the excise duties system of that particular State. The EU legislation contains provisions on the production, retention and movement and monitoring of excise duty goods.

In terms of direct taxes, acquis covers a number of aspects with regards to revenue taxes from individual savings as well as corporate taxes. The goal is to eliminate deviations in cross-border economic activities between Member State companies. In addition, Member States are engaged to ensure compliance with the principles as envisaged in the Code of Conduct on Business Taxation, established with the aim to eliminate damaging measures in terms of taxation.

Administrative cooperation and mutual assistance amongst Member States aims at ensuring normal functioning of the internal market, in terms of taxation and ensures means to prevent ﬁscal evasion and tax avoiding within the Community. Member States should ensure there are sufﬁcient capacities in place for implementation and enforcement, including linkages to the digital taxation systems used by the EU. As part of the operational capacity and digitalization, acquis on VAT covers the system of information sharing, allowing for direct electronic exchange of data between Member States’ administrations. Similar IT systems are required also in the area of excise duties as well as direct taxes, in order to allow for information sharing between Member States. In addition, a speciﬁc IT system (VoeS) is required in order to enable information sharing between Member States, in relation to the special scheme on e-services provided by the non-resident EU traders to EU citizens.

**SAA Requirements**

The taxation area is one of the most important areas covered by the Stabilization Association Agreement (SAA, Article 39, Article 40, Article 70 and Article 105). Article 39 prohibits ﬁscal discrimination, while Article 40 covers taxes of ﬁscal nature. Article 105 covers Kosovo’s development in terms of taxation and measures envisaged for further reforms of Kosovo’s ﬁscal system. Except for this, this article covers also the restructuring of the tax administration with a view to ensuring further effective tax gathering as well as combating ﬁscal fraud.

Moreover, it is these articles that envisage the priority areas linked to EU acquis, speciﬁcally, combating unfair taxation competition. EU acquis taxation legislation in the area of fighting unfair taxation competition is based on the Code of Conduct for Business Taxation, adopted by the Council and the Representatives of the Member States Governments.

In order to support the implementation of the measures against tax frauds as well as tax evasion, the cooperation will aim at promoting good governance principles in taxation area, including transparency, information sharing as well as fair tax competition in Kosovo.

With regards to EU company establishment in Kosovo, Kosovo will support the establishment of activities by EU companies in its territory. With a view to facilitating the process of company establishment, Kosovo will provide for equal treatment of its companies with those of a third country.

**Requirements from other EU accession mechanisms**

Based on 2018 EC Report on Kosovo regarding tax matters, Kosovo should continue to reinforce measures taken to combat the informal economy, ﬁscal evasion and discover unregistered taxpayers. Kosovo should, in particular, ensure merit-based appointments in the tax administration without political inﬂuences and enforce the decisions of the Independent Oversight Board. Also, the IT platform of the Tax Administration of Kosovo should be strengthened. The tax administration capacities need to be further
strengthened. It is worrying the fact that the failure to review appeals against the tax administration and customs at the fiscal division remains high.

Conclusions of the Subcommittee of 2018 require the adoption of the Law on Tax Administration and Procedures and of laws in the area of taxes (Value Added Tax, Corporate Income Tax and Personal Income Tax), to further align it with EU legislation and practices as well as the Law on Games of Chance to further align it with EU legislation and practices. The Conclusions underline the need to further increase the controls based on risk assessments to combat the informal economy, to cover unpaid tax liabilities and to uncover unregistered taxpayers. The replacing of IT systems shall commence in order to improve taxpayer services and increase institutional efficiency. Authorities need to increase the percentage of debt collected as part of the total amount of receivable debt.

State of Play

Legislative Framework

Regarding the progress in the area of tax legislation for the reporting period, the following developments have been made:

- The Concept Documents related to the legal framework in the area of taxation (Personal Income Tax, Corporate Income Tax, and Value Added Tax) and procedures (Law on Tax Administration and Procedures) were approved by the Government of the Republic of Kosovo on 27.04.2018 with decision No. 05/44.
- A Concept Document is drafted regarding the legal framework on games of chance and now the concept document is published in the public consultations platform.

As regards tax changes, the Act amending the list of products taxed at the rate of 8% of Value Added Tax was adopted, so Kosovo now implements a standard rate of 18% and a reduced rate of 8% in accordance with rules on defined rates in the EU Directive on the Common System of VAT.

These amendments to tax laws are being made for further alignment with EU Directives, in particular with the VAT Directive and recent developments related to international practices in the area of direct taxation, such as the Permanent Unit, Price Transfer, Company Taxes in the Financial and Insurance Sector, and harmonization of the law with different requirements in the area of State Tax Policy.

Policy Framework

In the area of taxation, some strategic documents have been adopted and are being implemented.

- TAK Strategic Plan for the 2015-2020 period, as the highest document in the hierarchy of TAK documents; in this Strategic Plan, TAK has presented the values, priorities and objectives for the 2015-2020 period. In defining these priorities, TAK has relied on the challenges derived by the European Commission Reports, the Progress Report and the IT section in the DG-TAXUD reports. In addition, priorities have been set based on reports from other international institutions such as the IMF and the World Bank. Also, the objectives and priorities are related to the Objectives of the Government of the Republic of Kosovo. A mid-term reform plan for 2019-2021 was approved at TAK.

The Strategy for Tax Administration 2019-2021 is now in the process of drafting for the first time. The Implementation Strategy 2019-2021 is also being prepared. Working groups for the drafting of these strategies have been established.

- TAK’s Annual Work Plan for 2018 was approved by TAK’s Senior Management in January 2018, which was prepared on the basis of specific defined objectives for the respective organizational units based on the TAK Strategic Plan 2015-2020 and the 2018 Detailed Risk Treatment Plan.
The objectives set out in the 2018 Annual Work Plan will assist TAK in carrying out certain activities and achieving the overall goals of the Strategic Plan and the Compliance Strategy, in addition to determining revenue foreseen by the budget of the Republic of Kosovo for 2018.

The realization of revenues is mainly oriented towards the voluntary fulfilment of obligations by providing information on tax compliance. Also, procedures have been developed that enable taxpayers to meet their tax obligations at the lowest possible cost.

Strategic priorities by 2020 are the following: increase of staff skills/abilities, improvement of TAK’s key tax processes, reduction of the level of informal economy, renewal of information technology to enable more efficient work within TAK and improved taxpayer services, provision of an effective organizational structure, supported by robust governance mechanisms and clear accountability.

- The detailed risk management plan for 2018 was approved in January 2018, which describes actions to respond to the risks of meeting tax obligations that will bring products and which are expected to have an impact on the behaviour of taxpayers associated with the fulfilment of tax obligations. The plan contains in more detail the manner in which a response can be made in order to achieve the highest impact on the behaviour of taxpayers in the target group by using as little resources as possible and thus give directions to the Operational Plan as in how to carry out activities to meet the obligations of taxpayers.

Institutions will be committed to implementing the recommendations of the European Commission in the Progress Report regarding Tax Matters. In this context, Kosovo should continue to strengthen the measures taken to combat the informal economy and fiscal evasion and to prioritize the increase of efficiency by implementing the Strategy for Prevention of and Fight against Informal Economy, Money Laundering and Terrorist Financing and Action Plan. Challenges identified are addressed in the strategic documents (TAK’s Strategic Plan 2015-2020) and in the annual operational plans. TAK will also continue to improve the organization’s capacities in order to combat corruption and strengthen internal control of institutional performance.

**Institutional Framework**

The institutional framework in this area consists of the Tax Administration of Kosovo. TAK is the key tax institution in the Republic of Kosovo, which functions as part of the Ministry of Finance, and is the authority responsible to implement fiscal legislation and to administer taxes and international tariffs. TAK’s main objective is to support the taxpayers in paying their tax obligations in line with the applicable legislation and to ensure that the tax revenues go to the state budget, by offering the taxpayers an effective payment system.

With the aim of modernizing the administration, a Taxpayer Education and Service Centre and a Call Centre have been established and are functional since 2011.

The product of electronic verification for private persons and businesses has been launched. In addition, all tax payment statements are carried out in an electronic manner through the system Electronic Declaration of Incomes (EDI), which allows for a swift, simple and secure declaration by the taxpayers. The system has allowed the achievement of good results. Various IT modules have been created, thus making taxpayers statements as well as the internal work management processes easier.

During the period January to September 2018, the number of businesses/taxpayers who used the EDI Electronic System to carry out online purchases and sales was 12,389. Total taxpayers who have submitted the Purchase Book are 12,054 and taxpayers who have submitted the Sales Book are 11,933. Regarding the “Verify Employer” application, this is an electronic service that enables every citizen to verify whether his employer is paying the Pension Contributions as well as the tax as foreseen by tax
legislation. Regarding the “Reimbursement Management” module, this is an electronic service that is available to taxpayers who apply for Reimbursement, such as: Value Added Tax, Personal Income Tax, and Corporate Income Tax. Through this service, the taxpayer can be informed of the extent to which the TAK has reviewed the request for reimbursement previously sent. During the reporting period, 1173 requests were received electronically through the new service “Reimbursement Management”.

In the area of Price Transfer, the Price Transfer Unit has prepared procedures that will facilitate the implementation of the Administrative Instruction for Price Transfer. In this regard, in order for taxpayers to be notified, various announcements have been published in this area and three seminars have been held.

Under the internal procedure, Tax Administration of Kosovo reformed the process for reviewing the requests for reimbursement of VAT by facilitating the procedure for returning means and reducing the review period to a maximum of 30 days. Also, it removed the need for a special request for VAT reimbursement. The request for reimbursement shall be done at the same time with the tax declaration of VAT. One of the short-term improvements is continuing the process of tax services digitalization, which process will simplify the procedures for services required by taxpayers, including 13 requests in the electronic system EDI.

For the provision of the most efficient services, Tax Administration has fully functionalised the electronic declaration system. During the reporting period January – December 2018 (17.12.18) there were 2,057,175 declarations and a total of 88,602 taxpayers have been registered in the online declaration system.

In addition, during the reporting period January – December 2018 (17.12.2018), 9,529 businesses have been registered in “One-Stop-Shop”. 111,891 electronic tax verifications have been downloaded online. During the reporting period, the electronic service, Purchase Book, Sales Book, request for registration in VAT and request for reimbursement of VAT have been functionalised.

TAK, as a modern institution oriented towards providing professional services for taxpayers, carried out various activities for informing taxpayers. During the reporting period, it has conducted a total of 12 seminars with taxpayers; a total of 3,016 responses for taxpayers; and a total of 230,401 services have been provided for taxpayers.

In the framework of institutional reform, in cooperation with experts from Bavaria, supported by GIZ, the use of electronic check tool has been upgraded, resulting in the reduction of time period for analysing data during the control process.

IMF has realized two missions for enhancing the voluntary compliance towards changing the taxpayer behaviours and treating the tax debt. Based on the IMF recommendations, the organizational structure has been assessed in terms of functionality, which was recently changed in 2016; an analysis has been carried out for certain units and several changes are expected to be reflected.

A mission of technical assistance from the IMF has been carried out, related to the performance management process and liaison with government priorities. Also this year the IMF has provided support in drafting the TAK Modernization Plan for the next 3 - 5 years.

TAK is in process of commencing a great reform in Information Technology system. During the reporting period, the procurement procedure for open tendering according to the public procurement law of the Republic of Kosovo has commenced. In coordination with EU office in Pristina and representatives of IMF, activities in committing the financial support have been harmonised, ensuring the budget support from EU and Ministry of Finance for implementing the project for modernizing the IT system during the time period of 2-3 years To this end, in the framework of IPA II Programme SBS, the project will be
supported in the amount of EUR 4-5 million, depending on the project requirements and dynamic. Whereas, Ministry of Finance committed to ensure the budget support, where based on the planning of the Medium-Term Expenditure Framework, 3 x EUR 1.2 million (from EUR 1.2 million for 2018-2020) are ensured from the TAK budget.

On the other hand, through the Technical Assistance of the International Monetary Fund, teams of tax experts and information technology experts reviewed all technical and functional requests of the new IT system and prepared the final version of the Terms of Reference for the new information system, where the Action Plan “Roadmap” has been drafted and certain activities with time periods for implementation and the necessary budget for carrying out that activity. Also, the tender with the requirements drafted by working groups in TAK was announced. Upon completion of the first phase, one (1) company filed a complaint and, as a result, the project had minor delays while transitioning in the second phase. Whereas on September 24, 2018, the second phase of the procurement activity "Modernization of the Information Technology System" was opened, whereby the evaluation commission will evaluate the files submitted. In the second phase of the tender, 2 consortiums have submitted files.

For the January - December 2018 (17.12.2018) period, Tax Administration of Kosovo, with the purpose of the fight against informal economy and prevention of fiscal evasion, held 289 activities, 189 interviews for cases suspected of evasion. During this period, a total of 29 cases have been initiated for suspicion of the criminal offence of tax evasion. During the reporting period, the number of shared information of intelligence is 110 and 17 locations have been raided. As a result of the completion of 29 control reports for tax evasion, it has been determined the amount of evasion of EUR 7,184,198.61.

In order to implement objectives of the National Strategy for the Fight against the Informal Economy, Tax Administration of Kosovo, during the reporting period January - December 2018 (17.12.2018) took the following activities: conducted 44,703 visits to taxpayers, which resulted with the additional turnover of more than EUR 123.5 million; imposed 6,108 mandatory fines in the amount of EUR 1.4 million; identified goods without origin in the amount of EUR 518,798, lack in stock in the amount of EUR 26.4 million and additional tax in the amount of EUR 8.3 million. A total of 1,621 controls have been carried out, resulting in: additional tax in the amount of more than EUR 53.7 million, and deducted loss in the amount of EUR 35.3 million. Controls resulted in the deduction of the VAT crediting in the amount of EUR 14.2 million.

The number of visits carried out for the period January - December 2018 (17.12.2018) is 44,703, compared with the same period of 2017 (35,921), the number of visits increased by 8,782. While the number of controls for the reporting period 2018 is 1,621 compared to the same period of 2017 (1,359), the number of controls increased by 262.

With regards to the Agreement for Elimination of Double Taxation (AEDT), the negotiating team has been established and aims at concluding the agreements with countries with which Kosovo has economic cooperation, as well as with potential states for investments in Kosovo. For the purpose of implementing the AEDT, TAK built staff capacities. Professional staff capacities have been built with the donor technical assistance. Also, information materials have been produced for citizens in order to raise citizens’ awareness for this area. So far, a number of agreements have been initiated for the elimination of double taxation. The agreements with the following states such as Saudi Arabia, Malta, Lithuania, Qatar, and Kuwait are in the procedure. Meanwhile, agreements with the following states such as France, Belgium, the Netherlands, Portugal, Slovenia, and Sweden have been signed, and are expected to be confirmed by the other party to initiate procedures under the Law on International Agreements. The Agreement on the Elimination of Double Taxation with Austria was ratified in June 2018.

Fiscalization process is continuing and during the period January - December 2018 (17.12.2018) the number of businesses that have been fiscalised is 2,271, whereas the number of E-Fiscal Devices (EFD) installed during this period is 3,605.
The Appeals Division—the mission of the Appeals Division is to resolve taxation disputes and claims, before they are presented to courts, based on the principles of fairness and impartiality for the Government as well as taxpayers, so as to foster compliance and public trust in the integrity and efficiency of the Tax Administration. The Division implements such a mission by making decision on cases where disputes are present. TAK has organized trainings in this division where as a result it has managed to advance the work of this division by achieving results in creating competent experts of tax laws and appeals procedures, to demonstrate the best practice in dealing with complaints cases; to ensure that appeals decisions meet the required standards; to be in step with the developments of tax legislation; to recommend changes to legislation where problem areas are identified.

Through the Government Decision No 07/39 of 22 July 2015, the Initial Plan for Establishment of the Revenue Agency has been approved. This decision is based on the following needs: (i) improvement of services to taxpayers; (II) reduction of ‘tax gaps’ through simpler and more effective structures in tax collection; (iii) increasing the effectiveness in terms of tax collection and reduction of costs of such a process; (iv) strengthening the autonomy of the institutional structures dealing with tax collection; (v) creation of effective institutional structures for the implementation of tax and customs policy; (vi) the fulfilment of the necessary criteria in the EU integration process.

**Donor Support**

Since its establishment, the Tax Administration of Kosovo has been continuously supported by different international organizations.

European Commission, through TAIEX, supported TAK in the tax legislation, specifically harmonization of tax law with the EU legislation. Mission results have been incorporated in the New Draft Law. The next mission was in the Tax Investigation and Intelligence Unit, where after the mission, TAK applied several recommendations, as pointed out in the mission final report. This had a positive impact especially in the increase of staff knowledge and reform of the unit responsible for tax investigations. TAIEX has supported TAK in the area of implementation of Agreements for Elimination of Double Taxation. The outcome of these two missions are recognition of international practices in addressing complex cases and during the implementation of these agreements, it was managed to be created a draft AEDT which represents the position of Kosovo in relation to contracting countries and it has been achieved to include recommendations from 15 OECD BEPS action reports.

Another TAIEX mission in Kosovo was the one in the area of Price Transfer. This mission was much needed as TAK this year established Price Transfer Unit, and assisted in capacity building of the new staff, which enabled functionalization of the unit as a new area.

Another mission was in the area of IT, aiming the assessment of IT tax system and recently TAK has been supported in the area of Tax Fulfilment Risk Management. Mission results had a positive impact on capacity building of the staff, as it has reflected the experience of officers from institutions which have provided the assistance.

Recently, IMF supported TAK in increasing the voluntary compliance, tax fulfilment risk management and drafting the new strategy of the institution for the next 5 years, and in measuring the performance of the institution/drafting of key performance indicators. In addition, TAK was supported in the area of TI, namely in preparing the requests of the user for the new IT system.

During 2018, a 2-week technical assistance mission was carried out by the IMF regarding the performance management process and liaising with government priorities. In August, the IMF provided support in drafting the TAK Modernization Plan for the next 3 - 5 years. Also in November 2018, the following three
IMF missions were carried out: the modernization of tax control, the advancement of the tax reimbursement process and the improvement of risk management.

GIZ ensured the technical assistance in building staff capacities through ongoing training programmes on VAT, indirect calculating method, and construction and banking sectors. GIZ also provides support in the form of tax advice through experts from the Tax Administration of Bavaria, and the areas mainly include harmonization of legislation with EU directives.

GIZ has continued to support TAK in functionalization of the Office for Administrative Fines and Penalties, an office which was taken as a good practice from the Tax Administration of Bavaria. In this area it is managed to organize various workshops with the TAK staff, the establishment of this office in regional offices was assisted by experts of the Tax Administration of Bavaria, and were designed forms and guidelines to deal with complaints from this office. It was also provided assistance in the purchase and use of electronic control modules for large companies, which has had an impact on reducing the time for conducting these controls.

Medium-term Priority Objectives

In the medium-term period, the main legal priorities foreseen to be implemented are the following:

- Implementation of the latest legal framework in the VAT, CIT and PIT law in accordance with EU Law, in particular with the Code of Conduct for Business Taxation and Council of Europe directives;
- Drafting and adopting of secondary legislation on VAT, CIT and PIT law and harmonization with EU Law, in particular with the Code of Conduct for Business Taxation and Council of Europe directives.

In the medium-term period, the main implementing priorities foreseen to be implemented are the following:

- Increasing the fulfilment of tax obligations by increasing the number of registered businesses and collection of tax debts;
- Implementation of the first phase of modernization of Information Technology in the Tax Administration;
- Fight against the tax evasion, tax avoidance and expansion of tax basis;
- Digitalization of the process of tax reimbursement;
- Negotiation of Agreements for Elimination of Double Taxation in Incomes and Capital, tax avoidance and tax evasion.

3.17. Acquis Chapter 17: Economic and Monetary Policy

Acquis in the area of economic and monetary policy consists in specific rules requiring the independence of central banks in Member States, by prohibiting direct financing of the public sector by the central banks and by prohibiting privileged access for the public sectors in financial institutions. Member States are expected to co-ordinate their economic policies and are subject to the Stability and Growth Pact on fiscal surveillance. New Member States are also committed to complying with the criteria laid down in the Treaty in order to be able to adopt the euro in due course after accession. Until then, they will participate in the Economic and Monetary Union as a Member State with derogation from the use of the euro and shall treat their exchange rates as a matter of common interest.

Acquis in the economic and monetary policy derives from Title VIII (Article 119-144) of the Treaty on the Functioning of the European Union (TFEU), and from the respective implementing legislation.
SAA Requirements

Kosovo’s main responsibilities in legislation alignment with the EU acquis derive from Article 74 of the SAA. Also, the Article 94 of the SAA highlights that the EU and Kosovo will facilitate the process of economic reforms through cooperation in order to improve the understanding of their respective economy fundamentals, as well as formulation and implementation of market economy policies.

This chapter provides information on the general developments from the angle of monetary and economic policies, in the context of strategy and Government defined objectives. As Kosovo uses Euro as its own currency, which it has adopted since 2002 unilaterally, it has no monetary policy; hence the focus of this chapter will be on the section of Economic Policy. Moreover, by not being able to use monetary policy as a development alternative, the economic policy gains even more importance. The chapter will provide additional information which should help in analysing and achievement of institutions’ objectives, always in the context of the Stabilization and Association Process with the European Union and Member States, where one of the priorities is also ensuring macroeconomic stability.

Based on the 2018 Country Report, on issues related to economic policy, the report highlights the continuous trade deficit, which reflects a weak production base and lack of international competitiveness. Ineffective public sector and ad hoc decision-making of fiscal policies are a great financial risk, especially the decision on benefits of war veterans may challenge fiscal sustainability and relation with international financial institutions. Relying on remittances and the widespread informal economy reduces incentives for employment, resulting in low participation of the labour force, especially among women, high unemployment rate, especially among young and unqualified workers.

Monetary policy

The Central Bank of the Republic of Kosovo (CBK), transformed from the Kosovo Central Banking Authority, is a public legal entity based on the Articles 11 and 140 of the Constitution and the provisions of the law, enjoying administrative, financial and management autonomy.

Based on Article 6 (independence and autonomy) of the Law on Central Bank of Republic of Kosovo, the Central Bank, the members of the decision making bodies or the personnel of the Central Bank, will not receive instruction from a person or another subject, including government entities. The independence and autonomy of the Central Bank is respected at all time, and no person or entity will try to influence the members of the decision making bodies or the personnel of the Central Bank, in carrying out their responsibilities or intervene in the activities of the Central Bank. Moreover, the Central Bank legislation envisages that the accounts, records and financial records of the Central Bank are audited at least once a year, in compliance with International Audit Standards, by independent international auditors, who should be well renowned and should possess international expertise in auditing large international financial institutions.

Currently, the Law on Central Bank of the Republic of Kosovo is partially in line with the European Union acquis. Even though many provisions are approximated, there is still a need for further legal efforts in order to ensure full compliance with the general principles of the European Union acquis. Law No. 03/L-209 on Central Bank of the Republic of Kosovo was drafted with technical assistance from the IMF in accordance with best international practices and the legal framework of the European Union.

Also, on 10 March 2017, the Kosovo Assembly adopted Law No. 05/L-150 amending the Law No. 03/L-209 on Central Bank of the Republic of Kosovo, changes which further improved the CBK governing and controlling framework and, at the same time, further harmonizing the Law on CBK with provisions regulating this issue within the EU and international practices.
In 2002, Kosovo unilaterally adopted Euro as its legal currency, and since then, Euro has been the de facto currency in Kosovo, hence the Kosovo monetary policy is quite limited. The only traditional instrument of the monetary policy which is available to the Central Bank is the bank reserve requirements. Since the beginning of the functioning of the banking sector in Kosovo, banks have always retained abundant reserves, hence, during this time it was not deemed necessary to change the mandatory reserve norms.

The use of Euro limits the role of the Central Bank in its function as lender of last resort, in providing short-term credit to banks that could face lacking liquidity. With this in mind, the Government of Kosovo and the CBK have established the Emergency Liquidity Assistance (ELA), which is an emergency fund to be activated in case of lack of liquidity in the banking sector. In addition, the Government of Kosovo also retains an adequate level of banking balances, which should serve as an absorbing mechanism in case of risks to the economy. Below are presented the effective exchange rates, nominal and real, annual averages.

**Table 3.1. Effective exchange rates, nominal and real, annual average**

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<tbody>
<tr>
<td>NEER</td>
<td>100.8</td>
<td>101.1</td>
<td>101.2</td>
<td>102.1</td>
<td>101.9</td>
<td>101.6</td>
<td>102.2</td>
<td>102.6</td>
<td>102.7</td>
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<tr>
<td>REER (Total)</td>
<td>104.8</td>
<td>105.8</td>
<td>106.6</td>
<td>107.2</td>
<td>106.0</td>
<td>104.8</td>
<td>105.1</td>
<td>104.3</td>
<td>104.3</td>
</tr>
<tr>
<td>REER (CEFTA)</td>
<td>105.8</td>
<td>106.6</td>
<td>106.9</td>
<td>107.7</td>
<td>107.4</td>
<td>106.4</td>
<td>107.1</td>
<td>106.3</td>
<td>107.3</td>
</tr>
<tr>
<td>REER (EU)</td>
<td>106.4</td>
<td>106.9</td>
<td>108.6</td>
<td>107.8</td>
<td>107.3</td>
<td>107.0</td>
<td>105.8</td>
<td>104.5</td>
<td>104.3</td>
</tr>
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*Source: CBK*

**Medium-term Priority Objectives:**
- Capacity building for administering emergency situation, in case of crisis and providing solutions to banks in trouble.

**Economic Policy**

In general, there is consensus on the essence of economic policy with a special focus on its orientation towards creating conditions for sustainable economic growth and also generation of sustainable employment.

Kosovo Government has as its main objective in its fiscal policy to maintain macro-fiscal stability, which is closely linked to obligations deriving from the Stabilization Association Agreement, which is related to preserving the macro-fiscal stability and harmonization of the policies with the EU. An indicator of the Government’s commitment in this direction is the adoption of the fiscal rule, which limits the deficit level at 2% of GDP. The goal of setting up such a mechanism was the stabilization of the debt under the level as envisaged by law (40% of GDP).

There is a broad consensus on market-oriented economic policies and reforms. This is reflected in the Government Programme 2017-2021, where it is underlined that one of the basic principles of government is to promote rapid and sustainable economic development based on Kosovo’s human potential and natural resources. This is the core of my governing programme. The vision of the Government is the increase of welfare, the opening of new jobs and the eradication of extreme poverty in Kosovo. In this mandate, we will target stable economic growth at an average rate of 5 to 7 per cent. To reach these rates that substantially exceed the average of recent years, the Government will focus on the successful implementation of reforms that have a direct impact on improving the economic, fiscal and financial environment.

Programme measures are expected to result in increased economic activity, especially in the manufacturing, processing and service industries, by supporting export expansion, reducing imports and consequently improving the country’s trade balance. In parallel, the Government will focus its resources
on the implementation of major development projects which will be funded through various public-private modalities. The implementation of these projects, in addition to the medium-term stimulation, will have an effect on the long-term transformation of the economic structure and on the reduction of unemployment.

Throughout the mandate, programme development targets will be translated into annual growth targets through the Mid-Term Expenditure Framework, the Government Annual Work Plan, and annual budgets.

The government vows that, on a regular annual basis, the budget will increase in line with the country's economic growth. Moreover, and in addition to economic growth, the budget will be increased as a result of the reduction of the tax gap, respectively measures to reduce informal economy.

**Legal Framework**

The applicable legal/sublegal acts in this chapter:

- Law No. 03/L-048 on Public Financial Management and Accountability, Amended by Law No. 03/L-221, Law No. 04/L-116 and Law No. 04/L-194 and Law No. 05/L-063
- Law No. 03/L-175 on Public Debt
- Law No. 05/L-0125 on the Budget of the Republic of Kosovo for Year 2017
- Law No. 04/L-008 on Social Economic Council
- Regulation No. 01/2015 on the Work of the National Council for Economic Development of Kosovo.

For the purpose of tax amendments, within the Ministry of Finance have been established the Working Groups for drafting the Administrative Instruction amending the list of products taxed at the 8% Value Added Tax rate and the Working Group for amending the Administrative Instruction MoF - No. 05/2016 on the special scheme for investment gold, as well as the Working Group for drafting the AI on Tax Breaks, which WGs will work on finalizing the guidelines.

**Policy Framework**

The Government Programme is the main document defining the orientation and development of the Government policy, which also is the basis for determining the priority policies in MTEF. The Government Programme is of political nature and includes Government plans and commitments for the midterm period. The Government is obliged to adopt a priority statement which serves as a basis of policies for preparing the Medium Term Expenditure Framework, the Budget and the Government Annual Work Plan. The Medium Term Expenditure Framework is the mechanism the Government uses to set up its fiscal policy and it serves as the main document for policy planning in Kosovo. The fiscal framework includes planning on revenues and expenditure for the next three years; sets expenditure limits for all budget organizations, defined based on government priorities, as well as financing of the deficit and the banking balance level.

There have been no major changes/updates regarding fiscal governance and budget frameworks that would differ substantially from what has been reported in the previous year's version, respectively:

- **Wage Rule:** Following the adoption of the Deficit Rule, the Law on Public Financial Management and Accountability was amended in 2015 to include a Wage Rule which links the public wage bill to the nominal GDP rate in an effort to calculate the productivity. Details about this rule are presented in last year's version, or in the law itself.
- **Investment Clause:** elaborated in more detail in this document as included now in the macro-fiscal framework and the perspective for 2017-2019.
• Public Finance Management: an important development of 2016 in this regard can be considered the changes in the budget regarding the reallocations and the transfer of amounts divided into the sub-economic categories and sub-programmes. This is now done in more specific categorization (5-digit budget codes), which results in a significant change in the reporting methodology both within the Treasury and within the central and local budget organizations, all in the interest of better budget management and increased transparency.

Our government remains committed to maintaining a stable macroeconomic environment and potential growth and long-term employment perspective of Kosovo by maintaining the fiscal deficit and making the composition of the budget with a more favourable growth by creating space for important infrastructure projects (carried out through support by the current Stand-By Arrangement with the IMF); by further increasing the banking regulatory and supervisory framework and reducing the remaining barriers to bank lending to the manufacturing sector; and improving the business environment of Kosovo by improving the public procurement system.

To ensure public finance sustainability, Kosovo, as a small open economy, has managed to experience positive economic growth mainly from consumption and investment, a budget funded mainly by remittances and donations of the Diaspora. The level of government debt remains the lowest in the region and also much below the maximum allowed level under the Law on Public Financial Management. One of the key factors contributing to such a low debt level is its short history of debt issuance from 2012.

In addition, in 2014, the government approved the fiscal rule that limits the general deficit to 2% of GDP, in order to stabilize debt levels below the limit provided by law (e.g. 40% of GDP). Given the low level of debt compared to GDP and the need to further improve the country’s infrastructure, an ‘investment clause’ was introduced in 2015 to allow for the additional government finance growth and the promotion of projects funded mainly by IFIs. For this reason, this section examines two main scenarios, the baseline one and the investment clause followed by further analysis of the debt issuer’s sensitivity to changes in the underlying macroeconomic indicators.

Institutional Framework

Institutional Framework for Economic Policy:
• Ministry of Finance: the department of economic and public policy and international financial cooperation, which is composed of three divisions: division of macro economy, division of fiscal and public policy and division of international financial cooperation
• Treasury
• Department of Budget

Institutional Framework for Policy Coordination:
• Strategic Planning Office;
• Line Ministries.

Except for the existing structure for policy formulation, the Government has established councils, consultative in nature, such as:
• National Investment Council, which has the role of providing a broad review of priorities and to ensure prioritised investments in competitiveness sectors. In this form the Council will determine the long term investments, which will influence the development rate of the country.
• Economic and Social Council, focused on setting up and developing social dialogue in Kosovo with the employers and employees, on important issues, related to their economic, social and professional rights, through resolving contests through bilateral or multilateral agreements.
• National Council on Economic Development of Kosovo, which, in close cooperation with the representatives of the business sector, aims at reviewing the economic policy so as to address the growth challenges in the country.

Medium-term Priority Objectives

In the medium term, the main implementing priorities expected to be realized are the following:
• Favourable fiscal policy including tax breaks, and collection of VAT within the country;
• Competitive trade policy and improvement of business environment, including market opening, functioning of free trade zones, fighting informal economy, elimination of legal barriers and reduction of bureaucracy;
• Support to small and medium enterprises by increasing the credit guarantee fund and other administrative facilities.

3.18. Acquis Chapter 18: Statistics

The acquis in the area of statistics requires the existence of a statistical infrastructure based on principles such as impartiality, reliability, transparency, confidentiality of individual data and dissemination of official statistics. National statistical institutes act as reference and anchor points for the methodology, production and dissemination of statistical information. The acquis covers methodology, classifications and procedures for data collection in various areas such as macro-economic and price statistics, demographic and social statistics, regional statistics, and statistics on business, transport, external trade, agriculture, environment, and science and technology. No transposition into national legislation is needed as the majority of the acquis takes the form of regulations.

SAA Requirements

The statistics chapter is covered by Articles 74 and 95 of the agreement. SAA envisages the development of an effective and sustainable statistical system in Kosovo, which is able to ensure reliable, objective and accurate data, which are comparable to European statistics, and which are needed to plan and monitor transition and reform processes in Kosovo. Such a system needs to enable the Kosovo Statistics Agency to better perform its duties and meet its clients’ needs (both the public administration the private sector). The statistical system needs to be in compliance with the principles of the European Statistics Code of Practice, and the basic principles of the statistics by UN, citations from the European Statistics law, and it should be developed in line with implementation of EU acquis in the area of statistics.

Requirements from other EU accession mechanisms

The 2018 EC Report on Kosovo concludes that Kosovo has a level of preparation in the area of statistics. Some progress has been achieved, especially in improving national accounts. The data on the balance of payments, which are compiled by CBK, are generally in compliance with the EU acquis and are submitted to Eurostat on a quarterly and annual basis. However, the Kosovo Agency of Statistics continues to suffer from insufficient resources and capacities, which often result in delays in publication and lack of qualitative statistics.

Significant efforts are still needed, especially to ensure the harmonization of macroeconomic and business statistics with European standards. The Agency must continue to produce statistics that are reliable, on-time, and compliant with European standards and International methodologies. The availability of basic data for evidence-based policies should be treated as a priority. The Report underlines that the law on official statistics should be adopted to ensure the professional independence of the Kosovo Agency of Statistics. The Report also underlines the adoption and implementation of the action plan for the implementation of Eurostat recommendations derived from the peer-review. KAS should start the
necessary preparations for the next population census in 2020/2021, ensuring full coverage of the territory.

Conclusions from the 2018 Subcommittee require that the amendments of the Law on Official Statistics be adopted and strengthening of the legal framework be continued. Also, it is stated that the implementation and development of sector statistics foreseen in ERA should continue. KAS should implement an action plan for implementation of Eurostat recommendations and begin the necessary preparations for the next population census in 2020/2021.

State of Play

Legal and Policy Framework

The legal framework in the area of official statistics in the Republic of Kosovo consists of:

- The Law on Official Statistics of the Republic of Kosovo 04/L-036, which clarifies the basic principles in order to govern official statistics, this law was adopted in 2011 (this law is in the review process, currently it is in the Assembly). Some of these principles are relevance, impartiality, accuracy, effective expenditure, professional independence and transparency. The activities in the area of statistics in the Republic of Kosovo are regulated on the basis of the Law on the Official Statistics.

These normative acts have transposed the Regulation No. 223/2009 of the European Parliament, which deals with statistics at EU level, respecting the provisions of the Law on Official Statistics on data confidentiality, fundamental principles of official statistics (E/2013/24 (2013/21).

For the purpose of implementing the abovementioned Law, the Government of Kosovo has issued relevant subsidiary legal acts:

- AI on storing of statistical material;
- AI on special processing of statistics;
- Regulation 11/2013 on implementation of standards for classification of economic activities in NACE-Rev.2 version, which is in compliance with the Regulation of European Parliament (No. 1893/2006).

For the 2021 population census project, the KAS has established the internal working group for the implementation of necessary preparatory activities. In coordination with relevant institutions, it will prepare the draft Law on Population, Housing and Household Census 2021, which will be in compliance with the recommendations of the conference of European statisticians for the population and housing census 2021, prepared in cooperation with Eurostat.

Whereas, the legal framework that is related to statistics consists in the following legal acts:

- Law No. 03/L-209 on Central Bank of the Republic of Kosovo (Official Gazette of Republic of Kosovo/Prishtina: year v/No. 77/16 August 2010);
- Regulation on Balance of Payments and International Investments Position Statistics;
- Regulation on Monetary - Financial Statistics and Financial Accounts Statistics;
- Law No.03/L-048 on Public Financial Management and Accountability, Amended by Law No. 03/L-221, Law No. 04/L-116 and Law No. 04/L-194;
- Regulation MoF -No. 03/2014 on Annual Financial Statements of Budget Organizations;
- Law No. 05/L-020 on Gender Equality, which requires the collection, maintenance and processing of all official gender-disaggregated official data.

Policy Framework
One of the instruments needed for coordination of the statistical system is the 5-year programme of official statistics. At the end of 2017, the KAS, together with the other members of the Kosovo Statistical System, has prepared and finalized the second programme of official statistics for 2018-2022. Moreover, during the preparatory phase of the programme, the main users of official statistics were also consulted. This Programme has been approved by the Government of Kosovo.

The KAS is implementing the annual plan for 2018 and has prepared the annual plan for Official Statistics for 2019. The annual programme, as a planning instrument, prioritizes activities from the mid-term programme, taking into account the available resources. The 2018 Annual Plan aims to achieve objectives such as better use of resources through organizational efficiency, shortening of timeframes, in order to increase the number of statistical products. Setting priorities has been achieved by aiming to achieve efficiency, productivity, increase of the quality in the statistical system and meeting of EU standards and user requirements.

Following the publication of the report "Peer Review", the KAS has drafted a plan for implementing the recommendations from the report made by a team of experts. This plan has been finalized in full coordination with Eurostat. The plan for implementing the recommendations has been published on the official website of KAS and Eurostat. During this period, the KAS has sent the first report on the implementation of recommendations to Eurostat. Also, the current state of play regarding SDG 2030 indicators has been identified for the part of KAS and the process is ongoing.

Regarding the implementation of the first programme 2013-2017, the achievements have been presented in the tables below. KAS has made progress in terms of physical volume as well as in terms of quality, respectively in shortening the time of statistical outputs (reference time of research to user). Below are the two abovementioned aspects in 2017 in relation to 2016 and the 2012 baseline:

**Table 3.2. Number of Products and Statistical Reports 2016/2017**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>23</td>
<td>25</td>
<td>74</td>
<td>76</td>
</tr>
<tr>
<td>Agricultural</td>
<td>11</td>
<td>12</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Social</td>
<td>15</td>
<td>16</td>
<td>16</td>
<td>19</td>
</tr>
<tr>
<td>General</td>
<td>05</td>
<td>07</td>
<td>08</td>
<td>09</td>
</tr>
<tr>
<td>Total</td>
<td>54</td>
<td>60</td>
<td>115</td>
<td>121</td>
</tr>
</tbody>
</table>

**Table 3.3. Production time for comparable products 2017/2016/year 2016 = 54 products**

<table>
<thead>
<tr>
<th>Statistical Areas</th>
<th>Production time 2016</th>
<th>Production time 2017</th>
<th>Change</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>5868</td>
<td>4961</td>
<td>-907</td>
<td>-15.4</td>
</tr>
<tr>
<td>Agricultural</td>
<td>1907</td>
<td>1871</td>
<td>-36</td>
<td>-1.88</td>
</tr>
<tr>
<td>Social</td>
<td>3353</td>
<td>2991</td>
<td>-362</td>
<td>-10.7</td>
</tr>
<tr>
<td>General</td>
<td>637</td>
<td>653</td>
<td>+16</td>
<td>+2.5</td>
</tr>
<tr>
<td>Total</td>
<td>11765</td>
<td>10476</td>
<td>-1289</td>
<td>-10.9</td>
</tr>
</tbody>
</table>
Table 3.4. Production time in relation to base (base = year 2012, 39 products)

<table>
<thead>
<tr>
<th>Statistical Areas</th>
<th>Production time 2012</th>
<th>Production time 2015</th>
<th>Production time 2016</th>
<th>Production time 2017</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>3553</td>
<td>3153</td>
<td>2985</td>
<td>2802</td>
<td>-21</td>
</tr>
<tr>
<td>Agricultural</td>
<td>1082</td>
<td>1071</td>
<td>989</td>
<td>1007</td>
<td>-7</td>
</tr>
<tr>
<td>Social</td>
<td>1450</td>
<td>1988</td>
<td>2012</td>
<td>1647</td>
<td>+14</td>
</tr>
<tr>
<td>General</td>
<td>193</td>
<td>393</td>
<td>392</td>
<td>393</td>
<td>+104</td>
</tr>
<tr>
<td>Total</td>
<td>6278</td>
<td>6605</td>
<td>6378</td>
<td>5849</td>
<td>-7</td>
</tr>
</tbody>
</table>

Institutional Framework

The implementation of the commitments deriving from the legislation in force in the area of statistics is under the responsibility of these institutions, which are part of the state statistical system:

- Kosovo Agency of Statistics;
- Central Bank of Republic of Kosovo;
- Ministry of Finance;
- Other bodies authorized by the KAS.

Kosovo Agency of Statistics - KAS, according to the Law on Official Statistics, coordinates the state statistical system and is responsible to harmonize official statistics data. KAS is also responsible to define the user needs and to filter them according to relevance. Moreover, they transform the relevant needs from the users in measurable concepts so as to ease up the data collection and their dissemination. KAS is the main coordinator amongst the statistics producers and ensures coherence and compliance with the statistical system and the agreed standards. Currently, KAS is focused mainly on collection of information from real sectors as well as developing as much as possible statistics in relation to them.

KAS is responsible to produce statistical products that provide information on economic, social, population, agriculture, environment and energy aspects etc. Statistical products are produced on different time intervals. The most frequent product, CPI, is published on monthly basis. KAS is responsible to get information on Gross Domestic Products, the budget of household economic units, employment and the structure of agriculture. Such information is made available to users, each year. At the end of the year, KAS preannounces the publication of the calendar, providing information on the delivery of the statistical products for the next year.

KAS is responsible to create, manage, maintain and update the following:

- Population census;
- Registry of households;
- Registry of houses and apartments;
- Statistical registry of businesses;
- Registry of spatial units and
- Registry of agricultural economies and other registers in accordance with the plans and decisions.

KAS is responsible that the statistics methodologies used in Kosovo are approximated to those used in the countries of the region and Europe. In order to be able to implement such objectives, KAS continuously updates the procedures in the use of nomenclatures, data collection, data processing and dissemination.

The responsibilities of the CBK in terms of statistics are also regulated by the Regulation on Monetary - Financial Statistics and Financial Statistics Accounts as well as by Regulation on Balance of Payments and International Investments Position Statistics.

The statistics falling under the auspices of the CBK are statistics in the monetary and financial sector and those of the external sector. These statistics are in compliance with the standards developed by the International Monetary Fund, European Central Bank, Eurostat etc. The monetary and financial statistics include data produced by the CBK, second level banks, insurance companies, pension funds, and institutions of financial assistance. Statistics of the external sector include statistics of the balance of payment, statistics in international services, international investment position, direct investments and external debt. In general, Kosovo has fulfilled the obligations deriving from the acquis for monetary and financial statistics and external sector statistics. However, CBK should develop the framework for compiling the statistics of the Financial Accounts.

Ministry of Finance has the mission to make projections and analysis so as to support the decision-making processes in relation to formulation of economic policy. The implementation of this mission of the Ministry of Finance is linked to the tasks and responsibilities of Treasury and the Department for Economic, Public Policies and Financial Cooperation (DEPPFC). The statistics for the fiscal sector and those related to public debt are compiled and published by the Treasury within Ministry of Finance.

Other bodies authorised by KAS - there are also secondary providers of information used to compile official statistics in Kosovo. The Ministry of Education, Science and Technology is responsible to register the number of schools, students and teachers at all education levels. Ministry of Health and Public Health Institute are responsible to register health institutions, patients, doctors and illnesses, Ministry of Labour and Social Welfare is responsible to provide information on the number of jobseekers, the number of services they provide, unemployment benefits, subsidies for the family in need.

The Ministry of Agriculture, Forestry and Rural Development is in charge of ensuring administrative data such as: subsidies to farmers and other administrative data. Ministry of Economic Development is in charge of drafting the Balance of Energy, in line with EU requirements. The Ministry of Environment and Spatial Planning is in charge of collecting data on natural resources in Kosovo and biodiversity. Ministry of Trade and Industry (KBRA) provides administrative data on registered businesses. All of this data is used by the KAS in particular periods of time to inform the public on the current situation in all the respective areas. However, KAS tries to combine the information received in this fashion with information from the independent surveys it conducts.

Administrative capacities - for capacity development, the Government of Kosovo has approved 10 new positions for 2018, which are divided into production statistics, with a special emphasis on Economic Statistics. As a result, the KAS has established the Department of National Accounts. The KAS staff participated in a number of training and courses for KAS staff, provided by the European Commission and Eurostat (participation in various training forums in the short- and long-term). During the reporting period, a total of 3 KAS officials participated in long-term training (one in the second part of 2017, two in the first part of 2018).

Regarding enforcement, in the area of statistics, there have been activities that derive from the Law on Official Statistics, the 5-year programme of official statistics, the annual work plan, the European integration process as well as based on different requests and reports, be them national or international.

Regarding sector statistics, KAS has continued to produce and further develop economic statistics, agricultural statistics, social statistics and methodological and IT activities.
The KAS produces national accounts on an annual and quarterly basis (according to production and expenditure approach, at current and constant prices). The deadlines for publication of GDP results have been shortened, which means that for every quarter of the Gross Domestic Product, quarterly publication has been achieved according to the Eurostat standard (t+90 days), using the new methodology of the European System of Accounts (ESA 2010). The KAS has shortened the annual deadline for publication of GDP 2017, which will be published in September 2018. Also, government accounts are published annually and quarterly. Data is transmitted regularly to Eurostat (after publication of results), using the SDMX format. The number of tables increases gradually.

Regarding foreign trade statistics, data on exports and imports of goods are published on a regular monthly and annual basis. Regular monthly publications are published with T+24 days. The annual publication is based on T+168 days. These data are regularly sent to Eurostat through EDAMIS.

Regarding Energy Statistics, the KAS has shortened the deadline for publication of the results of the energy balance and has increased the number of products sent to Eurostat. Quarterly publication of energy statistics according to standards (T + 49 days). Also, the deadline for the publication of the Annual Energy Balance has been reduced and the publication for 2017 was done in June 2018. In addition, the Efficiency Statistics for 2011-2016 have been published for the first time.

Regarding enterprise statistics, deadlines for regular publications have been shortened and the number of products sent to EUROSTAT has increased. During 2018, for the first time, KAS has published the "Industrial Output Volume Index" for Q1 2018 (2017=100), also according to the annual plan and calendar 2018 was also published on time for Q2 2018.

Regarding hospitality and tourism statistics, hospitality statistics for Q2 2018 have been published on 05.09.2018. Tourism Capacities (Accommodation Units) 2016 was published. Modifications of questionnaires were harmonized according to EUROSTAT recommendations and requirements on short-term retail statistics, industry statistics and transport and telecommunication statistics. A Memorandum of Understanding with the Civil Registration Agency was signed in February 2017 regarding access to data on Registered Vehicles in Kosovo.

In social statistics, the Kosovo Agency of Statistics has implemented the pilot survey on income and living conditions (EU-SILC) during 2014 and it was planned to begin the first full study on EU-SILC statistics among households during 2017. However, due to external factors, such as the signing of the contract, the process was delayed and consequently, the survey begun on the area in 2018, and data collection on the area has so far been completed. Database clean-up is in progress and official data will be published in 2019. So far, information on key indicators of living conditions, welfare, poverty and other indicators is measured by the Household Budget Survey. This study will allow KAS to compile statistics on income and living conditions in households and individuals, which are comparable to other statistics produced in the region and beyond. This research will be a reference source for providing Eurostat with comparative statistics on income distribution and social inclusion at European level for the Republic of Kosovo. Also, it is of particular importance that this data will be used to monitor Europe 2020 strategy focusing on poverty reduction as the primary goal.

In the Household Budget Survey (HBS), it has transferred the HBS 2015 micro-data to Eurostat and has prepared the HBS 2015 data quality report.

For the first time, in 2017, the KAS has developed a survey on the use of Information and Communication Technology (ICT) 2017 at 3,750 households and individuals in Kosovo. In October 2017, the ICT 2017 micro-data were transferred to Eurostat, while the results have been published in January 2018. During May-June 2018, the next survey on the use of Information and Communication Technologies (ICT) in households 2018 was conducted on the area. The transmission of the ICT 2018 survey micro-data to
Eurostat was done in October 2018, respecting the deadlines for transmission of data, and 2018 quality report has been prepared and sent. The ICT survey is integrated within the statistical programme of KAS. The results of the ICT 2018 survey will be published in January 2019. Future plans are the application of the CAPI method for data collection of ICT Survey 2019.

The quarterly publication of the Labour Force Survey (LFS) continues to be published according to the Eurostat standard (T+90 days), using the new European Labour Force Survey methodology, and reducing the deadline for quarterly and annual publication of LFS data. KAS has also improved data collection tools to minimize errors during on-area data collection through continuous monitoring and systematic evaluation of the area work quality, improvement of quality audit mechanisms during and after area work, preparation of a manual for interviewers, etc. In 2017, for the first time, KAS started to send LFS micro-data to Eurostat.

The Q1 and Q2 2017 data have been sent by respecting the deadline for transmission of LFS data to the EU. Q1 and Q2 2017 data have been sent, as well as the quality report has been prepared as validation and revision of data for Q1, Q2, Q3, and Q4 2017 is being done, and by the end of 2018, these data will be sent to Eurostat. KAS has started to apply ISCO 08 to LFS from January 2018 and in the near future, it plans to apply ISCED 2011 as well. KAS has published the "Salary level in Kosovo 2012-2016" for the first time in November 2017, whereas during October 2018 it has published data for 2017. Also, KAS has begun the development of a pilot survey on Labour Costs (where this pilot survey is taking place on the area from 07 November - 07 December 2018), whereas as a full survey it will be conducted in 2020. During 2019, it is planned to conduct a pilot Job Vacancy Survey.

Regarding population statistics, preparations for the 2021 Population, Households and Housing Census are being done according to international recommendations on census and country needs for issuing socio-economic indicators, whereby the working group has been established by KAS in June 2018.

The Roadmap for the 2021 Population, Households and Housing Census has been prepared. At the beginning of October 2018 was held the first conference with donors for financial support. The Census strategy is being prepared, which is expected to end soon. The work plan and budget are divided by activities and years.

Preparations for establishing population census - Digitalization of population data within the SIDA - EU project will start from March 2019 to the end of 2021. The data on Population Estimates 2017, Birth statistics 2017, Death statistics 2017, Marriage statistics 2017 have been published. After a 4-year period (non-codification by MoH), the data on the causes of deaths for 2014 will be published. During 2018, a Memorandum of Understanding has been signed between KAS and UNICEF on the MICS6 project, where implementing activities will start from January 2019.

Regarding the Central Bank of Kosovo (CBK) statistics, CBK has continued its regular work on data collection, production and distribution of monetary and financial statistics (MFS) and external sector statistics (ESS) for Kosovo. MFS and ESS are published regularly on the website of CBK; and they are also distributed to international organizations (including Eurostat, the International Monetary Fund (IMF), the World Bank). Regarding the improvement of the data collection system, CBK has started the process of developing an online reporting platform for the collection, processing and distribution of statistical information by non-financial corporations. In addition, efforts have been made to improve data quality by optimizing the production system and collecting new information.

Balance of payments, international investment position statistics, statistics of international trade in services and statistics of direct investments are sent regularly to Eurostat. Currently, these statistics are aligned with the acquis requirements.
Monetary financial statistics are compiled in line with the latest international standards. In addition to data on pension funds, all other financial statistics are published on a monthly basis with a deadline of 25 days after the end of the reference month. The data are quite detailed and the quality of the statistics published is good. MFS are mainly published on CBK’s website and a significant part of them are sent for publication to the International Monetary Fund.

External sector statistics are in line with the EU *acquis*. The Balance of Payments Statement is published on a monthly basis on CBK's website, while it is sent on a quarterly basis to Eurostat. Statistics on the International Investment Position (IIP) are sent to Eurostat on a quarterly basis. While international service statistics and direct investment statistics are sent annually, in accordance with Eurostat reporting requirements. During 2018, CBK will develop a platform for online reporting of surveys by enterprises. This new platform will advance the data collection, processing and distribution system.

Regarding financial account statistics, they are not yet being compiled in Kosovo. CBK has undertaken some activities to begin this year with the establishment of the framework for compiling financial account statistics. Initially, staff recruitment is being done. Also, the SBK statistics department has made an analysis of the source data to be used for compiling financial account statistics. In general, data on the financial sector and the government sector are adequate; however, there are deficiencies for the data of the non-financial corporations and households sector.

**Donor Support**

The Kosovo Statistical System has been supported and continues to be supported continuously by various donors in technical and professional capacity-building. In addition to highly-beneficial approach projects (regionally), the KAS and the statistical system is also supported in national forms. The main donors are EC, respectively Eurostat, followed by SIDA, WB, IMF, UNICEF, UNFPA, etc. For the next 4-year period 2019-2022, the Kosovo Statistical System will be supported by the European Commission. The 2021 Population Census project is in consultation with donors, but until the reporting period there have been no commitments by donors, with the exception of the EU office with EUR 1.2 million for easy monitoring of the entire census process.

In addition to projects at the national level, KAS is also being supported by Eurostat through pilot projects with a focus on professional and technical capacity-building of KAS.

**MB IPA-2015- (Multi-beneficiary Statistical Cooperation Programme) with these projects:**

- Government Finance;
- Methodology of National Accounts;
- Sector Accounts;
- Programme of transmission of annual national accounts, quarterly national accounts and qualitative reporting;
- Macroeconomic Imbalance Procedures (MIPs);

With the support of the World Bank, KAS has organized non-observed economy surveys in four activities (businesses). The results of these surveys will be included in national accounts.

- Harmonized Index of Consumer Prices (HICP);
- Purchasing Power Parity (PPP);
- Statistical Business Register;
- Short-term statistics of enterprises: implementation of standards and guidelines of the European Statistical System;
- Transport statistics: for passengers and goods,
• Information and communication technology - use in businesses (not conducted due to the lack of human resources) and
• Energy statistics.

In cooperation with the World Bank, we are conducting the enterprise productivity survey.
• Support has continued in other strategic areas of national and international character, such as the SEE 2020 strategy, SDGs 2030, etc.
• Farm structure survey,
• Annual crop statistics and permanent crop statistics (arboriculture survey, viticulture survey),
• Livestock production statistics (monthly and annual statistics on milk, meat and eggs),
• Agro-monetary statistics (survey on prices and rent of agricultural land),
• Waste statistics.

In 2018, the CBK was involved in two pilot projects for improving statistics within the IPA 2015 Programme for many beneficiaries of statistics, funded by the European Commission. The pilot project "source of basic data needed to calculate indicators of macroeconomic imbalance process"; and the pilot project “International Statistics of the Trade in Services”. A Eurostat technical assistance mission visited CBK in May 2018. The mission assisted the CBK in developing a work plan for each pilot project following an assessment of datasets submitted to Eurostat; and following an assessment of the data available to produce CIP indicators. The first quarterly progress reporting was sent to Eurostat on 31 August 2018.

Medium-term Priority Objectives:
• Preparing and conducting the 2021 population census in Kosovo;
• Preparing and conducting the 2022 agriculture census;
• Strengthening human resources and cost-effectiveness in KAS;
  o Ensuring sustainable resources;
  o Rationalization of jobs;
  o Developing internal and external training;
  o Implementing recommendations from the Peer Review process;
  o Compiling and monitoring indicators within the 2030 strategy;
  o Confidential commitment, as additional support by the Government of Kosovo for the quality of statistical productions.
• Strengthening methodology and quality management;
  o Strengthening the Quality Management System;
  o Monitoring and enhancing areawork control;
  o Continuing the enhancement of using electronic devices in data collection;
  o Continuing the further use of sub-phases from GSBPM statistical models;
• Increasing and improving official statistics;
  o Full implementation of the ESA 2010 Methodology in economic statistics, in particular in national accounts;
  o Increasing the number of GDP tables for the transmission programme, which will be sent to Eurostat;
  o Further improving National Accounts and Government Finance Statistics in accordance with ESA 2010, IMF manual and the one of GFSM 2014;
  o Compiling and publishing supply and use tables (SUT), where all data sources will be used, balancing SUT with current and constant prices (using all deflators);
  o Input-output tables (I/O) are prepared;
  o Establishment of the framework for non-observed economy - NOE (table approach for measuring NOE);
o Continue the publication of Government Finance Statistics-GFS annually and quarterly based on the IMF and GFSM 2014 manual and the production of EDP tables;

o Development and publication of the Labour Cost Survey;

o Publication of results of the Survey on Income and Living Conditions (SILC) 2018;

o Improvement of the annual labour market survey (shortening of deadlines);

o Development of the Health survey;

o Development of the Adult Education Survey;

o Development and improvement of transport, hospitality and tourism, construction statistics and other short-term statistics;

o Development of investment statistics;

o Development of statistics on the use of information and communication technology by businesses;

o Assessment of informality in the real sector (businesses) by conducting surveys in four sectors: construction, restaurants, road transport and hotels.

CBK will enrich statistical and research activities related to economy in general and the financial system in particular, through these strategic actions:

- Compilation and publication of statistics on Financial Accounts for Kosovo, in accordance with the methodology foreseen with ESA 2010;
- Further comprehensive advancement of monetary and financial statistics;
- Compilation of balance of payments statistics on a monthly basis for reporting to Eurostat;
- Development of the online reporting platform by non-financial corporations.


The acquis in the social area includes minimum standards in the area of labour law, equality, health and safety at work and anti-discrimination. The Member States participate in social dialogue at European level and in EU policy processes in the areas of employment, social inclusion and social protection.

SAA Requirements

Pursuant to SAA Articles 82 and 106, the cooperation in this area aims to facilitate the employment policy in Kosovo. It will also seek to promote social dialogue as a fundamental drive to economic growth as well as gradual legal approximation of legislation on labour, health, safety at work and equal opportunities for women and men, for persons with disabilities and for persons belonging to minorities and other vulnerable groups. This may also include alignment of Kosovo legislation with EU acquis in the area of labour law, with special focus on women’s working conditions and to promote adoption of social inclusion and anti-discrimination policies in Kosovo. A social protection system that is able to support employment and inclusive growth needs to be established.

Requirements from other EU accession mechanisms

Based on the conclusions of the SAA Subcommittee on Innovation, Information Society, Social Policy and Employment 2018, regarding employment policies and social policies, unemployment remains a challenge in Kosovo, in particular, the youth status and unemployment of women. Kosovo needs to make greater efforts to enforce labour law. Kosovo needs to amend the Law on Labour and the Law on the Social Economic Council. A budget should be allocated for implementation of the Sector Strategy for Employment and Social Policy 2018-2022. Labour Inspectorate should be further empowered (by increasing the number of Inspectors) to reduce informal labour.

Based on the EC Report on Kosovo 2018, in the area of employment policy, it is stated that implementation of the action for youth employment as well as implementation of the Sector Strategy for Employment and Social Policy 2018-2022 need to be ensured. This document also emphasizes some laws that need to be
amended and implemented by Kosovo. It is also required to amend and implement the Law on Labour. The adoption and implementation of the legislation on inspections are also required, as a tool for reducing workplace accidents. Finally, it is required to amend and adopt the Law on Social Economic Council.

State of Play

Legal and Policy Framework

The legal framework in this area consists of these relevant normative acts:

- Law No. 03/L-212 on Labour;
- Law No. 04/L-161 on Safety and Health at Work;
- Law No. 04/L-205 on the Employment Agency;
- Law No. 04/L-008 on Social Economic Council;
- The new Law No. 05/L-077 on Registration and Providing of the Services for Unemployed, Jobseekers and Employers;
- Law no.05/L-078 amending the Law No. 03/L-019 on Training, Professional Rehabilitation and Employment of Persons with Disabilities;
- Law No. 05/L-020 on Gender Equality;
- Regulation on Active Labour Market Measures;
- AI No. 03/2018 On the manner, procedures and deadlines for monthly payment for employers who do not employ persons with disabilities;
- AI No. 04/2018 On the scope, competencies, composition and mandate of the Medico-Social Commission for assessment of work abilities skills of disabled people;
- AI No. 05/2018 on the Manner and Procedures for Assessment of Work Ability for People with Disabilities;
- Regulation (GRK) No.16/2018 for the Customs and Tax Reliefs for Employers That Employing Persons with Disabilities as Well for the Persons with Disabilities that Exercise Independent Activity.

25 Directives and 22 Regulations have been transposed in these normative acts.

Institutional framework:

- Ministry of Labour and Social Welfare;
- Office of the Prime Minister;
- Ministry of Education, Science and Technology;
- Ministry of Finance;
- Ministry of European Integration.

Donor Support

The project "Support for better social services for the most vulnerable groups", from April 2017 to May 2019, implemented by Save the Children in Kosovo, in partnership with the European Centre for Social Welfare Policy and Research, headquartered in Vienna, Austria. The overall objective of the project is to contribute to the effective transformation of the social service system in Kosovo - focusing on improved quality, availability and sustainability of local, social, and community-based service delivery for children and vulnerable people living at social risk. The project components are the following:

- Component I: Capacity building of institutions and organizations providing social services - 0.5 million Euros;
- Component II: Financial support to service providers for different beneficiary groups in the value of 1.5 million Euro.
The Technical Assistance project "Support to the Labour Inspectorate in Combating Informality" aims to provide assistance worth EUR 1 million during July 2018 - July 2020 in capacity building for the Labour Inspectorate and Technical Assistance to the Ministry of Labour.

The Technical Assistance Project "Support for Capacity Building to MLSW and EARK" aims to provide assistance worth EUR 1 million during July 2018 - 2020 in the implementation of active labour market measures. Funded and managed by EC within IPA 2016.

EYE project, second phase, “Enhancing Youth Employment” is funded by SDC. The purpose of phase II (January 2017 - December 2020) of the EYE project is: “An inclusive social and dynamic labour market that provides jobs increasingly, including youth self-employment in Kosovo”. The expected outcomes of the project are the following:

- **Outcome 1**: Young women and men use the skills acquired to increase their employment through a market-oriented training system;
- **Outcome 2**: Young women and men make informed career choices and gain more employment opportunities and opportunities to increase income through an improved labour mediation system.
- **Outcome 3**: Businesses and socially-owned enterprises in targeted economic sub-sectors grow and invest in new jobs. The project started from January 2017 and will end in December 2020. (7 million Swiss francs).

The project “Advice for Migration to Kosovo, Implementation Agreement between the Ministry of Labour and Social Welfare and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), dated 1 April 2016 until 31st of October 2019. PME/DIMAK project, implemented and operating in Kosovo through GIZ, respectively the Global Project "Programme - Migration for Development. The main objective of the programme is: strengthening the contributions of migrants for development of their countries of origin and improving conditions for legal migration to the selected partner countries. This objective is being pursued actively in the following areas:

- Counselling on migration policy;
- Counselling on migration;
- Development-oriented return of migrants;
- Cooperation with the Diaspora.

**Medium-term Priority Objectives**

The main objective of MLSW in the area of legislation is continuous transposition of EU acquis in the area of social policy and employment until 2022. In this regard, the following documents it is planned to be approved in the mid-term:

- The new law on social insurance and pensions funded by the state: through this law, it is aimed to create a reform in the social insurance system in Kosovo. The reform aims to establish a general and sustainable pension and disability system framework, namely establish a full social insurance system, harmonizing the current legal framework, creating new legislation, building institutional, human and technological capacities. The reform as a process aims to have an impact on the increase of equality between different categories of beneficiaries in terms of social inclusion and long-term financial stability in the country.
- The new Law on the Treatment of Persons with Disabilities: this draft law will define the right definition for persons with disabilities, the inclusion of all types of disability and the division into categories according to the needs of persons with disabilities.
- Law amending the Law on Safety and Health at Work: The main purpose of this law will be the full transposition of European Council Directive 89/391/EEC of 12 June 1989 on the introduction
of measures to encourage improvements in the safety and health of workers at work (Framework Directive). This law aims to better regulate and advance the legal basis of safety and health at work;

3.20. **Acquis Chapter 20: Enterprise and Industrial Policy**

EU legislation for this chapter consists mainly of policy principles and instruments such as communications, recommendations and conclusions of the Council. To a great extent those are implemented through the Competitiveness and Innovation Programme at all EU levels. This chapter contains also sector policies. In general, the enterprise and industrial policies are closely related to the EU Strategy 2020.

Through these general principles, EU seeks to promote and enhance competitiveness and industrial strategy. These principles derive from Article 173 of TFEU aiming to speed up the structural changes, encourage an environment favourable for businesses and SMEs as well as domestic and foreign investments, as well as to encourage and support innovation and entrepreneurship.

Policy instruments for enterprises and industry are developed through specific programmes that provide support (including financial support) to enterprises and policy makers. These programmes are focused on promoting the access to finance, business related services, Enterprise Europe Network, national policies on innovation and SMEs. Currently this is implemented through the Competitiveness and Innovation Programme 2014-2020. Directive 2011/7/EU is one of the important policy instruments aiming to combat late payments in commercial transactions.

The EU promotes specific sector analysis on competitiveness within the sectorial enterprise and industrial policies. This consists on launching the initiatives for particular sectors, different studies, networking initiatives, policy forums, etc.

Formulation and implementation of enterprise and industrial policies requires the necessary administrative capacities in all levels of administrative organization of the state, including also the cooperation and consultation mechanisms.

**SAA Requirements**

SAA provisions related to this chapter consist of Articles 51, 74, 98, 99, 100, 101 and 102, which mainly provide a cooperation framework and objectives and emphasize the requirements for harmonization with the *acquis*. According to Article 51, upon entry into force of the SAA, Kosovo shall ensure treatment for EU companies no less favourable than that accorded to its own companies in respect to employment conditions, payments and equal treatment of employees and operations legally established in the territory of Kosovo. Article 74 defines the obligations for approximation of legislation for internal market and trade at an early stage. This Article requires also the effective implementation of that legislation.

Article 98 provides a framework of promotion and protection of foreign direct investments and aims to create a favourable doing business climate. The cooperation in this area aims to improve the legal framework in order to favour and protect the investments. Article 99 provides a cooperation framework in the area of industrial policy. Among others, this Article aims to promote modernization and restructuring of industry, encouraging and developing the competitiveness and promotion of cross border cooperation on industry development. Article 100 is related to cooperation in the area of SMEs and enterprises in general with the aim of creating a favourable environment for businesses. The cooperation shall be carried out within the framework of Small Business Act and by taking into account the *acquis* in this area.
Article 101 on Tourism, envisages a balanced and sustainable development of tourism through studying the opportunities for joint operations and strengthening cooperation between tourism enterprises, experts and institutions and their competent agencies in the area of tourism, by always considering the EU acquis regarding this area.

In December 2017, an agreement was signed for Kosovo's participation in the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME). Kosovo should begin developing measures to raise awareness among business parties and ensure their active participation in the programme.

Requirements from other EU accession mechanisms
The 2018 EC’s Kosovo Report states that Kosovo is averagely prepared in this area. Little progress has been achieved by taking measures for improving the business environment. There is a need to further develop the administrative capacity and to strengthen inter-ministerial cooperation.

Recommendations from the 2016 report have not been fully implemented. In the following year, Kosovo should specifically implement regulatory impact assessments to reduce the administrative burden on small and medium-sized enterprises, to continue implementing the recommendations given in EU's "Small Business Act" (SBA) assessment, and ensure approximation of the Law on Economic Zones with the acquis.

At the principles of enterprise and industrial policy, it has been stated that the Private Sector Development Strategy 2017-2021, which includes industrial policies, remains to be adopted. However, the draft Strategy is generally limited to sectors of the Ministry of Trade and Industry, and proper synergies should be ensured with other important policies, like energy, education, research and development. A new Ministry has been established, i.e. Ministry of Innovation and Entrepreneurship. However, there is a need to develop its administrative capacities, to ensure stronger inter-ministerial coordination, as well as adopt the innovation strategy.

The Law on Late Payments in Commercial Transactions is in compliance with Directive 2011/7/EU on combating late payment in commercial transactions.

Little progress has been made in diversifying and facilitating access to finance for small and medium-sized enterprises, with additional funds allocated for the Kosovo Credit Guarantee Fund. In January 2017, the National Coordination Group for the Small Business Act (SBA) was established, led by the Kosovo Investment and Enterprise Support Agency (KIESA). However, KIESA still needs to strengthen its capacities. The recommendations of the Small Business Act assessment have not been implemented yet.

From the meetings of the Subcommittee on Trade, the responsible authorities are required to complete the deep review of KIESA to enable the agency to draft and implement pre- and post-care services as well as investment and private sector support programs. Also, it is stated that authorities should establish an Advisory Board within KIESA to support investment and SMEs policy. Other measures include the following: Establishment of Small Business Act Coordination Structures to strengthen coordination efforts at government level and to advance the implementation of the Small Business Act assessment recommendations; Adoption of the Law on Tourism; Harmonization of the Law on Economic Zones with EU acquis; Preparations for participation in COSME and in the Enterprise Europe Network, including the ratification of the COSME agreement, the implementation strategy, the partnership framework agreement and the consortium agreement; Publication of short-term business statistics (industrial production volume and price indices); Support for product certification to improve product conformity and business internationalization.

State of Play
Legal and Policy Framework

Legal and policy framework in the area of entrepreneurship and industry policy

- Law 04/L-220 on Foreign Investment;
- Law on Construction Products;
- Law No. 06/L-041 on Technical Requirements for Products and Conformity Assessment;
- Law on Tourism No. 04/L-176;
- Law No. 04/L-034 on Privatization Agency of Kosovo and Law No. 06/L-023 amending the Law No. 04/L-034;
- Regulation No. 01/2018 on Labelling and Marking of Textile Products.

These normative acts have transposed the following acts of the acquis:

- EU Regulation 305/2011 on Construction Products.

The policy framework in this area consists of these documents:

- Private Sector Development 2017-2021;
- National Development Strategy 2016-2020;
- COSME agreement.
- Economic Reform Programme

Institutional Framework

Institutional framework in the area of entrepreneurship and industry policy

- Ministry of Trade and Industry (Department of Industry, Division of Industrial Policy;
- Ministry of Innovation and Entrepreneurship
- Kosovo Investment and Enterprise Support Agency (KIESA)
- National Council for Economic Development

Donor Support

Current and planned bilateral donor projects

Projects for Business Environment and Investment Support is a World Bank-supported project that will support MTI in drafting the regional investment reform agenda, implementing investment policy reform, and promoting investment. The project will last until June 2020.

Projects supporting the SMEs:

- “Support for youth entrepreneurs”
- “Triple Helix Competition” – The competition is launched by OECD and its partners in Kosovo for the best innovative idea from academia, business and public sector.
- Kosovo Credit Guarantee Fund has been established: This fund will increase access to finance for SMEs by covering 50% of the collateral for SMEs enabling them to get a bank loan. This guaranteed collateral will reduce the risk for the banks enabling them to decrease the interest rates and make their products more affordable. USAID, KfW and SECO contribute with around
EUR 18 million, while Ministry of Trade and Industry contributes with EUR 1 million to creation of this fund. MTI continues to supplement the fund with EUR 1 million each year until 2020.

- The IPAs project for increasing competitiveness, which started implementation in July 2017, the project lasts 3 years and aims to help businesses through guarantors, credit guarantees by reducing the borrowing cost and building the capacities of SMEs, the project has a value of EUR 35 million, it is co-funded by the European Commission and EBRD.
- World Bank Loan-Project: Kosovo Youth Inclusion and Entrepreneurship - over 50 professional trainings and courses for young people from 16 to 29 years old with the aim of creating new jobs.
- Direct financial support to SMEs from the "Innovation Fund", co-financed with GIZ, which will be implemented by the Innovation and Entrepreneurship Centre. Priority is given to projects addressing these sectors: Agriculture, Production and ICT.

**Medium-term Priority Objectives:**

In order to meet the obligations deriving from the SAA and other EU accession documents and mechanisms in the areas within the scope of Chapter 6, the focus over the period 2019-2023 will be in these mid-term priorities:

**Entrepreneurship and Industry Policies**

- Supporting businesses in certifying their products with the European and International standards by providing small grants for SMEs, provision of grants and technical support to businesses for quality standards by 2020, ensuring, where possible, equal gender representation;
- Industry development through support of key sectors in order to increase productivity and export
- Promotion of export by preparing SMEs for export and identifying/developing potential markets
- Active participation in COSME and the Enterprise Europe Network, including the support to businesses to use these programmes.

**Innovation Policy**

- AI on the establishment of the Fund Management Mechanism and the grant for Innovation and Entrepreneurship and the manner of its operation.
- AI on the establishment and functionalization of I&E Centres.
- Establishment of 2 Regional Centres, in Peja and Mitrovica, with the aim of creating opportunities for young entrepreneurs, students and scientists to develop innovative ideas.
- Functionalization of Regional Centres for I&E, established in Prishtina and Ferizaj.
- Direct financial support for NGOs, SMEs and Start-Up Businesses: preparation and announcement of public call, assessment phase, monitoring phase.

**3.21. Acquis Chapter 21: Trans-European Networks**

This chapter covers Trans-European Networks known also as the main pillar of internal development of European markets. The aim of this chapter is to create the necessary transport, energetic and telecommunications network that connects European states with the possibility of including other states also. It enables the creation of a modern infrastructure that connects regional and national networks, ensuring free movement of goods, services, capital and workers, with aim of creating and empowering an equal society.

Kosovo is a regular member and active participant in the meetings at the level of ministries, steering committees and technical groups of SEETO (South East Europe Transport Observatory). The aim of these meetings is to develop strategic infrastructural documents and to develop basic and comprehensive infrastructure network in Southeast Europe, as an integral part of the Trans-European Network.
Upon signature of the Memorandum of Understanding in 2004, all Southeast European states have committed to develop basic and comprehensive networks that will be an integral part of the basic and comprehensive Trans-European Network.

Kosovo has also adopted the Multimodal Transport Strategy which contains five main goals related to development of the basic and comprehensive SEETO network. The main goal of the strategy is: "Improvement, development and maintenance of transport infrastructure that is integrated in the Pan-European corridors and is in conformity with European Standards". The basic and comprehensive SEETO network includes also the infrastructure projects of Kosovo that are part of the Southeast European network composed of infrastructure projects: road, railway and air transport.

The priority projects presented and identified in the multi annual plan of Southeast Europe as well as in Trans-European Network are the following: Route 6 which connects Prishtina with North Macedonia, Corridor VIII, Route 7 which connects Kosovo with Albania as well as Corridor X in Serbia, R6a (Prishtina-Mitrovica) and R6b (Prishtina-Peja).

As regards railway infrastructure, Kosovo has identified the project of Railway Line 10, which connects our country with Serbia, Corridor X and with North Macedonia through Corridor VIII. In addition to the Railway Line 10 which belongs to the Basic SEETO Network, Kosovo has taken the decision to also rehabilitate the Railway Line 7 (seven) which belongs to the comprehensive SEETO network and connects Railway Line 10 in Kosovo with the Corridor X in Serbia.

After putting into function of the segments of the motorway R7, Morine – Gjurgjice (connection with N9) - Bresje - Besi, MI in cooperation with WBIF and EIB, finalized the complement the feasibility study and environment impact for segment Besi - Merdare (border with Serbia). Furthermore, terms of reference were defined for drafting the preliminary project for segment Besi – Merdare, which will be funded by WBIF and the consultancy company was selected for project drafting, which is expected to start soon, and will last 14 months. After the finalization of project, it will be continued with the definition of further steps of funding this project.

In July 2015, was signed the contract between the Ministry of Infrastructure and winning company Bechtel Enka for the construction of motorway Prishtina - Hani i Elezit, worth 599,944,263.55 Euros (including VAT). The deadline of finalization of this project was 42 months and the project is expected to be finalized by the end of 2018. So far, 20 Km of motorway, access point R6/7-access point Konjuh, have been finalized and opened, while constructions continue on track access point in Babush – access point Ferizaj- connection Doganaj – Direction to Kaçanik- Hani i Elezit. The construction status is as follows:

- Length of the route where the works are executed is 40 Km;
  - 5 finalized bridges from 13 planned;
  - 15 finalized underpasses from 17 planned; and
  - 16 finalized overpasses from 19 planned.

- The overall progress of the works that have been finalized is 71%.

MI is continuing with the extension of the road axis R6a/N2 (Prishtina–Mitrovica). For this project, MI has managed to secure a loan of 60 million dollars from Islamic Bank for Development, Saudi Fund for Development OFID.

Regarding the segment Kijeve – Zahaq, MoI in cooperation with WBIF (Western Balkan Investment Framework) and EBRD have concluded the amendment of the feasibility study and environment impact assessment (2016) is finalized, which produced positive results in regard to economic reasoning of project. Terms of reference were defined for drafting of the preliminary project from Kijeve – Zahaq (32 km) and the consultancy company was selected for drafting the project. Also, the drafting of the implementation project is on-going, which is expected to last 12 months, and after the completion of the
implementation project, it is expected to continue with the definition of further steps of funding this project.

As regards railway infrastructure, Kosovo has achieved progress in separating the Kosovo Railways into two companies; Infrakos which is responsible for management and maintenance of Railway infrastructure and Trainkos which is responsible for transport of passenger and goods. Republic of Kosovo has established also the Railway Regulatory Authority which deals with the regulation of the market in the territory of Kosovo. According to the SEETO reports, Kosovo has achieved progress in implementation of laws and required standards by ensuring that the railway market will be open to foreign operators.

One of the priority projects identified also by SEETO is the Railway Route 10 and Railway Line 7, which are part of the Trans European Network that connects the Republic of Kosovo with Serbia and North Macedonia, namely the Corridors X and VIII.

Regarding the developments of railway route 10 (Railway Route 10), supported by EBRD, the selection of the company is being completed for the first phase (Fushë Kosovë – Hani i Elezit) and works are expected to commence in 2019. Whereas, technical detailed design project for the second phase (Fushë Kosovë – Mitrovica) is expected to commence and be finalized during 2018. Furthermore, finalization of works on general rehabilitation and modernization of Railway Route 10 is expected to be implemented until 2022-2023.

Medium-term Priority Objectives

In order to meet the obligations deriving from the SAA and the other EU accession documents and mechanisms in the areas within the scope of Chapter 10, the focus over the period 2020-2023 will be in these midterm priorities:

- Construction of the R7 Morine-Prishtine-Merdare highway, the Besi-Merdare segment;
- Completion of the expansion segment of the National Road N9, Zahaq - Peja and the construction of the segment of the Kijeve-Zahaq highway;
- Construction of National Road N2 Prishtina - Mitrovica;
- Completion of the highway R6 (Pristina - Hani i Elezit), which is planned to be completed in early 2019 (this measure should be removed); and
- General Rehabilitation and Modernization of the 10th Railway Line (Border with Serbia - Leshak - Fushe Kosove - Hani i Elezit - Border with North Macedonia).

3.22. Acquis Chapter 22: Regional Policy and Coordination of Structural Instruments

This chapter covers all aspects of structural and cohesion funds that the EU grants to acceding countries as part of the enlargement package aiming to harmonize the level of development of the respective country in all its territory in order to achieve development convergence of all regions. This is necessary so that the future member state is able to operate in all its territory in compliance with the criteria set forth by the acquis and other relevant standards. In more concrete terms, this chapter includes drawing up, approving and implementing Structural Funds and Cohesion Fund programmes reflecting each country’s territorial organisation. These programmes are negotiated and agreed with the Commission, but implementation is the responsibility of the Member States. This is relevant only after membership, while during the accession process it is necessary to undertake the preparatory measures in this direction. The acquis under this chapter consists mostly of framework and implementing regulations, which do not require changes to national legislation but only transposition of legal provisions of the EU into Kosovo legislation, in order to ensure the implementation of EU financial instruments in accordance with the rules set out by the EU.
In this context, in the pre-accession period, before granting the candidate status, Kosovo shall set out the legal, institutional and administrative framework so that by the time of accession Kosovo is able to successfully and appropriately implement these programmes. Therefore, this chapter provides an overview of the needs of Kosovo with regards to such measures, as well as the needs to prepare for further benefit from the EU assistance during the accession process. Based on these needs, Kosovo needs to develop conceptual policies for structural funds and regional policy and plan their sustainable administrative capacity building for their implementation.

**SAA Requirements**

The Stabilisation and Association Agreement, respectively Articles 121, 122, 123, 124 and 125 enable Kosovo access to assistance provided by EU as part of the European integration process of the country. EU assistance is conditional upon the fulfilment of the political criteria for EU integration process and obligations of the stabilization and association process and will focus on aligning the legislation with EU, economic development and improved governance. It will be based on annual or multi-annual programmes agreed between Kosovo and EU, within a multiannual indicative framework. EU assistance could also be provided in the form of macro-financial assistance, in coordination with international financial institutions, in the context of the implementation of programmes between Kosovo and the International Monetary Fund.

To meet its obligations under the SAA, Kosovo needs to ensure that financial cooperation will continue to support democratic, economic and institutional reforms, in line with the stabilization and association process. Kosovo needs to strengthen donor coordination and financial assistance of the EU should be closely coordinated with other sources from member states and other countries outside the EU as well as international financial institutions. Kosovo is obliged to provide regular information on all sources of assistance.

Since 2007, the European Union (EU) has provided financial assistance to candidate and potential candidate countries for EU membership under the Instrument for Pre-Accession (IPA), in accordance with Council Regulation (EC) No. 1085/2006 dated 17 July 2006 establishing an Instrument for Pre-Accession (hereinafter: the Framework Regulation), in accordance with Article 17 of the Framework Regulation and Article 7 of Regulation (EC) No. 718/2007 implementing Council Regulation (EC) No. 1085/2006. Each recipient country has reached a framework agreement with the European Commission in order to set rules and principles of cooperation foreseen in the Framework Regulation. The assistance provided through the IPA has been extended for the period 2014-2020 by the regulation 231/2014 of the European Parliament and the Council establishing an instrument for pre-accession (IPA 2), namely the regulation on the implementation of the IPA 2. The Government of the Republic Kosovo and the European Commission (EC) signed the Framework Agreement which entered into force on 16 April 2015. Based on the Framework Agreement, for each IPA annual programme a financial agreement will be signed.

**State of Play**

**Legislative Framework**

As stated above, the *acquis* in this chapter consists mostly of framework and implementing regulations, which do not require changes in national legislation, but need to be implemented through domestic legislation, in order to ensure the implementation of financial instruments of the EU in accordance with EU rules. However, the proper application of these funds requires transposition of the *acquis* in related areas, such as state aid, environment and public procurement. Measures in this regard are covered by the relevant chapters of this programme.
Institutional Framework and Programming

The institutional framework in this area consists of the following:

- Ministry of European Integration;
- Ministry of Regional Development.

Programming

Programming of EU assistance through the IPA is based on the Strategic Indicative Document 2014-2020, which defines the sectors and long-term priorities for 2014-2020. The assistance granted within IPA for the period 2014-2020 includes an amount of over 602 million Euros. Programming is sector-based, based on sector planning documents containing information that are relevant to the sectors in which programming occurs. 7 documents are drafted in the following sectors: i) the rule of law, ii) energy, iii) agriculture, IV) public administration reform; and V) competitiveness and innovation; VI) education, employment and social policies; and vii) environment. The first part of financial agreement for IPA 2016 entered into force, as well as the second part, by which Kosovo will benefit from direct budget support within the public administration sector, an amount of 25 million Euro, which will be disbursed starting from 2018. Also, the first part of financial agreement for IPA 2016 entered into force, as well as the second part, which supports public finance management with the same amount, 25 million euros as sector budget support. During 2018 have commenced the preparation for IPA 2019 and IPA 2020 programming and by mid-2019 it is expected to be completed.

In order to coordinate all the infrastructure investments in the Republic of Kosovo, financed from internal and external resources, the Government established the National Investment Council (NIC) through the decision of 8 July 2015. NIC is co-chaired by the Minister of Finance and Minister of European Integration, while NIPAC Office plays the role of Technical Secretariat, in cooperation with the Ministry of Finance and Strategic Planning Office of the Office of Prime Minister. On 18 December 2017, the Government of Kosovo approved a priority list of infrastructure projects, including 63 projects reaching an amount of 3.4 billion Euros in four (4) sectors: transport, environment, energy, and the social sector.

In the context of cooperation with other countries, multiannual programmes (IPA 2014-2020) for Cross Border Cooperation Programme with countries in the region, namely Kosovo-Albania, Kosovo and Montenegro, Kosovo and North Macedonia are approved. Partnership agreements for managing the technical assistance for cross-border cooperation programme with each partner country for multiannual programme IPA II 2014-2020 were signed. During this period, due to the fact that Montenegro is expected to advance to a decentralized management system, on 10 February 2017, was carried out the signing of a bilateral agreement between Kosovo and Montenegro for the cross border cooperation programme.

Furthermore, the signing of trilateral annual financial agreements (for 2017) for the cross-border cooperation programme between the European Commission, Kosovo and Albania, between the European Commission, Kosovo with North Macedonia, as well as between the European Commission, Kosovo and Montenegro have been signed. These agreements are expected to enter into force upon notifying the parties through diplomatic channels.

Structures for the implementation of the cross-border cooperation programme with the partner countries are composed of: Operational Structure (OS) led by MLGA, where the secretary general of MLGA is the leader of the OS, delegated by NIPAC. Other structures for implementing this programme are the following:

Joint Technical Secretariat (JTS) and the Joint Monitoring Committees (JMC) for each participating state in this programme. In the cross-border cooperation programme with Montenegro, the auditor’s role within
the Kosovo side is held by the Central Harmonization Unit of Internal Auditing within the MoF, whereas the Control Body is within the MLGA.

**Monitoring**

IPA Joint Monitoring Committee conducts the monitoring of implementation of programmes and projects funded by IPA resources, and meets on an annual basis. Monitoring of donor assistance in general and EU assistance in particular is done in two ways: through the use of regular reporting to donors within the Aid Management Platform (AMP) and participation of officials in the meetings of Projects Steering Committees.

**Medium-term Priority Objectives**

In order to fulfil the obligations arising from the SAA and other EU integration documents and mechanisms within the scope of Chapter 22, during the period 2019-2021 the following midterm priorities are foreseen:

- Drafting the Regional Development Strategy
- Coordination and development of policies with MTI in order to develop the economic zones and the private sector in Kosovo
- Drafting the Balanced Regional Socio-Economic Analysis
- Drafting the guidelines for the area of regional socio-economic development
- Capital investment analysis for regional socio-economic development
- Launching and implementing the regional development programme
- Development of a study on regional performance management
- Launching and implementing the balanced regional development programme
- Launching and implementing the grant scheme for NGOs
- Development of Project Management and Implementation System
- Drafting and programming of projects for the area of regional socio-economic development
- Negotiation of the programme, signing and entering into force of the financing agreement for IPA 2019, first part. Budget: 30,000 EUR wages and salaries, 90,000 donors. Deadline: (Q4 2020)
- Negotiation of the programme, signing and entering into force of the financing agreement for IPA 2019. Budget: 30,000 EUR wages and salaries, 90,000 donors. Deadline: (Q4 2020)
- Negotiation of the programme, signing and entering into force of the trilateral financial agreement between the European Union, Kosovo and Albania for 2019, for cross-border cooperation programme IPA II between Kosovo and Albania. Budget: 1,000 EUR wages and salaries. Deadline: (Q4 2020)
- Negotiation of the programme, signing and entering into force of the trilateral financial agreement between the European Union, Kosovo and North Macedonia for 2019, for cross-border cooperation programme IPA II between Kosovo and North Macedonia. Budget: 1,000 EUR wages and salaries. Deadline: (Q4 2020)
- Negotiation of the programme, signing and entering into force of the trilateral financial agreement between the European Union, Kosovo and Montenegro for 2019, for cross-border cooperation programme IPA II between Kosovo and Montenegro. Deadline: (Q4 2020)
- Negotiation of the programme, signing and entering into force of the trilateral financial agreement between the European Union, Kosovo and Albania for 2020, for cross-border cooperation programme IPA II between Kosovo and Albania. Budget: 1,000 EUR wages and salaries. Deadline: Q4 2021
- Negotiation of the programme, signing and entering into force of the trilateral financial agreement between the European Union, Kosovo and North Macedonia for 2020, for cross-border cooperation programme IPA II between Kosovo and North Macedonia. Budget: 1,000 EUR wages and salaries. Deadline: Q4 2021
- Negotiation of the programme, signing and entry into force of the trilateral financial agreement between the European Union, Kosovo and North Macedonia for 2020, for cross-border cooperation programme IPA II between Kosovo and North Macedonia. Budget: 1,000 EUR wages and salaries. Deadline: Q4 2021

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cooperation programme IPA II between Kosovo and North Macedonia. Budget: 1,000 EUR wages and salaries. Deadline: Q4 2021


3.23. **Acquis Chapter 23: Judiciary and Fundamental Rights**

Chapter 23 of the *acquis* covers the following areas: judicial system, anticorruption policy and fundamental rights. The European Union policies in the area of judiciary and fundamental rights aim to maintain and further develop the Union as an area of freedom, security and justice. The establishment of an independent and efficient judiciary is of a paramount importance. Impartiality, integrity and a high standard of adjudication by the courts are essential for safeguarding the rule of law. This requires a firm commitment to eliminating external influences over the judiciary and to devoting adequate financial resources and training. Legal guarantees for fair trial procedures must be in place. Equally, Member States must fight corruption effectively, as it represents a threat to the stability of democratic institutions and the rule of law. A solid legal framework and reliable institutions are required to underpin a coherent policy of prevention and deterrence of corruption. Member States must ensure respect for fundamental rights and rights of citizens of EU, as guaranteed by the EU legislation and by the Fundamental Rights Charter.

**SAA Requirements**

**SAA requirements in the area of judicial system**

In the light of the scope of judicial system, and in accordance with the obligations and requirements of the EU accession process deriving from the SAA (Art. 83), it is required to intensify the cooperation with the EU in the area of judiciary, focusing on strengthening the institutions with the view to consolidate the rule of law by strengthening the independence, impartiality and accountability of the judicial system. Cooperation will focus in particular on the administration of justice, development of adequate structures of courts and prosecutions, and other judicial bodies, to adequately prepare them for cooperation in civil, commercial and criminal matters and to enable them to effectively prevent, investigate, prosecute and adjudicate organized crime, corruption and terrorism.

**SAA requirements in the area of anticorruption policy**

According to the obligations arising from the SAA, Article 83 (Strengthening of institutions and rule of law) and Article 91 (Preventing and combating organized crime and other illegal activities), is required to develop adequate structures for the police, prosecutors and judges and other judicial and law enforcement bodies in order to effectively prevent, investigate, prosecute and adjudicate corruption activities (Article 83). Also, according to Article 91 the parties shall cooperate with the aim to reinforcing the Kosovo structures for combating and preventing criminal activities, particularly corruption and other forms of serious crimes with a cross-border/administrative border dimension. In this regard it is required that Kosovo respects the relevant international conventions and instruments in this area. At the level of prevention, Kosovo is required to target the implementation of measures that are equivalent to those laid down in the relevant legislation of the EU, and to abide by the relevant international conventions and instruments related to this area.

**SAA requirements in the area of fundamental rights, protection of minorities and cultural heritage**

In terms of protection of fundamental rights and protection of minorities, and in line with requirements deriving from SAA, it should be observed the respect for democratic principles and human rights, as declared in the Universal Declaration of Human Rights of 1948 and as defined in the Convention for the Protection of Human Rights and Fundamental Freedoms of 1950, in the Helsinki final Act and the Charter
of Paris for a New Europe (Article 3), must be ensured. Moreover, Kosovo institutions should ensure respect for international law and instruments, including those related to the protection of human rights and fundamental rights, up to protection of persons belonging to minorities, without discrimination on any grounds (Article 4).

**SAA requirements in the area of protection of personal data**

Based on the obligations deriving from Article 84 of SAA, the institutions of the Republic of Kosovo shall ensure that the protection of personal data legislation achieves a level of protection of personal data by Kosovo corresponding to that of the EU acquis. Protection of personal data shall be developed in the way that it is in compliance with the EU legislation in this area.

**Requirements from other EU accession mechanisms**

**Requirements from other EU accession mechanisms in the area of judicial system**

According to the findings in the EC 2018 Kosovo Report, the following weaknesses have been identified regarding the functioning of the judiciary: the Kosovo judiciary is at an early phase of developing a functional justice system. Also, limited progress was achieved in implementation of the 2015 justice package laws. The integration of Kosovo Serb judges and prosecutors and their support staff across Kosovo into the Kosovo judicial system was a big achievement of 2017. The judiciary is still vulnerable to undue political influence and rule of law institutions need sustained efforts to build up their capacities. The administration of justice remains slow and inefficient. As the recommendations of the 2016 report have only partially been addressed, they remain valid. In the coming year,

Kosovo shall in particular:

- continue to strengthen the capacity of judges, prosecutors and support staff and improve the court administration in particular through a functioning case management system that should also perform random allocation of cases and provide reliable and gender-disaggregated statistical data, in line with the European Commission for the Efficiency of Justice (CEPEJ) methodology;
- continue efforts to reduce the backlog of cases, including by using alternative dispute resolution tools, the use of which shall be properly financed and promoted.

According to the requirements arising from the meeting of the Subcommittee on Justice, Freedom and Security, in the judicial area is required that the Ministry of Justice shall include the EU in the process of functional review of the rule of law in order to approximate laws and institutional framework of Kosovo with that of EU acquis, as well as with the European standards and EU best practices.

**Requirements from other EU accession mechanisms in the area of anticorruption policy**

According to the findings in the EC 2018 Kosovo Report, the following weaknesses have been identified regarding the fight against corruption: Kosovo is at an early stage/some level of preparation in the fight against corruption. In the reporting period, some progress has been made on a track record for investigation and prosecution of high-level cases, including final convictions. Progress was also made on the preliminary confiscation of assets although final confiscations remain low. Corruption is widespread and remains an issue of concern. Concerted efforts are needed to tackle this problem in a comprehensive and strategic manner. As the recommendations in the 2016 report have only been partially addressed, they remain valid. In the coming year, Kosovo should in particular:

- with a view to continue progress on the track record, increase the number of prosecutors in the Special Prosecution Office investigating and prosecuting high-level corruption cases, and provide training to strengthen their capacity to conduct financial investigations, confiscate assets and effectively protect witnesses;
- amend the legal framework (on the suspension and removal of public officials indicted for and convicted of corruption, on declarations of assets and on whistle-blowers) bringing it in line with European standards;
• ensure that the financial reports and campaign disclosure reports of political parties are consistently published and audited, and sanctions applied for violations of relevant laws. Amend the legal framework governing political party and campaign financing on the basis of an opinion of the Venice Commission to ensure effective enforcement, accountability and transparency.
• According to the requirements arising from the meeting of the Subcommittee on Justice, Freedom and Security, the institutions of the Republic of Kosovo should strongly commit themselves to strengthen the structures in Kosovo in fighting, preventing, investigating, prosecuting and effectively judging corruption.

Requirements from other EU accession mechanisms in the area of fundamental rights and protection of minorities and cultural heritage
According to the findings in the EC 2018 Kosovo Report, the legal framework broadly guarantees the protection of human and fundamental rights in line with human rights strategies and legislation, which are often undermined by inadequate financial and other resources, particularly at local level, limited political prioritisation and lack of coordination. However, additional efforts are needed to enforce the applicable human rights legislation. In this regard, Kosovo should in particular:
• strengthen the implementation of the Law on Gender Equality by allocating an adequate budget for the implementation of strategic policy instruments and institutional mechanisms of gender equality at central and local level for the implementation of their mandates in accordance with the Law.
• ensure the implementation of the Law on Protection against Domestic Violence and the Strategy and Action Plan on Protection against Domestic Violence with adequate human and budgetary resources;
• ensure that the legal framework on the rights of the child is fully implemented; for the draft Law on Child Protection, envisage a budget line, ensure proper accountability of relevant institutions and actors, and integration of the child protection systems at both central and local level;
• advance the protection of cultural heritage by fully implementing and enforcing legislation addressing illegal construction. Adopt the Laws on Cultural Heritage and Religious Freedom and ensure the active functioning of the Implementation and Monitoring Council;

Based on the obligations deriving from Subcommittee on Justice, Freedom and Security, the commitment of institutions to implement the package of laws on human rights is required, namely to continue inter-institutional coordination at the central level and between the central and local level, as well as to ensure a sustainable budget for the implementation of human rights policies at central and local level. Also, the EC highly appreciated that the recommendations of the Ombudsperson have been further implemented in general. However, the Government and the Assembly should be more active in ensuring proper monitoring. Moreover, within this meeting was requested the approval of a concept document on an umbrella law for persons with disabilities.

Also, coordination on improving enforcement of property rights should be improved by ensuring the sustainable funding of the Property Comparison and Verification Agency and the institutions involved in law enforcement in the Property Comparison and Verification Agency to provide sufficient funds for the implementation of judicial and constitutional decisions, as well as for the compensation scheme.

Requirements from other EU accession mechanisms in the area of protection of personal data
According to the findings in the EC 2018 Kosovo Report, there is a need for further advancement of capacities of NAPPD, including staff qualification and necessary financial allocations, as well as the approval without delays of the Law on protection of personal data and access to public documents (including the appointment of the new members of the agency).

State of Play
Legislative and policy frameworks in the area of judicial system

The legislative framework in this area consists of these relevant normative acts:

- Law on Courts;
- Law on State Prosecutor;
- Law on the Kosovo Judicial Council;
- Law on the Kosovo Prosecutorial Council;
- Law on Disciplinary Liability of Judges and Prosecutors;
- Law on the Academy of Justice;
- Law on Notary;
- Law on Mediation;
- Law on Enforcement Procedure;
- Law on Execution of Penal Sanctions;
- Criminal Code of the Republic of Kosovo;
- Criminal Procedure Code of the Republic of Kosovo;
- Law on Liability of Legal Persons for Criminal Offences.

The policy framework in this area consists of the following documents:

- The Prosecutorial System Strategic Plan 2019-2021;
- National Backlog Reduction Strategy and Action Plan;

Legislative and policy framework in the area of fighting corruption

The anti-corruption policy area in the Republic of Kosovo is regulated by the following laws:

- Law on Declaration, Origin and Control of Property of Senior Public Officials and on Declaration, Origin and Control of Gifts of all Public Officials;
- Law on Prevention of Conflict of Interest in Discharge of Public Functions;
- Law on Anti-Corruption Agency;
- Law on Protection of Whistle-blowers;
- Law on Financing of Political Entities, Law on Public Procurement.

The policy framework in this area consists of the following documents:

- Strategic Plan 2019-2021 of the Prosecutorial System
- The Anti-Corruption Strategy and Action Plan
- The Anti-Corruption Action Plan

Legislative and policy framework in the area of fundamental rights

The legislative framework in this area consists of these main relevant normative acts:

- Law on Protection against Discrimination;
- Law on Ombudsperson;
- Law on Gender Equality, Law on Protection against Domestic Violence;
- Criminal Code of the Republic of Kosovo;
- Juvenile Justice Code;
- Law on the Civil Aspects of International Child Abduction;
- Law on Vocational Ability, Rehabilitation and Employment of People with Disabilities;
- Law for Blind Persons;
- Law on Material Support for Families of Children with Permanent Disability;
- Law on the Status and Rights of People with paraplegia and tetraplegia.

The policy framework in this area consists of the following documents:

- National Strategy on the Rights of Persons with Disabilities 2013-2023;
- National Strategy on Property Rights;
• National Strategy on Protection from Domestic Violence and the Action Plan 2016-2020;
• Standard Procedures of Action against Domestic Violence;
• Kosovo Programme for Gender Equality.

**Legislative framework in the area of protection of minorities and cultural heritage**

Laws covering the area of protection of minorities and cultural heritage are as follows:

- Law on the Protection and Promotion of the Rights of Communities and their Members in Republic of Kosovo;
- Law on the Use of Languages;
- Law on Special Protective Zones.

The policy framework in this area consists of these documents:

- Strategy for Inclusion of Roma and Ashkali Communities in the Kosovo Society;
- Strategy for Communities and Returns;
- National Cultural Heritage Strategy 2017-2027

**Legal framework in the area of protection of personal data**

Article 36.4 of the Constitution of the Republic of Kosovo guarantees that every person has the right to protection of personal data. Regarding the legislative framework for the protection of personal data, the Law on Protection of personal data is being amended in the drafting period of this document, which will be in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council, dated 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.

**Institutional Framework**

**Institutional framework in the area of judicial system** consists of the following institutions.

- Ministry of Justice;
- Kosovo Judicial Council;
- Kosovo Prosecutorial Council;
- State Prosecutor;
- Academy of Justice;
- Basic Courts;
- Court of Appeals;
- Supreme Court;
- Constitutional Court.

Other institutions that cover the area of the justice system are the Notary Chamber of the Republic of Kosovo, Kosovo Chamber of Advocates and Kosovo Chamber of Private Bailiffs.

**Institutional framework in the area of anticorruption policy** consists of the following institutions:

- Anti-Corruption Agency;
- The Anti-Corruption Task Force of SPRK;
- National Coordinator on Combating Economic Crime;
- National Anti-Corruption Council;
- Basic Prosecution Offices;

As well as the follow-up mechanism for the establishment of inter-institutional cooperation - Kosovo Prosecutorial Council has created the database/ follow-up mechanism in order to align the statistical reports between the submitting entities of criminal reports.
Institutional framework in the area of fundamental rights consists of the following mechanisms:

- Office for Good Governance (OPM);
- Institution of the Ombudsperson;
- Agency for Gender Equality;
- Officials for Gender Equality in Ministries and Municipalities;
- Officials for Protection from Discrimination in Ministries and the Municipalities;
- Kosovo Property Comparison and Verification Agency;
- National Coordinator for Protection from Domestic Violence;
- Inter-ministerial Committee on the Rights of the Child;
- Advisory and Coordination Group on the rights of the LGBTI community;
- Kosovo Correctional Service;
- Kosovo Probation Service;
- MoJ Inspectorate for KCS;
- National Mechanism against Torture and Other Cruel, Inhuman, or Degrading Treatment or Punishment;
- Agency for Free Legal Aid;
- National Council for Persons with Disabilities.

Institutional framework in the area of protection of minorities and cultural heritage consists of:

- Ministry for Communities and Return, Ministry of Culture, Youth and Sports;
- Consultative Council for Communities;
- Implementation and Monitoring Council;
- Office of the Language Commissioner;
- Office for Community Affairs; Office for Community Affairs; The Technical Working Group on Coordination of the Implementation of the Recommendations of the Framework Convention for the Protection of National Minorities;
- Local Public Safety Committees;
- Municipal Community Safety Councils.

Institutional framework in the area of protection of personal data

In the area of protection of personal data, the Republic of Kosovo has established the National Agency for Protection of Personal Data, which has the legal responsibility for overseeing the implementation of rules regarding protection of personal data. The Agency operates as an independent institution and is directly accountable to the Assembly of the Republic of Kosovo.

Donor Support

Support in the area of judiciary

In terms of EU and bilateral assistance in the area of judiciary, the following projects have been implemented:

- Case Management Information System – aims to support the justice institutions in Kosovo. This project, supported by Norwegian Ministry of Foreign Affairs, aims to provide technical assistance to the Kosovo Judicial Council (KJC) in automation of the work performance in all courts and prosecution offices of Kosovo.
- The project for the publication of court decisions - at the request of KJC, TAIEX has approved a project proposal of KJC to provide assistance in organizing a workshop as a first step in the process of development/drafting of the regulation on the publication of court decisions.
- EU Twinning Project “Improving the efficiency, accountability and transparency of Kosovo Judicial and Prosecutorial System and capacity building of the SPRK”, to be implemented in
the period 10 October 2016 - 09 April 2019

- Twinning Project funded with IPA 2014 “Further Support to Legal Education Reform” 01 January 2016- 31 December 2018 - the overall aim is to strengthen the rule of law by improving legal education in Kosovo, in particular by further enhancing the capacity of the justice sector by strengthening the capacities of the Academy of Justice.

- Twinning Project funded with IPA 2014 "Support Kosovo Correctional and Probation Service" 04 September 2017 - 03 March 2020. The project will further support correction and probation services focusing on improving the quality of services, strengthening and implementing prevention and reintegration of juveniles in contact with the justice system at central and local level, further strengthening alternative sentences. The project will also provide support to economic programmes and tailored labour market requirements for prisoners, in order to ensure re-socialization in life after prison.

- Technical Assistance Project funded with IPA 2015 programme “Support in drafting the Civil Code and handling property issues, Phase II” 01 February 2017 - 31 January 2020. This project will further align Kosovo’s legislation including the second one for the Civil Code. In addition, practitioners and citizens will get acquainted with the new legislation and the project will support the monitoring of the implementation of the new Code.

- Technical Assistance Project funded with IPA 2014 "Support to free professions" 05 September 2016 - 04 September 2019. The purpose of the project is to fully functionalize the system of free legal professions by reinforcing: the Department of Free Legal Professions, and the capacities of free legal professions (lawyers, notaries, private enforcement agents, mediators, bankruptcy administrators) and the Bar Association.

- Twinning project funded by IPA 2014 “Strengthening policy formulation, legislative drafting and their effective implementation” 05 September 2016 - 04 September 2019 - The aim of the project is to strengthen the capacity of policy formulation and legislative drafting, as well as their implementation in the Ministry of Justice and other relevant institutions.

- Technical Assistance Project: “National Criminal Records System in Kosovo (NCCR which will be implemented in the period 30 June 2017 - 29 June 2020)”. The aim of the project is to improve standards in the judicial sector in Kosovo, enabling all courts to input criminal records in the national central system - NCCR as well as digitalization of data and backlog of cases.

- Technical Assistance Project "Further Support to Forensic Services" within the Ministry of Justice with duration from 05 February 2018 - 04 February 2021. The purpose of this contract is to further strengthen and modernize the forensic services at IFM, including the Operation of Missing Persons, by increasing technical and administrative capacity. The programme funded by IPA 2015, with multi-beneficiaries "Horizontal Structure for the Western Balkans and Turkey" with duration June 2016-2019. Under this programme, the project "Strengthening the Quality and Efficiency of Justice in Kosovo (KoSEJ)". The overall objective of the KoSEJ action is to assist judicial authorities in enhancing the day-to-day efficiency and quality of the justice system at both central and court level, with the relevant CEPEJ methodology and tools and providing them with assistance for their implementation.

- Justice institutions are also supported by the "Justice System Strengthening Programme" funded by USAID with duration from November 2015 to November 2019. The programme aims to strengthen efficiency and effectiveness in the administration of justice and the provision of quality services; enhance the accountability and professionalism of the justice system; Support the functioning and integration of judicial structures in the North.

- USAID will also initiate the programme "Justice Matters" with duration from June 2018 to June 2021, which aims to improve access to justice for all, inclusive of disadvantaged and marginalized groups, by strengthening the institutions, actors, and processes for providing legal aid services and legal information.
- The European Commission in IPA 2018 has also planned assistance to the justice system in Kosovo in the amount of EUR 9.25 million. This programme aims to strengthen the judicial system in Kosovo and approximate its standards with European ones and the EU *acquis*. This will be achieved through the strengthening of independence and impartiality, accountability, professionalism, quality, efficiency and transparency of institutions in the justice sector. The programme will support the overall management of the justice sector and also activities will be carried out to support institutions, build the capacities and improve the working conditions. In addition, the action will support the fight against domestic violence and increase access to justice for all citizens, with a particular focus on women, vulnerable and marginalized groups, as well as the implementation of internationally recognized methodologies GRECO and MONEYVAL for strengthening of Kosovo institutions in the fight against corruption, money laundering and terrorism. This programme will be specified and contracted at the end of 2019.

- Justice institutions will also be supported by the IPA 2020 programme, namely the construction of the Academy of Justice facility, support with devices for further functionalisation of the Case Management Information System in all courts and prosecution offices, as well as construction of a recovery centre in cases when the main data centre has technical problems and fails. This programme will also work with the Council of Europe to build the capacity of legal professionals (Kosovo Justice Academy, Kosovo Bar Association, university students, professors) regarding the jurisprudence of the European Court of Human Rights and the HELP methodology. This programme is in the early stages of planning and will be further detailed in 2019, while it is tentatively contracted in 2021.

- In Q4 2019, the second phase of the "Horizontal Structure for the Western Balkans and Turkey" programme is tentatively planned, co-funded by IPA 2018 and implemented by the Council of Europe. The second phase of KoSEJ project, as part of this programme, aims to continue improving the daily functioning and quality of the justice system, with ongoing support for courts and central authorities: the more effective recognition and use of the European Commission for the Efficiency of Justice (CEPEJ) toolkit and the implementation of the recommendations made in the first phase of the project.

- Property Rights Programme, USAID, 2014-2018;

**Medium-term Priority Objectives**

*Midterm priority objectives in the area of judicial system*

Aiming to fulfil the obligations arising from the SAA and other EU accession documents and instruments within the scope of Chapter 23, during the period 2020-2023, the Government of Kosovo will focus on these mid-term priorities:

- Review of the Rule of Law sector. In order to identify and define the strategic and development objectives in the area of rule of law, increase the effectiveness of the state institutions in law enforcement, the legal framework regulating the rule of law and the processes and cooperation between institutions that have responsibilities in the area of rule of law will be reviewed. In addition, the capacities of institutions responsible for the rule of law will be evaluated; recommendations for improving the legal framework, as well as cooperation processes will be provided. This process will be led by the MoJ, which shall report to the Steering Committee on the performance, results, and recommendations of the functional review. The Steering Committee shall consist of representatives of the following institutions: MoJ, MIA, MoF, KJC, KPC, KIA, and international donor representatives which provide technical assistance in support of the functional review. This Steering Committee is tasked to define the general lines of performance of the functional review based on the
recommendations of the MoJ, and to review and submit to the Government of Kosovo a proposal for the National Rule of Law Strategy in Kosovo. For this purpose, MoJ will make memorandums of cooperation with independent institutions in the area of Rule of Law for cooperation and coordination of activities under this process;

- Drafting and adoption of the Civil Code and the accompanying legislation;
- Increasing the number of notaries according to the changes reflected in the new Law on Notary;
- Implementation of the Action Plan 2019-2021 and Strategic Plan of the Kosovo Prosecutorial system.

In the medium term, in order to fulfil the obligations deriving from the SAA, the KJC will focus on the following midterm priorities:

- Development and implementation of the process of increasing the judicial positions and positions for support staff and monitoring the decisions of the KJC.
- Strengthening performance, transparency and accountability by introducing regular publications on key performance indicators of judges, updating criteria and procedures for judging court performance, establishing objective criteria and performance evaluation measures, introducing mandatory continuing legal education for judges, developing a communication plan to inform and raise public awareness of the activity of the judiciary.
- Consolidation of the CMIS Project. This project aims to use information and communication technology to support the vision of the Kosovo Judicial Council to create an efficient, transparent and accountable judicial system in its work and accessible to all.

In the medium term, KPC in order to increase the efficiency and effectiveness of the prosecutorial system, in accordance with the mandate and challenges identified in the EC Country Report, aims to:

- Advance the administration and accountability system, as well as the performance appraisals in the prosecutorial system;
- Approve and oversee the backlog reduction policy with a focus on dealing with cases of corruption, economic crime and organized crime;
- Build the professional capacities of prosecutors and administrative staff.

In the medium term, the Academy of Justice plans to continue implementing all training programmes focusing on mandatory initial and on-going training programmes, which aims independence, integrity, efficiency and accountability as well as specialized programmes against corruption and organized crime. These programmes aim to address the needs for professional development of judges and prosecutors in a prudent, detailed and comprehensive way, aiming to increase professional capacities within the judicial system as well as increase public trust in the courts and prosecution offices.

- Organizing trainings for judges and prosecutors for all departments according to their respective areas, based on the training programme that derives from the training needs assessment process conducted in cooperation with the Kosovo Judicial Council and the Kosovo Prosecutorial Council.
- Providing legal resources to beneficiaries, through the library as well as various research materials.

**Midterm priority objectives in the area of anticorruption policy**

Aiming to fulfil the obligations arising from the SAA and other EU accession documents and instruments in the area of Chapter 23, during the period 2020-2023, the Anti-Corruption Agency will focus on these mid-term priorities:

- Drafting an analysis for the mandate of the Anti-Corruption Agency. This analysis foresees the
need to create mechanisms for assessing the risk of corruption in different sectors; assessment of legislative areas that enable *corruption legislation proofing*, and monitoring the implementation of integrity plans. Also, supplementing the mandate with additional measures for the implementation of the preliminary investigation procedure and the control over the wealth of senior public officials.

- Establishment of the mechanism and institutional capacity building of the officials of the Law Enforcement Agency for protection of whistle-blowers.

In the medium term, the Academy of Justice plans to continue implementing mandatory training programmes focusing on independence, integrity, efficiency, and accountability, as well as specialized programmes for corruption and organized crime. These programmes aim to address the needs for professional development of judges and prosecutors in a prudent, detailed and comprehensive way, aiming to increase professional capacities within the judicial system as well as increase public trust in the courts and prosecution offices.

- Organizing trainings for judges and prosecutors for all departments according to their respective areas, based on the training programme that derives from the training needs assessment process conducted in cooperation with the Kosovo Judicial Council and the Kosovo Prosecutorial Council.
- Providing legal resources to beneficiaries, through the library as well as various research materials.

**Midterm priorities in the area of fundamental rights**

Aiming to fulfil the obligations arising from the SAA and other EU accession documents and instruments in the area of Chapter 23, the priority of the Government of Kosovo during the period 2020-2023 in the area of fundamental rights will be to implement current laws and focus on updating and implementing strategies on human rights, ensuring a long-term approach in this regard.

More specifically:

- Harmonization of Legislation on Electoral Reform with the Law on Gender Equality;
- Approval of the Kosovo Gender Equality Programme;
- Establishing a monitoring system for the implementation of the Law on Gender Equality;
- Implementation of gender mainstreaming according to the Law on Gender Equality i.e. Gender Impact Assessment and Gender Budgeting;

Also, within the review of the rule of law sector, the improvement of policies for the execution of penal sanctions is planned, as well as the awareness-raising of courts to increase the number of cases on the imposition of alternative punishments against imprisonment.

Another priority is to advance the property rights sector, aiming at clearer definition of property rights by law and the provision of more efficient, accessible and affordable mechanisms through which citizens will be able to obtain legal recognition of their rights, and then formalize such rights through registration in the Kosovo Cadastre, with the aim of, inter alia, advancing the rights of women in inheritance and co-ownership as only 15% of women in Kosovo currently enjoy property rights. Through this activity, property rights and real rights will be promoted. It will also regulate the rights of citizens and EU companies for the purchase of immovable property in Kosovo, as well as the rules on construction land, public property. The Ministry of Justice plans the drafting and adoption of the Law on Property Rights of Foreigners, in accordance with Article 65 of the SAA.
Also, the financial support of the Kosovo Property Comparison and Verification Agency will continue with regard to the implementation of judicial and constitutional decisions, as well as for the enforcement of decisions related to the compensation scheme.

**Midterm priority objectives in the area of protection of minorities and cultural heritage**

In the medium term period, actions for inclusion of marginalized groups and minority communities in higher education will be taken. At the same time, the efforts to improve the access of refugees and displaced persons to their properties and public services and to provide with greater economic opportunities shall be continued.

In the medium term period the following will be adopted:

- Law on Return of Illegally Acquired Cultural Heritage Objects;

In addition, the Government of Kosovo will be committed in raising funds for the restoration of historical, cultural and religious monuments.

With the view to protection, preservation and promotion of cultural heritage, special attention will be paid to cross-border cooperation and inclusion of heritage sites in Kosovo in regional development agendas of cultural tourism.

### 3.24. Acquis Chapter 24: Justice, Freedom and Security

Chapter 24 (Justice, Freedom and Security) of the acquis consists of the following areas: border management, migration, prevention and control of irregular migration, visa policy, document security, combating organized crime and police cooperation, the fight against terrorism, combating narcotics and judicial cooperation in criminal and civil matters. The area of justice, freedom and security is among the most dynamic areas of policy within the EU. EU policies in this area aim to maintain and further develop the EU as an area of freedom, security and justice and guarantee the security, rights and freedom of movement in the EU. The European Union (EU) legislation (acquis) in this area is based on the general principles deriving from the Treaty on European Union, the Treaty on the Functioning of the European Union, as well as the jurisprudence of the Court of Justice of the European Union.

The areas covered include the harmonization of private international law, extradition between member states, policies of internal control and external borders, visas, migration, asylum policy, judicial and police cooperation and the fighting against crime (including fight against terrorism, organized crime, drug trafficking, human trafficking, cybercrime, etc.). Kosovo, as acceding country, should make gradual transposition of the acquis in this area as well as develop and implement an appropriate policy and institutional framework with the capacity to implement the transposed acquis. At the same time, Member States are required to have the necessary administrative capacity within the law enforcement agencies and other relevant bodies, which must attain the standards required in these areas. Even though the most detailed EU policy on justice, freedom and security is the Schengen acquis, including the lifting of internal border controls in the EU, however, for the new Member States, substantial parts of the Schengen acquis are implemented following a special decision to be taken by the Council.

In the rule of law, the SAA requirements and other EU accession mechanisms consist of strengthening and consolidating the rule of law institutions. This is especially noted in Article 83 of the SAA which states that cooperation in this area will focus particularly on strengthening the independence, impartiality and accountability of the judiciary. In this regard, it is particularly necessary to develop
professional capacities of the police, prosecutors and judges to prevent, investigate, prosecute and adjudicate offenses of organized crime, corruption and terrorism.

SAA Requirements

The Stabilisation and Association Agreement explicitly establishes a set of obligations for Kosovo contained in Title VII, respectively, in Articles 83-93 of the SAA.

According to the SAA, in the area of border management, Kosovo will ensure the alignment of the relevant legislation with the EU acquis, the intensification of regional cooperation, and exchange of information, institutional capacity building and combating transnational crime. Regarding visa policy, in short term period, Kosovo shall ensure the transposition of national legislation in line with EU acquis. In particular, Kosovo shall ensure to expand and make operational the visa issuing network system.

Regarding migration in general, Kosovo shall harmonize the national legislation with the EU acquis, regarding the conditions of entry and legal residence of foreigners in Kosovo, the conditions of their employment, family reunification, long-stay, study, research, qualified workers, seasonal workers, mobility of workers within enterprises and punitive measures on employers. Regarding management of regular migration, Kosovo shall respect the principle of fair and equal treatment of foreigners, including promoting their integration.

Regarding the prevention and control of irregular migration, Kosovo will continue to take necessary measures for prevention and control of illegal migration, including trafficking and smuggling of migrants, and will also ensure the protection of the fundamental rights of migrants and provision of assistance to migrants in need.

Kosovo will continue the repatriation and return of Kosovo citizens, nationals of third countries and stateless persons who have entered the territory of any state to the EU via Kosovo or who have entered the territory of Kosovo via an EU member state. Kosovo shall also start negotiations for signing of agreements in order to determine the specific procedures for the repatriation of these persons. In addition, Kosovo will provide its citizens with appropriate identity documents and will facilitate the administrative process for this matter. Kosovo will continue its efforts to sign readmission agreements with countries that are part of the Stabilisation and Association Process, and will take necessary measures to ensure the rapid and flexible implementation of these agreements.

Regarding asylum policy, Kosovo shall guarantee the international standards in accordance with the Geneva Convention relating to the Status of Refugees 1951 and Protocol relating to the Status of Refugees 1967. Special attention shall be paid to the rights of asylum seekers, thereby to ensure that the principle of "non-refoulement" is respected. In the short term, Kosovo shall ensure the harmonization of national legislation with the EU acquis, especially regarding the acceptance of asylum seekers, the treatment of asylum requests and management of return process of asylum seekers to their country of origin.

With the view to prevent and combat organized crime and other illegal activities, Kosovo shall harmonize its legislation with the EU acquis and strengthen mechanisms to prevent and combat all forms of organized crime. Kosovo shall participate and cooperate with regional and international mechanisms to combat organized crime and to adhere to international conventions and instruments in this area.

As regards money laundering and terrorist financing, Kosovo shall take the necessary measures in order to prevent the use of financial systems for proceeds from criminal activities and financing of
terrorism. Kosovo shall harmonize national legislation with the EU *acquis* and strengthen the mechanisms for combating money laundering and financing of terrorism, while simultaneously adopting the international standards in this area, especially the standards recommended by the FATF (Financial Action Task Force).

Regarding cooperation in combating illicit drugs, Kosovo shall continue to collaborate to ensure a balanced and integrated approach towards drug issues, by harmonizing the legislation with the EU *acquis* and by strengthening structures for combating illicit drugs. Kosovo shall also focus on the management of health and social consequences of drug abuse and effective control of precursors, in line with the common principles of the EU strategy on drugs and other relevant documents.

In the area of combating terrorism, Kosovo shall continue with the harmonization of legislation with the EU *acquis* and to strengthen institutional mechanisms for prevention, combating and financing of terrorism, ensuring the rule of law, human rights, fundamental freedoms, international law on refugees and international humanitarian law. Kosovo shall observe international conventions and instruments in this area.

**Requirements from other EU accession mechanisms**

In the area of border management, the 2018 EC Kosovo Report and the findings of the Subcommittee on Justice, Freedom and Security highlight that further efforts are needed to ensure that the NCBM functions with its full potential. Regarding inter-institutional cooperation in this area, the country's report emphasizes that this cooperation can be improved at the highest level, but especially in terms of sharing of information and joint risk analysis. The report also recommends that additional measures should be taken to prevent illegal crossings and criminal activities along the border crossing points with neighbouring countries.

In the area of asylum, the 2018 EC Kosovo Report highlights the need to continue building capacity to deal with asylum applications and increasing the number of staff in the Centre for Asylum Seekers. There is also a lack of psychosocial and legal support for residents in this centre, assistance with child development and support from social services. Although provided by the by-law on admission and initial treatment of asylum seekers, a referral system at the border/boundary, including access to legal aid, is not yet in place. Moreover, interviewing techniques remain of concern and are often complicated by the lack of adequate interpretation.

In the area of migration, the 2018 EC Kosovo Report identifies several challenges, including the need for closer inter-institutional cooperation and coordination. The report also notes that the next five-year strategy needs to be prepared with full engagement of all relevant line ministries based on past lessons and a comprehensive assessment of the implementation challenges. Moreover, the report recommends that the mandate of the Government Authority on Migration should be strengthened in order for the latter to take a more proactive role in leading the migration policy. According to the EC report, there are some gaps in enforcement, in particular, due to lack of coordination between government agencies, and the lack of staff at the Detention Centre for Foreigners, Centre for Asylum Seekers and DCAM divisions. Providing proper care for the most vulnerable groups of migrants remains a challenge. It also stresses the need to continue efforts to prevent smugglers and the functioning of a mechanism for the return of irregular migrants, in line with EU standards and practices. Also, within the conclusions of the Subcommittee on Justice, Freedom and Security 2018 is highlighted the risk of possible abuses after visa liberalization and in the future, it is necessary to organize awareness campaigns, focusing on the consequences of irregular migration and the functioning of a visa-free regime. Moreover, capacities should be built to ensure Kosovo's readiness in the event of a migration flow and to strengthen inter-institutional cooperation and coordination in this area, particularly between different policies and security institutions.
In the area of reintegration, the 2018 EC Kosovo Report identifies the need to enhance cooperation between various ministries to put in place an operational system that reaches more returnees and focuses more on sustainable assistance services such as income generation. Also, within the conclusions of the Subcommittee on Justice, Freedom and Security 2018 is highlighted the need to continue programmes in support of reintegration of Kosovo citizens and ensure that they are adequately funded.

In the area of money laundering and terrorism financing, the 2018 EC Kosovo Report highlights the importance of cooperation between the Financial Intelligence Unit in the Ministry of Finance and key bodies against money laundering, as well as cooperation and coordination between the Police and the Prosecution Office.

Conclusions deriving from the meeting of the Subcommittee on Justice, Freedom and Security highlight the need to continue capacity-building efforts of the Financial Intelligence Unit (FIU), including inter-institutional cooperation with law enforcement authorities and reporting entities, especially in the area of handling suspicious financial transactions. In the area of combating narcotics, 2018 EC Kosovo Report, as well as conclusions of the Subcommittee on justice, freedom and security highlight that Kosovo should formally establish an Early Warning System to follow-up on the two contact points already in place, and finalize the agreement on a National Monitoring Centre. Also in the EC report, it is emphasized that sustainable and routine data collection should be ensured. Moreover, further implementation of intelligence-led policing and the strengthening of regional police cooperation remain necessary. Special attention should be paid to public awareness of the consequences of drug abuse. Moreover, the conclusions of the Subcommittee on Justice, Freedom and Security stressed the need for Kosovo authorities to increase the confiscation of illicit drugs, especially cocaine and heroin, to continue the preparation of a protocol or SOP for treatment, and the destruction of drug precursors.

In the area of the fight against organized crime, Kosovo is at an early stage in this regard. The report notes that the progress regarding investigation and prosecution of high-level cases is low. Also, the number of final sanctions, financial investigations and final asset confiscation remains low. Organized crime continues unpunished in northern Kosovo. Overall, there has been little progress in meeting the recommendations identified last year. The report requires Kosovo to review the Criminal Code, the Criminal Procedure Code, Law on Extended Powers for Confiscation of Assets Acquired by Criminal Offence, in order to make them effective tools to fight organized crime. Also, in order to continue the progress in registering of cases, the number of prosecutors in the Special Prosecution Office shall be increased to investigate and prosecute high-level corruption cases, as well as organized crime cases, and also trainings for strengthening their capacities shall be provided to conduct financial investigations, confiscate property, and effectively protect the witnesses.

As far as cybercrime is concerned, the 2018 EC Kosovo Report states that authorities shall provide on-going reviews of the Law on Prevention and Fight of the Cyber Crime, considering the available expertise of the international community. While in the conclusions of the Subcommittee on Justice, Freedom and Security, it is required to continue organization of awareness activities, training and specialization of police and prosecution services to increase their capacity for combating cybercrime. Also, it emphasizes the need to continue efforts to support the achievements noted in establishing a professional, independent and specialized police service in the country, including the provision of regular training, as well as relevant resources for specialized equipment and staff.

The conclusions of the Subcommittee on Justice, Freedom and Security highlighted the need to systematically apply and use revised provisions for confiscating assets from relevant law enforcement bodies in order to increase the overall value of assets confiscated in 2018 compared to 2017. It also requires a full and complete implementation of the Law on Interception of Telecommunications, and
creation of a Confiscation Fund to ensure that proceeds from criminal acts are returned to the authorities, including law enforcement institutions, the judiciary as well as the community.

In the area of fight against terrorism, the 2018 EC Kosovo Report states that the Law on the Prevention of Money Laundering and Terrorist Financing is not fully in line with EU and international standards. The conclusions of the Subcommittee on Justice, Freedom and Security recommend continued implementation of the anti-terrorism strategy and the strategy for preventing violent extremism and radicalization. Institutions shall ensure that comprehensive programmes are implemented for the prevention, de-radicalization, rehabilitation, and reintegration of returnees, including those in prisons and their families, especially women and minors. Also, sufficient priority must be given to preventing the spread of radicalization and providing local practitioners with the resources, support, and knowledge needed to effectively address the problem; Moreover, another challenge remains the regional co-operation with neighbours regarding the prevention of radicalization and terrorism, especially among the southern communities bordering the former Yugoslav Republic of North Macedonia. Furthermore, it is emphasized that Kosovo shall increase the exchange of information and operational cooperation with neighbours, EU Member States, Europol, and Interpol, as well as increase Kosovo’s capacity to respond to the crisis and to protect critical infrastructure, ensuring the effective implementation of its critical infrastructure law.

In terms of international cooperation in criminal and civil matters, the 2018 EC Kosovo Report highlights the lack of agreement conclusions in the area aiming at intensifying the international judicial cooperation. However, it is estimated that Kosovo unilaterally aligned with the 1961 Hague Convention Abolishing the Requirement of Legalisation for Foreign Public Documents. If referring to the conclusions of the Justice, Freedom and Security 2018 meeting in the area of international legal cooperation, Kosovo institutions should amend the Law on international legal cooperation in criminal matters and adopt the Law on international legal cooperation in civil matters. It is also required to continue efforts to negotiate new bilateral agreements on international legal co-operation in criminal matters and to collect/compile detailed statistics.

State of Play

Legal and Policy Framework

Legal and policy framework in the area of border management
The legal framework in this area consists of the following main relevant normative acts:

- Law No. 04/L-214 on State Border Control and Surveillance;
- Law No. 04/L-216 on Cooperation Between Authorities involved on integrated border management;
- AI No. 08/2010 on Form, Content and Manner of Placing of Warning and Written Signs on Border Crossing Points and Border Crossing Zone;
- 23 agreements and Protocols on Police Cooperation in the area of Borders (with Albania, North Macedonia, Montenegro and Serbia);
- 12 agreements for custom cooperation (with Albania, Montenegro, Finland, Hungary, North Macedonia, Slovenia, Turkey, France, Italy, Polonia, Austria and Great Britain);
- AI No. 03/2010 on Marking the Border Line; and
- AI No. 30/2012 on Rules on Local Border Traffics.

These normative acts have transposed the following acquis acts:

- Regulation No. 562/2006/EC (Schengen Borders Code);
• Guidelines for Integrated Border Management in EU External Cooperation.

**Legal and policy framework in the area of visa policy**

As of July 1, 2013, the Government of the Republic of Kosovo has placed a visa regime for citizens of 88 countries planning to enter the Republic of Kosovo. Visa regime continues to apply with complete legislation and functional system of KVIS in Kosovo’s 15 diplomatic missions and 7 BCP.

Legal framework in the area of visa consists of the following main relevant normative acts:
• Law No. 04/L-219 on Foreigners; and
• Administrative Instruction MFA/No. 01/2014 on procedures for the issuance of visas to foreigners by the diplomatic and consular missions of the Republic of Kosovo.

These normative acts have transposed the following *acquis* acts:
• Regulation (EC) No. 810/2009 (Visa Code);

The policy framework in this area consists of the National Strategy for IBM 2013-2018, based on the following EU documents:
• Council Conclusions on 4-5 December 2006 on Integrated Border Management (2768th Justice and Home Affairs Council meeting Brussels);
• Guidelines for Integrated Border Management in the EU external cooperation 2009, Recommendations issued from the Schengen Catalogue on External Borders Control (recommendation of the EU Council 7864/09);
• Custom blueprints document of the EU; and

**Legal and policy framework in the area of migration management**

The legal framework in this area consists of the following main relevant normative acts:
• Law No. 06/L-036 on Foreigners;
• Law No. 06/L-026 on Asylum;
• Law No. 03/L-208 on Readmission;
• 23 bilateral readmission agreements;
• Law No. 04/L-215 on Citizenship;
• Law No. 04/L-218 on Preventing and Combating Trafficking in Human Beings and Protecting Victims of Trafficking.
These normative acts have transposed the following *acquis* acts:

- Council Directive 2004/81/EC on the residence permit issued to third-country nationals who are victims of trafficking in human beings or who have been the subject of an action to facilitate illegal immigration, who cooperate with the competent authorities - in part;
- Council Directive 2004/114/EC on the conditions of admission of third-country nationals for the purposes of studies, pupil exchange, unremunerated training or voluntary service - in part;
- Directive 96/71/EC of the European Parliament and of the Council concerning the posting of workers in the framework of the provision of services - in part;
- Directive 2011/98/UE of the European Parliament and of the Council on a single application procedure for a single permit for third-country nationals to reside and work in the territory of a Member State and on a common set of rights for third-country workers legally residing in a Member State - partially;
- European Convention on Human Rights;
- The UN Convention on the Status of the Refugees (Geneva Convention, 1951) and its Implementing Protocol (New York Protocol, 1967);
- UN Convention on the Rights of the Child; and
- The Charter of Fundamental Rights of the European Union.

Policy framework in this area consists of the following documents:

- National IBM Strategy;
- State Strategy and AP on Migration;
- National Strategy on Reintegration of Repatriated Persons;
- National Strategy on Sustainable Reintegration of Repatriated Persons; and
- Light migration profiles (such as comprehensive documents with standard migration data and
data on other areas potentially affecting the migration phenomenon, such as economic and social situation, labour market, human capital, education, trade, etc.).

Policy framework in this area is also based on the following international normative acts:
- Universal Declaration of Human Rights;
- The New York Convention on Non-Citizenship;
- The UN Convention on the Elimination of All Forms of Discrimination against Women;
- The Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment;
- The Convention for the Protection of Human Rights and Fundamental Freedoms;
- UN Convention on the Rights of the Child; and
- The International Covenant on Civil and Political Rights and its Protocols.

**Legal and policy framework in the area of asylum**

Legal framework in this area consists of the following main relevant normative acts:
- The new Law on Asylum (adopted on 5 May 2018), partially transposed the following *acquis* acts:
  - Council Directive 2004/83/EC on minimum standards for the qualification and status of third country nationals or stateless persons as refugees or as persons who otherwise need international protection (Qualification Directive);
  - Directive 2011/95/EU of the European Parliament and of the Council on standards for the qualification of third-country nationals or stateless persons as beneficiaries of international protection, for a uniform status for refugees or for persons eligible for subsidiary protection (Recast);
  - Council Directive 2005/85/EC on Asylum Procedures; and
  - Directive 2013/33/EU of the European Parliament and of the Council of 26 June 2013 laying down standards for the reception of applicants for international protection; and

**Legal framework in the area of combating Money-laundering and Terrorist Financing**

Legal framework in this area consists of the following main relevant normative acts:
- Criminal Code No. 04/L-082 of the Republic of Kosovo;
- Law No. 05/L-096 on the Prevention of Money Laundering and Combating Terrorist Financing, which transposed:
- Law No. 04/1-178 on the Prevention of Money Laundering and the Combating Terrorist Financing; and
- Law No. 03/L-15 on Declaration, Origin and Control of Property.

The policy framework in this area is composed by the National Strategy for prevention of informal economy, money laundering, terrorist financing and financial crimes 2014-2018.

**Legal framework in the area of the fight against narcotics**
Legal framework in this area consists of the following main relevant normative acts:

- Criminal Code No. 04/L-082 of the Republic of Kosovo (Chapter XXIII);
- Criminal no. 04/L-123 Procedure Code;
- Law no. 02/L-123 on Narcotic Medicaments, Psycho-tropes and Precursors, which is based on the following Conventions:
  - United Nations Special Convention on Narcotic Drugs (New York, 30 March 1961), as amended by the 1972 Protocol (Geneva, 25 March 1972);
  - United Nations Convention on Psychotropic Substances (Vienna, 21 February 1971);
  - United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (Vienna, 20 December 1968, which applies also to judicial cooperation in criminal matters);
- AI No. 10/2010 on Methadone Administering and Managing for the Maintenance Programmes.


**Legal framework in the area of combating organized crime and police cooperation**

Legal framework in this area consists of the following main relevant normative acts:

- Criminal Code, in which partially has been transposed the following *acquis* acts:
  - The Framework Decision on the fight against organised crime (Framework Decision 2008/841/JHA);
  - Framework Decision on increasing protection by criminal penalties and other sanctions against counterfeiting in connection with the introduction of the euro (Framework Decision 2000/383/JHA);
  - Framework Decision on combating fraud and counterfeiting of non-cash means of payment (Framework Decision 2001/413/JHA);
  - Directive 2011/36/EU on preventing and combating trafficking in human beings;
  - Directive 2011/93/EU on combating the sexual abuse and sexual exploitation of children; and
- Criminal Procedure Code transposed the following *acquis* acts:
  - Directive 2010/64/EU on the right to interpretation and translation in criminal proceedings; Directive 2012/13/EU on the right to information in criminal proceedings;
  - Directive 2013/48/EU on the right of access to a lawyer in criminal proceedings and in European arrest warrant proceedings, and on the right to have a third party informed upon deprivation of liberty and to communicate with third persons and with consular authorities while deprived of liberty;
- Law on Witness Protection;
- Law on Prevention and Fight of the Cyber Crime;
- Law no. 03/L-141 on Managing Sequestrated or Confiscated Assets transposing the following *acquis* acts:
  - Council Framework Decision 2005/212/JHA;
  - Council Framework Decision 2007/845/JHA; and
- Law on International Legal Cooperation in Criminal Matters transposing the following *acquis* acts:
  - Council Framework Decision 2003/577/JHA;
  - Council Framework Decision 2006/783/JHA on the application of the principle of mutual recognition to confiscation orders;
  - Council Framework Decision 2007/845/JHA;
  - Council Framework Decision 2001/413/JHA; and Council Framework Decision 2007/845/JHA.
- Law on Protection of Informants;
- Law on Police;
- Law on Narcotic Medicaments, Psycho-tropes and Precursors, which partially transposed:
- Law on Preventing and Combating Trafficking in Human Beings and Protecting Victims of Trafficking that partially transposed:
  - Directive 2011/36/EU on preventing and combating trafficking in human beings and protecting its victims.
- Law on Crime Victim Compensation that has partially transposed:
  - Council Directive 2004/80/EC relating to compensation to crime victims, where this law reflects the requirement of the directive, concerning the procedures for compensation of crime victims in cross-border cases and the establishment of decision-making and assistance authorities in cases of compensation for the victims.
- Law on State Border Control and Surveillance;
- Law on Execution of Penal Sanctions;
- Law on Kosovo Intelligence Agency;
- Law on State Prosecutor;
- Law on Classification of Information and Security Clearances;
- Law on Courts;
- Law on the Protection of Personal Data; and
- Law on Interception of Electronic Communications.

**Policy framework in this area consists of the following documents:**
- National Strategy and Action Plan of the Republic of Kosovo against Organized Crime;
- National Strategy on Controlling and Collecting Small Arms and Light Weapons; and
- Intelligence-led police strategy.

**Legal framework in the area of combating terrorism**

Legal framework in this area consists of the following main relevant normative acts:
- Code No. 04/L-082 Criminal Code of the Republic of Kosovo;
- Criminal No. 04/L-123 Procedure Code;
- Law No. 05/L-096 on the Prevention of Money Laundering and Combating Terrorist Financing; and
- Law No. 05/L-002 on Prohibition of Joining the Armed Conflicts Outside State Territory;
- Law on Prevention of Money Laundering and Prevention of Terrorism Financing; and
- Law on the Prohibition of the Union of Armed Conflict outside the territory of the country.

Legal framework in this area consists of the following documents:
• National Strategy of the Republic of Kosovo against Terrorism 2018-2022;
• National Strategy for prevention and combating against informal economy, money laundering, terrorist financing and financial crimes 2014-2018; and

**Legal framework in the area of international legal cooperation in criminal and civil matters**
The legal framework in this area consists of the Law on International Legal Cooperation in Criminal Matters that transposed the following *acquis* acts:

• Council Framework Decision 2003/577/JHA on the execution in the European Union of orders freezing property or evidence;
• Council Framework Decision 2006/783/JHA on the application of the principle of mutual recognition to confiscation orders;
• Council Decision 2007/845/JHA of 6 December 2007 concerning cooperation between Asset Recovery Offices of the Member States in the area of tracing and identification of proceeds from, or other property related to, crime; and

**Institutional Framework**

**Institutional framework in the area of border management (IBM)**
The Institutional framework in this area consists of the following institutions:

• Kosovo Police (Border Department);
• Kosovo Customs; and
• Food and Veterinary Agency.

In addition, the Executive Board for IBM and the National Centre for Border Management (NCBM) also functions.

**Institutional framework in the area of visa policy**
The Institutional framework in this area consists of the following institutions:

• Ministry of Foreign Affairs, respectively the Department of Consular Affairs and Foreign Service missions;
• Ministry of Internal Affairs, respectively the Department of Citizenship, Asylum and Migration;
• Kosovo Police, respectively Border Police.

**Institutional framework in the area of migration management**
The institutional framework in this area consists of the following institutions:

• Ministry of Internal Affairs, respectively the Department of Citizenship, Asylum and Migration (which also supervises the Asylum Centre and Detention Centre for Foreigners);
• Kosovo Police, respectively the Directorate for Migration and Foreigners, Department for Investigation of Organized Crime, Border Police and Directorate for Investigation of Trafficking; and
• Municipalities (having a role in implementing reintegration policies).

**Institutional framework in the area of asylum**
The institutional framework in this area consists of Ministry of Internal Affairs, respectively the Department of Citizenship, Asylum and Migration (within which the Centre for Asylum Seekers operates).
Institutional framework in the area of combating money laundering and financing of terrorism
The institutional framework in this area consists of the following institutions:

- Financial Intelligence Unit;
- Ministry of Finance, respectively Kosovo Customs, and Tax Administration of Kosovo;
- Kosovo Police, respectively, the Directorate against Economic Crimes;
- State Prosecutor; and
- Special Prosecution of the Republic of Kosova.

In addition, there is also a National Coordinator for Combating Economic Crimes.

Institutional framework in the area of fighting against narcotics
The institutional framework in this area consists of the following institutions:

- Kosovo Police, respectively Directorate for Investigation of Drug Trafficking (with the support of other KP departments);
- Kosovo Customs;
- Kosovo Intelligence Agency;
- Ministry of Health, respectively Health Inspectorate, Kosovo Agency for Medical Products and Equipment;
- Kosovo Forensic Agency;
- Ministry of Justice, respectively Department of Forensic Medicine; and
- Kosovo Judicial Council.

In addition, there is also the National Coordinator and the Secretariat responsible for this area within the MIA.

Institutional framework in the area of combating organized crime and police cooperation
The institutional framework in this area consists of the following institutions:

- Ministry of Internal Affairs;
- Kosovo Police, respectively, the Directorate against Organized Crime, Directorate Against Trafficking with Narcotics, Directorate for Investigation of Economic Crimes and Corruption, through Investigation Division, consisting of the Sector for Economic Crimes Investigation, Investigation of Corruption and Financial Crimes Investigation), Directorate for Witness Protection, Unit against Terrorism, and the Sector for Cybercrime Investigation;
- Ministry of Finance, respectively, Kosovo Customs, Financial Intelligence Unit and Tax Administration of Kosovo;
- Ministry of Justice;
- Kosovo Intelligence Agency;
- Kosovo Judicial Council;
- Kosovo Prosecutorial Council;
- Prosecutions; and
- Courts.

In addition, there is also the National Coordinator and the Secretariat responsible for this area within the MIA.

Institutional framework in the area of fighting against terrorism
The institutional framework in this area consists of the following institutions:

- Ministry of Internal Affairs;
- Kosovo Intelligence Agency;
- Ministry of Finance, respectively Kosovo Customs, Financial Intelligence Unit and Tax
Administration of Kosovo;

In addition, there is also the National Coordinator and the Secretariat responsible for this area within the MIA.

**Donor Support**

Kosovo institutions are supported by the European Commission (through IPA) and by other bilateral donors with the following summarized projects.

**Current and planned projects under IPA**

**Strengthening effective migration and asylum management**
- **Description:** Support for Kosovo institutions to manage migration and asylum flows to and from Kosovo
- **Beneficiary:** Ministry of Internal Affairs, Ministry of Diaspora, Ministry of Labour and Social Welfare
- **Implementation period:** 2016-2018.

**Project against Economic Crime in Kosovo (PECK II)**
- **Description:** Supporting Kosovo institutions in the fight against corruption and money laundering;
- **Beneficiary:** Office of the Prime Minister, Financial Intelligence Unit, Anti-Corruption Agency, and Ministry of Finance;
- **Implementation period:** 2016-2018.

**Strengthening the institutions of Kosovo in the fight against trafficking in human beings**
- **Description:** Support the advancement and improvement of the fight against human trafficking;
- **Beneficiary:** Ministry of Internal Affairs and Ministry of Labour and Social Welfare;
- **Implementation period:** 2017-2019

**Support the fight against financial crime/money laundering**
- **Description:** The project aims to increase the capacity of all law enforcement institutions in the fight against financial crime and confiscation and asset recovery, as well as in preventing violent extremism and radicalization;
- **Beneficiary:** Ministry of Internal Affairs and Ministry of Finance;
- **Implementation period:** 2017-2019.

**Capacity building of Kosovo Forensics Agency and Kosovo Police in provision of forensic services**
- **Description:** The project aims at capacity building and coordination of all forensic services, including capacity building in DNA analysis, as well as support in the area of explosives and firearms.
- **Beneficiary:** Ministry of Internal Affairs (KFA and KP);
- **Implementation period:** 2017-2019.

**Support to civil registration and document security**
- **Description:** Continuation of the support provided so far to the Civil Registration Agency in the central and municipal level
- **Beneficiary:** Ministry of Internal Affairs (CRA);
- **Implementation period:** 2017-2019.
**Support for police reform in line with EU standards**

- **Description:** Assistance in the implementation of police reforms, including the implementation of intelligence-led policing, combating cybercrime, providing training and equipment related to advanced investigation techniques in the area of trafficking in drugs, human beings, etc. creating an early-warning system of new drugs; addressing the issue of reducing the average age of the Kosovo police;
- **Beneficiary:** Ministry of Internal Affairs (KP);
- **Implementation period:** 2017-2020.

**Project against economic crime in Kosovo (PECK III):**

- **Description:** this project aims to improve the implementation of anti-corruption (AC), money laundering/combating financing of terrorism (AML/CFT), counter-terrorism measures and their compliance with European standards;
- **Beneficiary:** Office of the Prime Minister, Financial Intelligence Unit, Anti-Corruption Agency, and Ministry of Finance;
- **Implementation period:** after completing PECK II.

Nevertheless, internal affairs institutions will be supported by IPA 2020 programme by strengthening the fight against organized crime, terrorism, and corruption in Kosovo. The main intervention will focus on building the organizational, analytical, political and legislative capacity of the Ministry of Internal Affairs with a view to addressing the challenges of the fight against organized crime, corruption, terrorism and money laundering. MIA will also support the implementation of critical infrastructure protection measures with a view to combating terrorism, radicalization and violent extremism. Activities will be developed to assist Kosovo Police increase its investigation capacity and professional performance. Further support for data quality and provision of services of the Civil Registration Agency will also serve to the mission of law enforcement institutions in the fight against organized crime and corruption. Moreover, it will support the clearance of mines and ammunitions from the war, thereby improving physical security and returning the land to communities. This programme is in the early stages of planning and will be more detailed in 2019, and contracted in detail in 2021.

The EU Rule of Law Mission (EULEX) supports and assists Kosovo's authorities in the area of rule of law, particularly in the areas of police, judiciary and customs. As a technical mission, EULEX monitors and advises Kosovo authorities as long as a limited number of executive responsibilities remain, as in the case of the Special Prosecution Office. This institution's duty is to deal with sensitive cases such as war crimes, terrorism, financial crime, corruption, and organized crime cases.

**Current and planned projects of bilateral donors**

The Ministry of Internal Affairs, besides the support provided by the European Commission, it continuously benefits from projects by ICITAP, assisting Kosovo in strengthening the rule of law in Kosovo and building the capacities of judicial, prosecution and rule of law institutions in combating organized crime, human trafficking, corruption, money laundering and terrorism. ICITAP programme is funded by the Bureau of International Narcotics and Law Enforcement Affairs within the Department of State of the US. ICITAP is currently supporting Kosovo with the following programmes.

**Support to Kosovo police executive management:** this programme provides advice to the General Director of the Kosovo Police on cooperation with the Serbian Police, extension of the rule of law in northern Kosovo, raising the level of professionalism, accountability and integrity within executive and middle level police.
Support to the Ministry of Internal Affairs to improve the executive management practices, and support to MIA agencies such as Kosovo Police Inspectorate, Kosovo Forensic Agency, Emergency Management Agency, and Kosovo Academy for Public Safety, in building capacities.

Support in the area of combating serious crimes and complex criminal investigations: which aims to improve MIA’s capacity to prevent and combat organized crimes, corruption, terrorism, trafficking in narcotics, trafficking in human beings etc., and improving the capacities of the crime investigation department within the KP, to carry out investigations on complex cases using modern investigative techniques.

ICITAP also provides support in the area of integrated border management and in the area of security in community.

Moreover, MIA benefits from the support provided by UNDP, particularly through the Firearms and Explosives Risk Mitigation project.

In addition, MIA is a beneficiary of the project Support to the process of European integration, which supports the Department for European Integration and Policy Coordination within the MIA regarding the coordination capacity building in the process of visa liberalization. The project also provides support to the Department for Citizenship, Asylum and Migration, as well as Department on Reintegration of Repatriated Persons.

Furthermore, the Ministry of Internal Affairs benefits from the project Support for the Governmental Authority on Monitoring of Migration Movements funded by the Swiss Agency for Development and Cooperation which is implemented by the International Centre for Migration Policy Development. The project aims to increase the capacity of the Governmental Authority for Migration in drafting and preparing migration policies through technical assistance and training.

**Medium-term Priority Objectives**

In order to meet the obligations arising from the SAA and other EU accession documents and mechanisms in areas within the scope of Chapter 24, the focus over the period 2019-2023 will be in these mid-term priorities:

**Border management**
- Advancing international cooperation with authorities such as Frontex, Selec etc.;
- Opening new border crossing points with neighbouring countries;

**Visa policy**
- Inclusion of KVIS to other diplomatic and consular missions of the Republic of Kosovo.

**Asylum**
- Establishment of a sustainable system of cooperation between central and local level institutions for asylum seekers seeking international protection.

**Migration management**
- Advancing international cooperation in combating irregular migration; and
- Promotion of regular and circuit migration.

**Fight against Money laundering and terrorist financing**
- Further improvement of policy framework in the area of the fight against Money laundering and terrorist financing;
- Second National Risk Assessment of Money Laundering and Terrorist Financing;
- Kosovo’s membership in Moneyval;
- Strengthening capacities of the Financial Intelligence Unit (FIU) in the fight against Money laundering and terrorist financing
- Strengthening inter-institutional cooperation, including inter-institutional cooperation with law
enforcement authorities and reporting entities, particularly in the area of treating suspicious financial transactions;

**Combating narcotics**
- Advancing cooperation with the EMCDDA.

**Fight against organized crime**
- Creating a database for criminal records, including evidence for convicted persons;
- Increasing the number of prosecutors and judges and their specialization in the area of organized crime;
- Annual Serious and Organised Crime Threat Assessment (SOCTA);
- Technical capacity building of Kosovo Forensic Agency Laboratories, and
- Increasing the number of orders for confiscation of assets and generally improving the results in the permanent confiscation of illegally acquired assets.

**Fight against terrorism**
- Technical, logistical and technological capacity building in the area of terrorism;
- Focus on preventing violent radicalism and extremism.

### 3.25. Acquis Chapter 25: Science and Research

The *acquis* on this chapter does not require transposition of EU rules into national legal order but it requires from member states to ensure the necessary implementing capacities to pursue the EU objectives and activities in the area of research and technological development. The necessary implementing capacities are related to the existence of conditions for participation in EU programmes for research and innovation to facilitate integration into the European Research Area (ERA), contributing to the Innovation Union (IU) and to the Europe Strategy 2020 in general.

**SAA Requirements**

Under Article 118 of the SAA, the Parties should encourage cooperation in scientific research and technological development on the basis of mutual benefit, taking into account available resources, adequate access to relevant programmes subject to appropriate levels of effective protection of intellectual, industrial and commercial property rights. Cooperation should take into account priority areas related to the EU *acquis* in the area of technical development and research.

According to EC report 2018, Kosovo is at an early preparation stage of science and research. No progress has been made on the previous year. In the following year, Kosovo must particularly: increase governmental expenses in research and give its efforts on promoting private sector investments by preparing and utilizing findings of a Smart Specialisation strategy to be drafted; to focus efforts in increasing participation in the EU Horizon 2020 programme, and to ensure a better coordination of contact persons for Horizon 2020.

Kosovo has done little to develop its policy of research and innovation. The Law on Scientific Research Activities has not been properly implemented, due to lack of funds. In high education, the quality of post-diplomatic programmes preparing for research careers are of poor quality, where both private and public high education institutions have highly inequitable criteria for promotion on the basis of research and scientific publications. The opening of the Office for Sponsored Programmes and Research at the University of Prishtina is a small but positive step in the right direction. The new Ministry of Innovation and Entrepreneurship must develop its administrative capacity and adopt an innovation strategy in close coordination with other ministries. There has been no progress in the integration with the European Research Area. In framework programmes, Kosovo participates in the EU Horizon 2020 research and innovation programme (H2020) as a third party. Kosovo has participated 10 times in H2020 projects (2 new in 2016 and 1 new in 2017). There is a small increase compared to previous years, but yet this level of participation remains below Kosovo's potential. Promotional and training measures should be taken to
improve the situation. The first experienced Kosovo researcher was funded through Marie Skłodowska-Curie Shares last year, a collaboration that in subsequent years should be further enhanced.

According to the conclusions of the Subcommittee on Innovation, Information Society, Social Policies and Employment 2017 for science, Kosovo needs to increase the participation in EU programmes. Kosovo has agreed to strengthen its capacity through the reform of higher education institutions by adopting the Law on Higher Education, based on international standards. Regarding Horizon 2020, Kosovo has applied for full membership in the programme. To enhance the coordination of the national contact points for Horizon 2020 and to improve the information provided to the research and innovation community in Kosovo, MEST has drafted the Horizon 2020 regulation.

State of Play

Legislative Framework

Science and research in Kosovo is regulated by Law No. 04/L-135 on Research Activity. This Law contains the best European practices that support the scientific research focusing on economic and social development. Moreover, the law contains provisions regulating the link of scientific research with the economy and industry. As a responsible structure for the management of national research priorities is the National Council on Science, while the Department of Higher Education. Science and Technology in the Ministry of Education, Science and Technology is the main policy making institution in the area of science and research.

The Law on Scientific Innovation and Transfer of Knowledge and Technology was adopted in November 2018 in the Assembly. 5 subsidiary legal acts have been planned to be adopted from this law.

Kosovo in the EU Framework Programme for Scientific Research and Innovation "Horizon 2020" shall participate as an international cooperation partner country. In order to functionalize the system of national contact point, MEST has adopted the Regulation on operation and functionalization of Kosovo's national contact points for Horizon 2020.

Institutional and Policy Framework

Regarding statistical data so far Kosovo participated in 11 H2020 projects, whereas during 2018, 7 new applications were made. Kosovo indicated success in this programme by 18.3% (a total of 67 application, out of which 62.11 of them are legally funded). In order to increase participation in this programme, MEST has undertaken mechanism to promote the programme by implementing the applicable Regulation to support national contact points and building capacities of BCP.

Medium-term Priority Objectives

Regarding primary legislation, Kosovo will work in the mid-term period to draft and approve the Law on Financing of Scientific Research Activities. An inter-ministerial mechanism should also be established which will manage the link between innovation and research (the link between industry-research and economy). Secondary legislation should be based on the Law on Scientific Innovation and Transfer of Knowledge and Technology, from which emerge 5 subsidiary legal acts.

For the capacity building in the area of scientific research and innovation, the awarding of PhD scholarships (20 annual scholarships) for students of both genders studying in the top 500 Universities of the World shall continue (each student shall be supported in the amount of EUR 5,000.00 per academic year). In this way, internationalization of Kosovar science will be possible. Within this goal, the scientific institutions will be equipped with the necessary infrastructure for scientific research.
Kosovo has started the mobility scheme with the Republic of Albania, whereas with the Republic of Turkey has signed a cooperation agreement - TUBBITAK.

Continue supporting the voucher innovations by supporting new businesses with the relevant area experts, on publications and scientific publications, participation in international organizations, awarding the prize from the Minister for the Scientist of the Year.

Based on EU policies for expansion, it is aimed at Kosovo to have an advanced status in the following Horizon 2020 programme, which has been named as Horizon EU to start being implemented on 2021-202.

3.26. Acquis Chapter 26: Education and Culture

The areas of education, training, youth and culture are primarily the competence of the Member States. Treaty on the Functioning of European Union (TFEU) foresees that the Union encourages the cooperation and support among Member States by supporting their actions and by fully respecting their responsibilities for the content of learning, organisation of the education and vocational training systems, and the national and regional cultural diversity.

The acquis on education and culture mainly consists of a cooperation framework using programmes and an open method of coordination to move towards convergence of national policies and the attainment of shared objectives. In the area of education, training and youth, Member States need to have the legal, administrative and financial framework as well as the necessary implementing capacities in place to ensure sound management, including financial management of decentralized EU programmes. The acquis contains also the Directive for educating of children of emigrant workers’ and the decisions of European Court of Justice for the cases related to non-discrimination between citizens of EU member states and another EU citizen.

The objectives of education and training systems approved in 2001, as well as the Copenhagen process for vocational training and the Bologna process on higher education, give instructions on improving the quality of education and training systems. The working programme “Education and Training 2010” and the strategic framework “Education and Training 2020” integrate all actions at the European level and contribute on improving the quality of education and training systems. Shared objectives for EU’s youth policies are defined in EU’s Strategy for Youth (2010-2018) which is based on an open method of coordination. In the area of sports, Commission Communication of 2011 “Development of the European Dimension in Sport” proposes concrete actions for supporting and coordinating policy measures, with the aim to potential adoption by the Council of the multiannual EU working plan for sport.

Regarding the cultural policy, Member States should uphold the foreseen principles in Article 167 of TFEU and in particular, to ensure that their international commitments allow the development and implementation of policies and instruments that aim preservation of and promotion of cultural diversity. In accordance with these principles, UNESCO Convention for Protection and Development of Diverse Cultural Expression is a key element of acquis in the area of culture. Commission Communication for the European Agenda for culture in a globalized world introduced a structured dialogue in the culture sector and an open method of coordination, in order to implement three common sets of objectives: cultural diversity and intercultural dialogue; culture as a catalyst for creativity; and culture as a key component in international relations.

SAA Requirements

Therefore, Article 107 of the SAA requires cooperation between the parties with the aim of raising the level of education in general, vocational education, training and policy development for youth work in
Kosovo with the aim of developing skills, employment, social inclusion and economic development in Kosovo. A priority for higher education system should be to achieve adequate quality standards of institutions and programmes in accordance with the objectives of the Bologna process and its Declaration. Parties should cooperate in order to ensure that access to all levels of education and training in Kosovo is done without discrimination on grounds of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. In addition, also the needs of students with disabilities in Kosovo must be addressed. Whereas Article 108 of the SAA requires cooperation between the parties aiming to promote cultural cooperation for increasing the operator’s capacity and understanding between individuals and minorities. This cooperation should support cultural diversity in the country based on the principles of the UNESCO Convention on the protection and promotion of diversity of cultural expression.

Requirements from other EU accession mechanisms

Based on the 2018 EC Kosovo Report, it is indicated that Kosovo is at an early stage of education and culture preparation. No progress has been made in the previous year and the quality of education has yet to be improved. Since the previous report recommendation has not been addressed, in the following year Kosovo must in particular: approve a new law on higher education in order to implement a standard-based reform, including the provision of autonomy and independent operation of higher education institutions and quality assurance mechanisms; graduate reform efforts in pre-university education (including vocational education and training programmes), focusing on competency-based learning; improve access to quality education for marginalized groups to enrol in the preschool education.

According to the conclusions of the Subcommittee on Innovation, Information Society, Social Policies and Employment 2017, Kosovo needs to collect accurate data for the ET 2020 indicators, to respond to the Eurostat questionnaire, and to improve the credibility of data. The Commission recommended addressing the risk of corruption and political influence, especially in higher education, with continuous efforts, including the Law on Higher Education, and its relevant provisions. Kosovo will make more efforts to increase the early enrolment rate for children aged 0-5 years old, including increasing the provision of childcare facilities in compliance with the European reform agenda. An adequate budget must be allocated for the implementation of the Education Strategic Plan 2017-2021 and its action plan in coordination with relevant donors. Regarding VET catalogue, Kosovo must complete it.

State of Play

Legislative Framework

Education

The area of higher education is regulated by
- Law No. 04/L-037 on Higher Education. Law on Higher Education;
- Law No. 03/L-060 on National Qualifications and National Qualification Framework.

Vocational Education and Training

- Law No. 04 /L-138 for Vocational Education and Training;
- Law No. 04/L-143 on Adults Education and Training;
- Law No. 03/L-060 on National Qualifications.

Preschool education

- Law No. 02/L-52 on Preschool Education;
- Law No. 04/L-032 on Pre-University Education;
- Law No. 06/L -046 on Education Inspectorate in the Republic of Kosovo.

School dropout
AI No. 08.2018 on the Establishment and Strengthening of Prevention and Response Teams towards Abandonment and Non-Enrolment of Students in Pre-University Education.

Culture
- Law No. 02/L-57 on Institutions of Culture;
- Law No. 04/L-065 on Copyright and Related Rights;
- Law No. 04/L-075 amending the
- Law No. 2003/24 on Sport;
- Law No. 04/L-056 on the National Ensemble of Songs and Dances “Shota”;
- Law No. 04/L-59 on Philharmonic, Opera and Ballet;
- Law No. 2004/22 on Cinematography;
- Law No. 02/L-88 on Cultural Heritage;
- Law No. 04/L-106 on Theatres.

Institutional and Policy Framework

Regarding external mechanisms for quality assurance in higher education in 2014, full membership of Kosovo in the ENQA (European Network of Quality Assurance Agencies) was confirmed. Kosovo implements Quality Standards and Guidelines and has adopted practices applicable in the European Higher Education Area. On the other side the Kosovo Accreditation Agency has continued external evaluation of programmes and institutions as well.

As a result of an agreement with European Commission and MEST, Kosovo participates in European Union Programme for Education Tempus since 2003. The Tempus Programme has consistently contributed directly to development of curricula, cooperation with the society, management of universities, teacher training as well as quality assurance projects, which cover almost the entire higher education sector in Kosovo. The successor of Tempus is the Erasmus + Programme which implements the projects through Erasmus + Office in Kosovo. This office is focused in the area of higher education and contributes to awareness-raising, visibility, adaptability, sustainability, effective approach towards international dimension of Erasmus + Programme. This year Kosovo has signed an agreement with the EU for Kosovo's advanced participation in the Erasmus + Programme. The actual challenge of increasing the participation in relevant Erasmus + schemes is that the higher education institutions don’t have the adequate capacities (for example establishment and consolidation of the office for cooperation and projects, cooperation mechanisms in faculty level) on writing the projects which address the development needs of the institutions and their programmes, lack of language knowledge, HEI bureaucracy, project monopolization. Whereas in the mobility scheme the main challenge remains the visa issue, etc.)

All advisory bodies (Industrial Boards) in Public Universities drafted and signed the Regulations on the Rules of Procedures. The University of Prishtina has established them in 10 academic units, the University of Applied Sciences in Ferizaj has established 1 Advisory Body. The University of Gjakova "Fehmi Agani" has established 2 Advisory Bodies. The University "Haxhi Zeka" has established 3 Advisory Bodies. The University of Mitrovica "Isa Boletini" is in the process of drafting the regulation for Advisory Bodies, whereas, the University of Gjilan has approved the Regulation.

The basic strategic document which sets the development objectives in the education system in the Republic of Kosovo is the Kosovo Education Strategic Plan 2017-2021, approved by the Kosovo Government. This strategic document is a comprehensive strategic document, which includes all education levels in Kosovo, starting from the pre-primary up to university level. Other strategic documents on education development are the following: Communication Strategy; Strategy against Drop Out; Strategy on Schools Promoters of Health 2009-2018, Strategy on Integration of Roma, Ashkali and Egyptian 2007-2017 and the Strategy on Pre-University Development 2007-2017.
Apart from vocational education schools, 4 competence centres have been established. The system provided for by the applicable Law on Vocational Education and Training is 3+1+1, is in compliance with labour market requirements.

Within the 150 profiles provided in 17 area-sectors, 27 profiles have been reviewed, being completed with standards, core curricula, teaching materials and equipment and 60 occupational standards for levels 3, 4, and 5. A special curriculum for Vocational Education and Training is drafted that will formulate core curricula for priority profiles to start implementing in 2019 and according to the strategic education plan by 2021 will be reviewed the entire curricula based on occupational standards and labour market requirement. Despite many challenges, the cooperation with enterprises has commenced and in cooperation with them the AI for conditions and criteria governing the establishment of dual forms of vocational education and training has been drafted, according to which prior training and experience are realized in the enterprise, and it will start implementation in 2019 for schools and profiles following the requests by businesses. To reach such a result, 100 instructors from companies were trained, 40 of them certified as Master Trainer, and such training sessions and certifications shall continue for the next 2 years as well. This is assessed as an investment in businesses and a direct link between schools and businesses. A 3-level qualification programme has been drafted: Workplace Instructor - level 3 NQF, Vocational Education and Training Instructor and Adult Education (Master Trainer) - level 5 NQF, and Company Trainer - level 4 NQF.

During 2018, the core curriculum for pre-school education for children aged 0-5 years has passed the public discussion process and is awaiting finalization of the document and drafting of practical guidelines for educators training and piloting.

Meanwhile, the Curriculum Framework for Pre-University Education 2011, as well as the Core Curricula for the three levels of formal Education (Level I, Grades 0, 1-5, Level II, Grades 6-9, Level III, Grades 10-12) have been reviewed and adopted in 2016. During 2017, curricula/subject curricula have been compiled for preparatory grades, grades 1, 6, and 10. Such curricula, along with the Pre-University Education Curriculum Framework, and three core curricula have started implementation in all Kosovo schools in the academic year 2017/2018. Draft subject curricula for grades 2, 7, 11 compiled in 2017 were also implemented in all Kosovo pilot schools during the academic year 2017/2018. In 2018, MEST reviewed the entire curricula/subject curricula for grades 0, 1, 2, 6, 7, 10, 11. Subject curricula for grades 2, 7, 11 shall be part of the reform and started being applied in all Kosovo schools in the new academic year 2018/2019. During 2018, the draft subject curricula for grades 3, 8, 12 were developed, which during the 2018/2019 school year started being implemented in pilot schools. Apart from drafting and reviewing subject curricula in Albanian, Turkish, and Bosnian language for grades: 0, 1, 2, 6, 7, 10, 11, MEST has also developed draft curricula of Albanian language for non-Albanian students of grade 3, 6, 10, which have started implementation in schools where this subject may be selected by students. A final draft of the Diaspora Curriculum Framework has been drafted in cooperation with representatives of the Institute for Educational Development of Albania. A competition for textbooks and school materials has been announced for grades 0, 1, 6, 10 and 2, 7, 11.

To enhance quality management in pre-university education, MEST stressed the internal quality improvement guidelines, implementation of external quality assessment mechanisms and capacity building of Education Inspectorate, also this inspectorate has joined SICI (The Standing International Conference of Inspectorates).

In terms of strengthening external quality measurement mechanisms, MEST has conducted the International PISA Test, the Achievement Test for ninth grade students and the State Matura Exam. MEST has also prioritized the professional development of teachers and modernization of teacher training in line with Kosovo’s new curricular framework.
In April 2017, the AI on Performance Evaluation and the Guideline for Teachers' Internal Assessment were adopted and are implemented in schools that apply the new curriculum framework. By November 2017, the schools involved in the programme have implemented an internal performance assessment for a school quality area. The Inspectorate and programme trainers have supported schools based on their requests for collecting data from students, parents and teachers and for drafting reports.

During 2018, all schools in Kosovo municipalities are planned to undergo an assessment process by inspectors. Each municipality will have a school that will be subject to external evaluation. The purpose of the assessment is to reflect the school performance according to the Performance Quality Assurance Framework.

Regarding children with special needs, within the framework of the specific education grant for 2019, municipalities were equipped with 100 jobs available for employing assistants of children with special needs. Simultaneously, piloting of standardized instruments for assessment of children with special needs based on ICF (International Classification Functions for Children & Youth) has commenced in 7 municipalities and 14 schools. 520 teachers, education inspectors, education officers, school directors, and parents were trained for inclusive education. The second generation of 75 candidates at the 5th level of "Assistant of children/students with special educational needs" has continued. Aiming to stimulate students from Roma, Ashkali and Egyptian communities to continue education in high secondary education, 507 scholarships were awarded for the academic year 2017-2018, while 62 scholarships were awarded to students of non-majority communities. Free textbooks are provided for compulsory education students (grades 1 to 9), and facilitation for enrolment in the 10th grade have been created, the AI No. 17-2018 was approved for the establishment and operation of learning centres that helps children increase the performance of learning and prevention of school dropouts.

**Donor Support**

Education sector projects:
- Based on the IPA-II, 2014 and 2016 project for infrastructure investments in the construction of kindergartens, where the EU has expressed its readiness to invest in the amount of EUR 5 million for construction of kindergartens provided that MEST participates in the amount of EUR 1 million, which MEST has planned to allocate in two instalments of € 500,000.00 for 2017 and 2018.
- IPA 2017 Education, Employment and Social Policies (a total of EUR 4.5 million, EU contribution in the amount of EUR 3.8 million) The main purpose of this activity is to improve employability through vocational education and training that would lead to increased participation in the labour market especially for youngsters and women.
- Within IPA 2018, education will be supported by the EU in the amount of € 13 million. Under this assistance will be aimed to increase access to pre-school, primary and secondary education for students of vulnerable groups. Strengthening capacities for overall and effective management by providing quality teaching at central and municipal level.
- GIZ with the Capacity Development project in the basic education sector in Kosovo 2010-2018, 350 directors were trained with school management courses. More than 1,000 teachers participated in various training sessions on mathematics and natural science learning methods. The aim of the project is competitiveness and capacity building in basic education in Kosovo.

**Medium-term Priority Objectives**

*Pre-university education*
In the area of pre-university education, in the three-year period, the concept document and draft law on early childhood education 0-6 shall also be approved.

Implementation of the new Law on Education Inspectorate improves quality of education at all levels and improves access to education for marginalized groups. The implementation of the new curricula of pre-university education has continued in all schools in Kosovo.

**Vocational education and training**
The increase in the quality in vocational education and training based on the labour market requirements will continue.

**Higher education**
The Law on Higher Education has been approved by the Government, however, we will continue amending and adopting secondary legislation regarding higher education, such as relevant AIs.

In order to advance the country's higher education, MEST will be focused in profiling higher education institutions to the labour market needs by developing university strategies.

**Institutional capacity-building:**
- Improvement of the education inspectorate, in accordance with European legislation and international standards.
- Professional development of teacher
- Linkage of the teachers' grade system with salaries according to licensing system.
- For the further advancement of occupational standards, it is planned to continue with the drafting of new standards.
- VET curricula and adult education will be aligned with the Curriculum Framework for Pre-University Education and the Framework.

3.27. **Acquis Chapter 27: Environment**

This Chapter covers EU environment policy that aims to promote sustainable development and protect the environment for present and future generations. It is based on preventive action, namely the “polluter pays” principle, fighting environmental damage at source, shared responsibility and the integration of environmental protection into other EU policies. The acquis comprises over 200 major legal acts covering horizontal and secondary legislation. Compliance with the acquis requires significant investment. A strong and well-equipped administration at national and local level is imperative for the application and enforcement of the environment acquis.

**SAA requirements**

The SAA, in Articles 115, 116 and 117 defines the cooperation between Kosovo and the EU in the area of Environment, Climatic Change and Civil Protection. Article 115 - Environment, foresees prevention of degradation and commencement of improving the environmental situation with the aim of sustainable development in Kosovo. It also foresees strengthening Kosovo's administrative structures and procedures, and gradual approximation of Kosovo’s legislation to the EU acquis and adapted to the EURATOM acquis. Article 116 - Climate change is focused in developing the climate change policies, namely mitigation (reduction of greenhouse emissions) and adaptation to them (climate change), taking into consideration other relevant policies, including sectors such as energy, transport, industry, agriculture, education, etc. It also focuses on gradual approximation of Kosovo’s legislation to EU acquis on climate change, in particular the effective monitoring, reporting and verification of greenhouse gas emissions as well as inclusion of Kosovo in international mechanisms. Article 117 - Civil protection, foresees improvement, prevention, preparation and response to natural and man-made disasters.
Moreover, foresees also enhancing Kosovo’s civil protection capacities and in Kosovo’s gradual approximation to the EU acquis related to disaster management.

Requirements from other EU accession mechanisms
From EC Report on Kosovo for 2018, in sub-section 6.20 Environment and Climate Change, it is estimated that Kosovo is at an early stage of preparation in this area. No progress has been made and serious problems continue to have an impact in population's life and health. Environmental protection and climate change require much greater political will to address growing challenges.

While from the requirements of the "INFRA" 2018 Subcommittee meeting in the area of Environment, in the sector of air, the Air Quality Action Plan 2017-2019 should be adopted, air quality reporting and monitoring should be conducted live in the entire territory of Kosovo, and to install the central software for live air quality measurement and monitoring. From the Waste Sector, the hazardous waste storage operator should be functional and operational, including funding, personnel, facilities and preparation of the Waste Management Plan, and the Strategy of the Republic of Kosovo for Waste Management should be reviewed taking into account the principles and goals of the circular economy.

In the Water Sector, the Strategy and Action Plan for Kosovo Waters should be adopted, the identification and monitoring of hazardous areas in terms of surface water and groundwater should begin, and the drafting of the management plan for the basin of the river "Drini i Bardhe" should begin. In Nature, the Action Plan on Biodiversity 2017-2020 should be adopted, and the preparation of the Red Book of Fauna should begin. In Forestry sector, it should be reported on the efforts to combat illegal logging/cutting of trees, and the Law on Forests should be adopted by transposing the EU Timber Regulation 995/2010. In Climate Change, the Strategy and Action Plan for Environment and Climate Change 2017-2019 should be adopted.

Horizontal legislation

State of Play

Legislative, Policy and Institutional Framework
Legislative framework in this area consists of the following main relevant normative acts:
- Law on Environmental Impact Assessment (EIA);
- Law on Strategic Environmental Assessment (SEA); and
- Law on Environmental Protection.

These normative acts have transposed the following acquis acts:
- Directive No. 2001/42/EC on Strategic Environmental Assessment, fully transposed;
- Directive No. 85/337/EEC on Environmental Impact Assessment, fully transposed; and

Directive establishing an Infrastructure for Spatial Information (INSPIRE Directive No. 2007/2/EC) is being transposed within the draft Law on Establishment of National Infrastructure on Spatial Information in the Republic of Kosovo, which sets out the comprehensive rules for the establishment of National Infrastructure on Spatial Information in the Republic of Kosovo, on enforcing the environmental policies and activities which could have environmental impact. On 02.10.2018 the draft Law has been adopted by the Government, and currently is awaiting the Assembly’s approval.

The Ministry of Environment and Spatial Planning, namely the Department of Environmental Protection and Water/Division for the Protection from Industrial Pollution is responsible authority for the implementation of the horizontal environmental legislation.
**Donor Support**

In terms of donor support, in support of MESP, the project "Kosovo Environmental Programme 2016-2020" is being funded by SIDA, amounting to EUR 6,810,000, consisting of eight (8) components including strengthening the institutional capacities for monitoring, conservation of biodiversity through the red book of animal species in Kosovo; strengthening the management of trans boundary natural parks; establishment of groundwater monitoring system in Kosovo; strengthening the capacity for implementation of environmental legislation at the local and central level; study for groundwater of the Drini i Bardhe river basin; support in drafting the Drini i Bardhe basin management plan and support of the Inter-Ministerial Water Council.

**Air quality**

**State of Play**

*Legislative, Policy and Institutional Framework*

The Legislative framework in this area consists of the Law No. 03/L-160 on Air Protection from Pollution.

It has transposed the following *acquis* acts:

- Directive No. 2004/70/EC on arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons in ambient air, fully transposed;
- Directive No. 70/220/EEC on measures to be taken against air pollution by emissions from motor vehicles, partially transposed;
- Directive 1999/13/EC on the limitation of emissions of volatile organic compounds due to the use of organic solvents in certain activities and installations, fully transposed;
- Directive No. 2001/81/EC on national emission ceilings for certain atmospheric pollutants, partially transposed;
- Directive No. 96/61/EC on prevention and control of pollution from industrial plants, partially transposed;
- Regulation No. 1005/2009 on substances that deplete the ozone layer, partially transposed; and

For further transposition of the Framework Directive No. 2008/50/EC on Air Quality, on 24.07.2018, the Government has approved the Draft Law on Air Protection from Pollution.

On 05.06.2018, the Government of the Republic of Kosovo, aiming at develop and implement certain instruments for improvement of the quality of life and providing the basis for improvement of air quality, issued the Decision No. 12/50, approved the Action Plan 2018-2020 for Air Quality. This plan will provide a framework in accordance with EU standards and principles of best practices, by which the protection and reduction of air pollution in the country will be achieved.

Also, on 29.05.2018, by Decision No. 12/49, the Government adopted the National Plan for the Reduction of Emissions (NPRE) 2018-2027, which will provide a framework for reduction of emissions in the air from Kosovo Energy Corporation (TPP Kosovo A and TPP Kosovo B), which will reflect the reduction of air pollution in KEC's vicinity as well as in the entire territory of the country, which is in accordance with the established EU standards and obligations deriving from the Energy Community Treaty.

The competent authority for air quality is the Ministry of Environment and Spatial Planning, namely the Department of Environmental Protection and Water management/Division of Protection from Industrial Pollution, Kosovo Environmental Protection Agency/Hydrometeorological Institute with a total of 9
officials. Other institutions related to this area are mainly: Ministry of Economic Development (MED), Ministry of Trade and Industry (MTI), Ministry of Infrastructure (MI), Ministry of Agriculture, Forestry and Rural Development (MAFRD), Ministry of Health (MoH), Ministry of Local Government Administration (MLGA), and Ministry of European Integration (MEI).

**Donor Support**

As far as donor support is concerned, the three (3) year project 2017-2020 is underway, which is funded by the Japanese Government and implemented by the Japan International Cooperation Agency (JICA) "Capacity Building Project for Air Pollution Control". The project includes the assessment component of the air quality monitoring stations and the possibility of completing them with new analysers, their completion and calibration as well as the training of the staff. One component of the project is the creation of air emission inventories as well as training for modelling and forecasting of air quality. The last component of the project is the development of central software for monitoring real-time air quality from all monitoring stations.

Under the support of European Commission Office in Pristina was installed the software for gathering and collecting data from monitoring stations. This software enables live monitoring of air quality from 8 monitoring stations. Investments in improving the air quality monitoring system will continue with additional support by the US Government through the Millennium Challenge Corporation Programme and by the Japanese Government through the Japan International Cooperation Agency.

Under IPA 2018 and IPA 2019 programme, rehabilitation of TPP Kosovo B will be supported with an amount of EUR 78 million, 40 million within IPA 2018 programme and EUR 38 million within IPA 2019 programme, which will reduce the pollution generated by the thermo power plant. Implementation of these funds is expected to commence during 2019.

**Waste management**

**State of Play**

*Legislative, Policy and Institutional Framework*

The legislative framework in this area consists of the Law No. 04/060 on Waste.

It has transposed the following *acquis* acts:

- Directive No. 86/278/EEC on Sewage Sludge, partially transposed;
- Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment, fully transposed;
- Directive No. 2002/95/EC on Waste Electrical and Electronic Equipment (WEEE), fully transposed;
- Directive No. 1999/31/EC on the Landfill of Waste, fully transposed; and
- Regulation No. 1013/2006/EC on shipments of waste, partially transposed.

In order to implement the legislation on waste, currently in force are the following: Strategy on Waste Management 2013-2022 and Action Plan 2013-2017, which provides particular emphasis to waste management principles described by the Directive No. 2008/98/EC on Waste, and the principle "polluter pays". Whereas during 2018, the Strategy and Action Plan 2019 - 2029 for integrated solid waste management is under drafting and supported by GIZ.

Under the Law on Waste, Article 13, the Ministry of Environment and Spatial Planning (MESP) and Municipalities of the Republic of Kosovo are competent authority for waste management. Within MESP
operates the Department of Environmental Protection and Water, namely Division for Chemicals and Waste, as well as the Environmental Protection Agency/with a total of 8 officials. Other institutions involved in various forms in the waste sector are mainly: Ministry of Economic Development (MED), Ministry of Agriculture, Forestry and Rural Development (MAFRD), Ministry of Health (MoH), Ministry of Trade and Industry (MTI), Ministry of Local Government Administration (MLGA), and the Ministry of European Integration (MEI). Whereas, municipalities under the Law on Waste are competent for solid waste management, bulk waste, wastes from the construction and demolition of buildings.

**Donor Support**

In the framework of IPA 2018 programme, the EU has allocated EUR 11 million for the area of environment, implementation of which is expected to commence in 2019. These funds will be used to assist the solid waste management system in Kosovo municipalities through investments in the creation of new landfills, rehabilitation of existing ones and assisting MESP and municipalities institutional capacities. Also, in the framework of IPA 2020 further support is envisaged for the area of environment with an amount of EUR 16 million for the waste management system.

**Water quality**

**State of Play**

**Legislative, Policy and Institutional Framework**

The legislative framework in this area consists of the Law No. 04/L-147 on Waters of Kosovo. It has transposed the following *acquis* acts:

- Water Framework Directive No. 2000/60/EC, partially transposed;
- Directive No. 91/271/EEC concerning Urban Waste-Water Treatment, partially transposed; and

During this period, on 07.09.2018, the Administrative Instruction No. 03/2018 on procedures for water permits has been adopted. In addition, for the improvement of water policies, the Assembly of the Republic of Kosovo on 30.05.2018 adopted the National Water Strategy 2017-2036.

The competent authority on water protection and management is the Ministry of Environment and Spatial Planning, namely the Water Department/Agency for Environment Protection with 30 officials. Other institutions involved in the area of water include mainly: Ministry of Economic Development (MED), Ministry of Health (MH), Ministry of Agriculture, Forestry and Rural Development (MAFRD), Ministry of Local government Administration (MLGA), Ministry of European Integration (MEI) and Regulatory Office for Water and Sewage (ROWS).

**Donor Support**

Regarding donor support in this sector, the project "Prishtina III" is being developed, from which project municipalities of Prishtina, Fushe Kosova and Gracanica benefit directly, while indirectly are benefiting 8 municipalities where RWC Prishtina operates. The value of this project is EUR 35 million (EUR 20 million from KfW, EUR 5 million by IPA 2010, EUR 5 million by the Kosovo Government and EUR 5 million by the Municipality of Prishtina).

Under implementation is the project "Prishtina II", which includes rehabilitation of water supply networks in 30% of the city of Prishtina and 70% of the city of Fushe Kosova, as well as rehabilitation of the Facility in Badovc, which is of particular importance, as this is one of the oldest water facilities. The value of this project is EUR 17 million (EUR 11 million grant by WBIF/EU and EUR 6 million loan by the German Government).
Also, under the support of the German Government, are being implemented 6 projects in the area of waste water, which will be implemented in 6 phases: First and Second Phase includes construction of Wastewater Treatment Plant in Prizren, with MESP. The Third phase includes construction of the WWTP in Gjakova, in cooperation with the Swiss Government. The Fourth phase includes construction of the WWTP in Peja, with the Swiss Government. Fifth phase includes rehabilitation of the network in Gjakova, Peja and Prizren. The Sixth phase remains for additional intervention needs.

Nature protection

State of Play

Legislative, Policy and Institutional Framework

The legislative framework in this area consists of the following main relevant normative acts:

- Law No. 03/L-233 on Nature Protection;
- Law No. 04/L-086 on National Park "Bjeshket e Nemuna";
- Law No. 04/L-087 on National Park "Sharri";
- Law No. 2003/3 on Kosovo Forests; and
- Law No. 2006/41 on Hunting.

These normative acts have transposed the following acquis acts:

- Directive No. 2009/147/EC on the conservation of wild birds, fully transposed;
- Directive No. 83/129/EEC concerning the importation into Member States of skins of certain seal pups and products derived therefrom, partially transposed;
- Regulation No. 338/97 (EC) on the protection of species of wild fauna and flora by regulating trade therein, with amendments, partially transposed;
- Regulation No. 3254/91 (EEC) prohibiting the use of leghold traps in the Community and the introduction into the Community of pelts and manufactured goods of certain wild animal species originating in countries which catch them by means of leghold traps or trapping methods which do not meet international humane trapping standards, partially transposed;
- Regulation No. 2173/2005 (EC) on the establishment of a FLEGT licensing scheme for imports of timber into the European Community, partially transposed; and
- Regulation No. 348/81 (EEC) on common rules for imports of whales or other cetacean products, and amendments, partially transposed.


On 30.05.2018, the Assembly adopted the Biodiversity Action Plan 2016-2020 with the aim to implement the Biodiversity Strategy foreseen by the Law on Nature Protection, which clearly defines the format of the Action Plan, necessary for the practical planning and financing purposes. This plan identifies specific activities, responsible and supportive institutions as well as secured or possible funding sources and time frame.
The competent authority for protection of nature is the Ministry of Environment and Spatial Planning, namely the Department for Environmental Protection, division for nature protection, Agency for Environment Protection with a total of 15 officials. Other institutions related to this area include the following: Ministry of Agriculture, Forestry and Rural Development (MAFRD), Ministry of Culture, Youth and Sports (MCYS), Ministry of Economic Development (MED), Ministry of Local Government Administration (MLGA), Ministry of European Integration (MEI) and municipalities.

**Industrial pollution control**

*State of Play*

**Legislative, Policy and Institutional Framework**

The legislative framework in this area consists of the Law No. 03/L-043 on Integrated Prevention Pollution Control.

It has transposed the following *acquis* acts:

- Directive No. 2012/18/EU SEVESO III on the control of major-accident hazards involving dangerous substances, partially transposed; and

Administrative Instruction No. 04/2018 on preventing major accident hazards involving dangerous substances has been adopted on 06.09.2018, under which the Directive SEVESO III is further transposed. On the other hand, in order to implement the transposed EU legislation, the following are in force, the Environmental Protection Strategy 2013-2022 and the Kosovo Environmental Action Plan 2013-2017.

The assigned competent authority for the control of industrial pollution is the Ministry of Environment and Spatial Planning, Environment Protection department, namely the Division for the protection from industrial pollution being assisted by the Environment Protection Agency with a total of 15-20 officers. Other relevant institutions in this area include the following: Ministry of Economic Development (MED), Ministry of Local Government Administration (MLGA), Ministry of Trade and Industry (MTI), Industrial Operators, etc.

**Donor Support**

Regarding donor support in this area, MESP benefits from the project from JICA 2017-2020 with an amount of about $ 4 million for capacity development for air pollution control.

**Chemicals**

*State of Play*

**Legislative, Policy and Institutional Framework**

The legislative framework in this area consists of the following main relevant normative acts:

- Law No. 04/L-197 on Chemicals; and
- Law No. 03/L-119 on Biocide Products.

These normative acts have transposed the following *acquis* acts:

- Regulation No. 528/2012/EC, EU concerning the making available on the market and use of biocidal products, partially transposed;
- Regulation No. 1907/2006/EC on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), partially transposed;
- Regulation (EC) No. 1272/2008 on classification, labelling and packaging of substances and mixtures, partially transposed;
- Regulation (EC) No. 689/2008 on the export of chemicals, namely Regulation No. 649/2012/EU for export-import -PIC procedure, partially transposed; and
- Regulation No. 648/2004/EC on Detergents fully transposed.

On 09.10.2018, the Government of Kosovo, by Decision No. 05/68, approved the Draft Law on Biocide Products, that is for the further completion of the legal framework and further alignment with EU legislation in the area of chemicals, which aims to regulate and operate the internal market through the alignment of the rules for making it available on the market and the use of biocidal products, ensuring a high level of protection of the health of humans, animals and the environment. This draft law is expected to be adopted by the Assembly.

The competent authority for the control of pollution by chemicals is the Ministry of Environment and Spatial Planning namely the Department of Environmental Protection, Division for chemicals and wastes, as well as the Environmental Protection Agency/with a total of 4 officials. Other institutions dealing with the area of chemicals are mainly: Ministry of Economic Development (MED), Ministry of Trade and Industry, Ministry of Local Government Administration (MLGA), and the Ministry of European Integration (MEI).

**Noise protection**

**State of Play**

*Legislative, Policy and Institutional Framework*

The legislative framework in this area consists of the Law No. 02/L-102 on Noise Protection;


In order to further approximate the local legislation with the EU *acquis* in the area of noise protection, Kosovo has decided to amend the Law No. 02/L-102 on Noise protection, which has been approved by the Government on 02.10.2018, with No. 03/67. This law will fully transpose Directive No. 2002/49/EC of the European Parliament and the Council, of 25 June 2002, on the assessment and management of environmental noise.

The competent authority on protection from environmental noise is the Ministry of Environment and Spatial Planning, namely Department of Environment Protection/Division on protection from industrial pollution and the Agency for Environment Protection/ Hydro-meteorological Institute with a total of 4 officials. Other relevant institutions include the following: Ministry of Health (MH), Ministry of Trade and Industry (MTI), Ministry of Infrastructure (MI), Ministry of Local Government Administration (MLGA) and the Municipalities.

**Forestry**

**State of Play**

*Legislative, Policy and Institutional Framework*
Legislative framework in this area consists of the following main relevant normative acts:

- Law No. 2005/49 on Forest in Kosovo;
- Law No. 02/L-53 on Hunting;
- Law No. 2006/02-L41 on Fire Protection; and
- Law No. 02/L-26 on Agricultural Land.

These normative acts have transposed the following *acquis* acts:

- Directive (EU) No. 92/43/EEC on the conservation of natural habitats and of wild fauna and flora, partially transposed;
- Directive (EU) No. 79/409/EEC on the conservation of wild birds, partially transposed;
- Regulation (EU) No. 691/2011 on European environmental economic accounts, partially transposed; and
- Regulation (EU) No. 995/2010 laying down the obligations of operators who place timber and timber products on the market, so called "EU TR", partially transposed.

The policies, strategies and action plans on development of the sector of forestry in Kosovo approved by the Government of Kosovo are summarised in the document "Policy and Strategy Paper on Forestry Sector Development 2010 - 2020".

The competent authority in the area of Forestry is the Ministry of Agriculture, Forestry and Rural Development (MAFRD) as the highest Kosovo forests management body, namely the Forestry Department and Kosovo Forest Agency (KFA). The numbers of employees in the Forestry Department is 7 while KFA as an executive authority employs 140 officials. Other relevant institutions include the following: Ministry of Environment and Spatial Planning (MESP), Ministry of Economic Development (MED), Ministry of Trade and Industry (MTI), Ministry of Local Government Administration (MLGA) and Ministry of European Integration (MEI).

**Climate change**

**State of Play**

**Legislative, Policy and Institutional Framework**

The legislative framework in this area consists of the following main relevant normative acts:

- Law No. 03/L-160 on Air Protection from Pollution;
- AI No. 01/2016 on Mechanisms for Monitoring and Reporting Greenhouse Gas Emissions; and

These normative acts have transposed the following *acquis* acts:

- Directive No. 2009/30/EC as regards the specification of petrol, diesel and gas-oil, partially transposed;
- Directive No. 2011/83/EU on consumer rights, fully transposed;
- Regulation (EU) No. 525/2013 on a mechanism for monitoring and reporting greenhouse gas emissions and for reporting other information at national and Union level relevant to climate change, partially transposed; and
- Regulation No. 842/2006 on certain fluorinated greenhouse gases (F-Gases), partially transposed.

The competent authority designated for climate change is the Ministry of Environment and Spatial Planning, respectively the Department of Environmental Protection/Division for Protection from Industrial Pollution, and the Environmental Protection Agency/Hydrometeorological Institute, with a total of 9 officials. Other institutions related to this area are mainly: the Ministry of Economic Development (MED), the Ministry of Trade and Industry (MTI), the Ministry of Infrastructure (MI), the
Ministry of Agriculture, Forestry and Rural Development (MAFRD), the Ministry of Health (MoH), the Ministry of Local Government Administration (MLGA), and the Ministry of European Integration (MEI). Furthermore, since 2015 has been established and is functional the National Committee on Climate Change.

**Civil Protection**

**State of Play**

**Legislative, Policy and Institutional Framework**

The legislative framework in this area consists of the following main relevant normative acts:

- Law No. 04/L-27 for Protection against Natural and other Disasters;
- Law No. 04-L-230 on the Agency for Emergency Management;
- Law No. 04/L-012 on Fire Protection; and
- Law No. 04/L-049 on Fire-Fighting and Rescue.

These normative acts have partially transposed Directive No. 2012/18/EU-SEVESO III.

So far Kosovo has drafted a National Reaction Plan as well as the Disaster Risk Reduction Strategy and Action Plan 2016 - 2020.

The competent authority for civil protection is: Ministry of Environment and Spatial Planning (MESP) – Department of environment Protection, namely the Division on Protection from Industrial Pollution, KEPA – Hydrometeorological Institute; Ministry of Internal Affairs and the Emergency Management Agency with a total of 7 officials. Other relevant institutions relating to civil protection are namely: Ministry of Economic Development (MED), Ministry of Foreign Affairs, Ministry of Finance, Ministry of Agriculture, Forestry and Rural Development, Ministry of Trade and Industry, National Public Health Institute, Kosovo Fire-fighters Unit, Ministry of Local Government Administration (MLGA), and the Ministry of European Integration (MEI).

**Medium-term Priority Objectives**

In order to meet the obligations arising from the SAA and other documents and mechanisms for EU accession in the areas within the scope of Chapter 27, the focus during the period 2020-2023 will be on following mid-term priorities:

- Groundwater and Surface Water Monitoring Programme;
- Forestry Development Strategy 2021 - 2030;
- National Programme for Wildlife Management and Hunting; and
- National Forest Inventory III.

**3.28. Acquis Chapter 28: Consumer and Health Protection**

The EU legislation on the Chapter of Consumer Protection and Public Health consists of measures, regulation, recommendations, coordination and support for activities of Member States, including financial support. The Chapter deals with the interest of citizens in relation to consumer safety policies, economic interest and public health.
The *acquis* in the area of consumer protection includes consumer protection, product safety, selling of consumption products and their guarantees, unfair contract conditions, online sale, door to door sale, misleading information, unfair commercial practices, consumer loans, as well as cross-border implementation and cooperation. The EU Rapid Alarm System (RAPEX) is part of this as well.

In the area of public health, the EU legislation deals with issues related to tobacco control, transmissible diseases, blood, tissues, cells and organs, mental illness, prevention of drug abuse, and cancer diagnosis. The *acquis* in this area also regulates the patient rights in cross-border health care, promotion of healthy environment and prevention of injury.

Implementation of policies in consumer protection and public health requires adequate administrative capacities and infrastructure at all administrative organizational levels. In terms of consumer protection this means effective market surveillance and adequate judicial and non-judicial mechanisms for claim and dispute resolution. The EU policies aim at public involvement in policy consultation and awareness-raising in consumer protection.

**SAA Requirements**

With regards to Consumer Protection, Article 81 of the SAA obliges Kosovo to create active consumer protection policies, in line with the EU law, including enhancement of information and development of independent organizations in Kosovo, alignment of national legislation on consumer protection with the existing EU legislation, effective legal protection of consumers to ensure improvement of the quality of goods consumed, and maintaining the adequate safety standards, monitoring the regulations by the respective authorities and ensuring access to adequate legal compensation in cases of disagreement, as well as exchange of information on dangerous products.

**Requirements from other EU accession mechanisms**

In the area of consumer protection, the EC Report for Kosovo 2018 and the outcome of the Subcommittee for Internal Market, Competition and Consumer and Health Protection highlight that the involvement of civil society in consumer protection and consumer rights should increase, as well as to provide an adequate number of inspectors and provide market surveillance.

Regarding the Public Health, the EC Report for Kosovo 2016 highlights the increase of financial resources to enable the implementation of health sector reforms, including further expansion of the Electronic Health Information System.

**State of Play**

**Legislative and Policy Framework**

**Legislative and policy framework in the area of consumer protection**

Legislative framework in this area consists of the following main relevant normative acts:

- Law No. 06/L-034 on Consumer Protection;
- AI No. 13/2018 Procedures for Complaints and Appeals.

These normative acts have transposed these *acquis* acts:

- Directive 1999/44/EC on certain aspects of the sale of consumer goods and associated guarantees, Directive 2002/65/EC concerning the distance marketing of financial services;
- Directive 2005/29/EC concerning unfair business-to-consumer commercial practices in the internal market;
• Directive 2008/48/EC on credit agreements for consumers;
• Directive 2008/122/EC on the protection of consumers in respect of certain aspects of timeshare, long-term holiday product, resale and exchange contracts;
• Directive 2009/22/EC on injunctions for the protection of consumers' interests,
• Directive 2011/83/EU on Consumer Rights;


Legal framework in the area of financial services consists of the following main relevant normative acts:
• Law No. 04/L-155 on the Payment System for Payment Service Users;
• Law No. 04/L-018 on Compulsory Motor Liability Insurance;
• Regulation on Disclosure of Effective Interest Rate Requirements;
• Internal Complaints Handling Rules;
• Regulation on Internal Complaints Handling Process;

These normative acts have transposed the following acquis acts:
• Directive 2007/64/EC on Payment Services in the Internal Market - partially;
• Directive 2009/13/EC, as well as Regulation No. 2001/25 on Licensing, Supervision and Regulation of Insurance Companies and the Insurance Intermediaries - partially;
• Directive 2008/48/EC on Credit Agreements for Consumer, which among others defines calculation of the effective rate.

Legislative and policy framework in the area of health protection
Legislation in the area of public health consists of Law No. 04/L-125 on Health. This law has the aim of establishing legal grounds for the protection and improvement of health of the citizens of the Republic of Kosovo through health promotion, preventive activities and provision of comprehensive and quality healthcare services.

Legal framework in the area of Health Protection consists of the following laws:
• Law No. 06/L-042 on Blood and Blood Components,
• Law No. 04/L-192 on Transplantation of Tissues and Cells,
• Law No. 04/L-156 on Tobacco Control,
• Law No. 05/L-023 on the Protection of Breastfeeding,
• Law No. 02/L-78 on Public Health; Law No. 02/L-76 on Reproductive Health,
• Law No. 02/L-109 on Prevention and Fighting Against Infectious Diseases.

Subsidiary legal acts:
• AI No. 06/2013 on Medically Assisted Conception;
• AI No. 05/2011 on Prevention and Control of Hospital Infections; and
• AI No. 05/2010 on Vaccinoprophilax, Seroprophilax and Kimioprophilax.

These normative acts have transposed the following acquis acts:
• Directive 2002/98/EC on setting standards of quality and safety for the collection, testing, processing, storage and distribution of human blood and blood components regardless of purpose;
• Directive 2004/33/EC, through which is applied Directive 2002/98/EC in relation to technical requirements for blood and blood components;
• Directive 2005/61/EC, through which is applied Directive 2002/98/EC in relation to traceability and reporting of serious adverse reactions and events;


This law partially transposes Directive 2006/141/EC on Infant Formula and Subsequent Formula.

Institutional Framework

Institutional framework in the area of consumer protection
Institutional framework in this area consists of following institutions:

- The Ministry of Trade and Industry, namely the Department for Consumer Protection and the Market Inspectorate;
- The Central Bank of Kosovo, specifically the Division on Appeals Review for Financial Service Users in CBK;

Another important body in consumer protection is the Council for Consumer Protection, established through the Law on Consumer Protection. The Council has been expanded from 7 to 16 members, by the Government’s Decision No. 05/77, dated 4 December 2018. Members of the Council represent MTI, Food and Veterinary Agency (KFVA), Kosova Chamber of Commerce (KCHC), Kosovo Business Alliance (KBA), Central Bank of Kosovo, Energy Regulatory Office, Independent Media Commission, the Non-Governmental Organizations "Konsumatori", "LENS", "FOL" and "Kallzo.Com", and the GAP Institute. The Council responsibilities are of a counselling nature in the area of consumer protection, while it is also responsible to draft the Programme for Consumer Protection, and the monitoring of its implementation.

Institutional framework in the area of health protection
The main body in the area of health protection is the Ministry of Health. The competent bodies tasked with implementation and monitoring of the law on tobacco control are the following: central inspectorates of line ministries, such as: Health Inspectorate (MH), Sanitary Inspectorate (KFVA), Trade Inspectorate (MTI), Labour Inspectorate (MLSW), Education Inspectorate (MEST), Transport Inspectorate (MI), Kosovo Police, the Kosovo Anti-Corruption Agency, and municipal inspectorates. Present administrative capacities for implementation of the law on tobacco control currently are not sufficient.

Transfusion activity in the Republic of Kosovo is performed by authorized transfusion institutions organized in two levels; National Centre for Blood Transfusion and Blood Transfusions Units that function within regional hospitals.

The Health Inspectorate operates within the Ministry of Health and has 25 employed inspectors.

The Inter-Ministerial Council for Tobacco Control was established by the Government of Kosovo, based on the Law on Tobacco Control, and it is constituted of 15 members, representing Ministry of Health, Education, Science and Technology; Finance; Labour and Social Welfare; Justice, Internal Affairs; Environment and Spatial Planning; Infrastructure; Agriculture and Rural Development; Culture, Youth and Sports; health practitioners, media and civil society representatives. This Council is competent to propose prevention measures, as well as measures in awareness-raising, education, and for monitoring their implementation.
Other institutions responsible to implement the legislation in the health sector are the National Institute on Public Health, Municipalities/Inspectorates, Health Institutions and National Board on Cancer Control.

As regards the policy framework, the competent instruction for developing health protection policies is the Ministry of Health. This institution has a number of strategies, programmes and action plans as follows:

The Health Sector Strategy 2017-2021 defines three strategic objectives for the development of health sector, including: Health Preserving and promoting, ensuring sustainable health financing and reorganizing the health sector. The Ministry of Health in order to continue improving the health of mother, child, adolescent and reproductive health has finalized the Strategic Plan 2019-2021 on mother, child, adolescent and reproductive health (SPMChARH).

The Strategic Plan provides a comprehensive framework in efforts to achieve the goal of reducing the morbidity and mortality of mothers and children in the Republic of Kosovo.

This document promotes an integrated approach for the implementation of activities and recommendations that support policies and programmes of the Ministry of Health, as well as global goals of this area in general.

The purpose of the Strategic Plan is to ensure the utilization of available expertise, to coordinate interventions in the area of mother and child health, including human and financial resources, as well as the infrastructure for carrying out activities that will consequently have maximum impact on the improvement of indicators and reduction of mother and child morbidity and mortality. Activities focus on mother’s health from pre-conception to postpartum stage and child health from perinatal stage to adolescent phase.

The Strategic Plan shall be implemented by all relevant Institutions in cooperation with the Ministry of Health and other local and international partners.

Taking into account the state of mother and child health in our country, the need to address the problems in this area is considered a priority of the Ministry of Health and for this purpose the Sectoral Health Strategy 2017-2021 has foreseen within the Strategic Objective "Health Preservation and Promotion", Specific Objective 2: Improvement of mother and child health.

The expanded immunizations programme is a document that determines the mandatory vaccines, which are used to immunise children of certain age at certain time intervals. Aiming at addressing the inequality, the Ministry of Health, in cooperation with the relevant partners and supported by the World Health Organization (WHO), has started the process of reorienting the programme in order to increase the level of immunization for children of Roma, Ashkali and Egyptian communities. With this in mind, a number of activities are taking place, in order to ensure the inclusion of such children in the regular vaccination.

Donor Support

Kosovo institutions are supported by the European Commission (through IPA) and by other bilateral donors with the following summarized projects.

Current and planned IPA Projects

Consumer protection
Description: Free Movement of Goods 2 - The Consumers Protection Component aims to support awareness-raising activities, to further approximate legislation with the EU *acquis*, to support the Department for Consumer Protection in active participation in relevant European and international organizations and in staff training. Beneficiary: Ministry of Trade and Industry, namely the Department for Consumer Protection. Period of implementation: 2018 - 2020.

*Health protection*

The health sector is supported by the project "Accessible Quality Healthcare" 2017-2019, which is funded by the Swiss Government/SDC. The budget of the project is EUR 6,074,720 and will focus on Primary Health Care and aims to improve the health of the Kosovo population by improving access to health services, quality of services and health management by empowering patients' needs (especially of vulnerable groups).

Luxembourg Government will continue to provide support through the project Support to Kosovo Health Sector KOS 017 (second phase). The project will continue support the health sector in reform development with a budget of EUR 6,000,000.

The Global Fund will continue to support TB prevention activities and will finance the continuation of the project "HIV Prevention in Kosovo".

The United Arab Emirates will support the construction of Paediatric Surgery Hospital in UCCK in the amount of EUR 22,000,000.

*Medium-term Priority Objectives*

**Consumer protection**

- Drafting and Approval of Secondary Legislation for the Implementation of the Law on Consumer Protection;
- Strengthening the role of the Council for Consumer Protection;
- Implementation of the Consumer Protection Programme;
- Further development and strengthening of administrative capacities of the Department for Consumer Protection;
- The continuous increase of the level of involvement of consumer associations and relevant stakeholders in the area of consumer protection.

**Health protection**

- In the legal aspect, in the mid-term plan will continue the alignment of the primary and secondary legislation with the EU *acquis* in the area of patients' rights in the cross-border healthcare, mental health, blood, tissue, cells, injury prevention, smoking, diet, psychological and physical activity.
- In terms of institutional capacity, for the next 2 years the functionalization of state authority, namely Biomedical Division established on the basis of the Law on Transplantation of Tissues and Cells will be done.
- With regards to implementation measures, the focus will be in implementing the existing strategies, with special focus on: cancer control, promotion of health education, primary healthcare, mental health, antimicrobial resistance, programme for immunisation of mother, children and adolescent, reproductive health, vaccination and HIV-AIDS.

3.29. **Acquis Chapter 29: Customs Union**

The *acquis* in the area of customs union consists almost exclusively of legislation which is directly binding for the Member States. It includes the EU Customs Code and its implementing provisions, combined
nomenclature, common customs tariff and provisions on tariff classification, customs duty exemption, duty suspensions and certain tariff quotas, and other provisions, such as those on customs control of counterfeit and pirated goods, drugs precursors, export of cultural goods, as well as on mutual administrative assistance in customs matters and transit. Member States must ensure that the necessary implementing and enforcement capacities, including links to the relevant EU computerised customs systems, are in place. The customs services must also ensure adequate capacities to implement and enforce special rules laid down in related areas of the acquis, such as external trade.

**SAA Requirements**

Actions in the area of customs have been undertaken in accordance with obligations deriving from Stabilisation and Association Agreement, Articles 17, 18, 19, 39, 48, 75, 93 and 104. Articles 17, 18, 19, 39, 48 and 93 particularly outline strengthening of cooperation with countries in the region that have signed the SAA, while Article 49 and Protocol 3 stipulates the originating rules for implementation of this Agreement.

The Stabilisation and Association Agreement, particularly Article 104 refers to customs. This Article obliges the parties that will enter into cooperation in this area with the purpose of guaranteeing compliance with provisions to be adopted in the area of trade and to reach approximation of the customs system of Kosovo with the one of EU, thus contributing towards achievement of liberalization measures foreseen by this Agreement and to gradually approximate Kosovo customs legislation with the EU acquis. The cooperation will take into account the priority areas related to the EU customs acquis. In this aspect, Protocol 4 establishes the rules for mutual administrative assistance in the area of customs, between the parties. Also, in order to ensure free trade, the Customs will enhance administrative capacities in the area of fighting informal economy, and the area of protection of intellectual property (Chapter VI, Article 4.3).

Within Protocol 3, following the entry into force of the SAA, Kosovo should sign and ratify the Convention on Pan-Euro-Mediterranean preferential rules of origin, as the convention that implements SAA regarding the trade area.

Customs is considered as one of the key areas in the implementation of obligations deriving from SAA on free movements of goods, implementation of facilitating trade measures as well as fighting fiscal evasion, contraband and piracy for a stable economic development. This covers legislation aligned/adopted with acquis, strategic documents, structuring of Customs Administration, administrative capacities and the rule of law.

**Requirements of other EU accession mechanisms**

Based on the EC Country Report 2016 for Kosovo, in the area of customs Kosovo can be considered as averagely prepared. There was some progress, especially in implementing declarations without documentation and simplification of administrative procedures. Now, Kosovo needs to further align its customs legislation with the EU customs code. Kosovo also needs to increase the coordination between Kosovo Customs, law enforcement agencies and other relevant institutions to combat the informal economy and customs fraud.

Conclusions of the 2018 Sub Committee require that the Kosovo Customs and Excise Code be adopted to further align it with the EU legislation and practices, as well as to further strengthen coordination between Kosovo Customs, law enforcement agencies and other relevant institutions to combat the informal economy and customs fraud.

**State of Play**

**Legal and Policy Framework**
In the recent years, Customs has made significant progress and has undertaken a number of positive steps towards modernization and development, which aim to approximate the administration procedures and systems with those of EU.

Kosovo Customs has continued to improve its legislation. On 8 May 2018, the Law No. 06/L-015 on Customs Measures for the Protection of Intellectual Property Rights has been published in the Official Gazette. During the end of 2017 and 2018, several domestic subsidiary legal acts (including those that have only been amended) have been adopted, of which the most important are listed below:

- AI No. 43-2017 on procedures for granting authorization for approved exporters' procedures. The purpose of this AI is to enhance simplified procedures during issuance and verification of reduction of administrative costs and time by being authorized as a certified exporter.
- AI No. 44-2017 amending Administrative Instruction 86/2010, which specifies the obligation to place fiscal controlling signs (banderols) in alcoholic beverages. This AI specifies the conditions and criteria to be met for issuing a license for banderols, to the entity that deals with the import, production of alcoholic beverages and the setting out the sanctioning measures.
- AI No. 45/2017 amending the AI No. 37/2016 on the establishment of employment relationship for Customs Officers. This AI has amended Article 45 dealing with the promotion, Article 94 dealing with the schedule of using annual holiday and Article 98 dealing with the compensation of educational activities.
- AI No. 46/2018 on the implementation of selective controls on customs operations. This rule of AI for the implementation of selective controls is defined by using risk management techniques.
- AI No. 47-2018 amending the Administrative Instruction No. 36/2016 on salaries, allowances and remunerations applicable to Kosovo Customs.
- AI No. 48-2018 amending the Administrative Instruction No. 92/2011 which defines the places where customs offices will be located, the working hours, routes and deadline for goods brought to Kosovo.
- AI MF-KC No. 471/2018 amending AI No. 36/2016 2016 on salaries, allowances and remunerations applicable to Kosovo Customs, dated 18.01.2018.
- AI No. 48/2018 amending AI No. 24/2016 which has amended the AI No. 92/2011 which defines the places where the customs offices will be located, the working hours, routes and the deadline for presenting goods brought to Kosovo, dated 19.03.2018.
- AI No. 49/2018 amending the AI No. 69/2009 laying down the conditions for the transport of excise products and the documents that should accompany them, dated 18.05.2018.
- AI No. 50/2018 amending the AI No. 103/2012 on the inventory of Kosovo Customs property, dated 07.06.2018.
- AI No. 51/2018 amending the AI No. 106/2012 on assessment of the property of Kosovo Customs, dated 07.06.2018.
- AI No. 52/2018 amending AI No. 33/2016 on the Treatment and Administration of Seized and Confiscated Goods, dated 20.06.2018.

In general, Kosovo's legislation in the area of customs duties has been considered as being in line with the acquis and the EU Customs Framework.

As far as the transposition of acquis acts in these normative acts is concerned, Kosovo Customs, as its primary legislation, implements the Law No. 03/L-109 on Customs and Excise Code, dated 10 November 2008, amended by Law No. 04/L-099, dated 3 May 2012. This law is partially in line with the EU Customs Code, namely with EU Regulation No. 952/2013 of the European Parliament and of the Council, of 9 December 2013, laying down the Union Customs Code.
Implementing provisions regarding the Customs Code are included in the Administrative Instruction 11/2009, dated 2009, signed by the Ministry of Finance. Upon entry into force of Customs and Excise Code No. 03/L-109, 64 subsidiary legal acts have been issued (AIs and Internal Instructions).

**Institutional and Policy Framework**

The institutional framework in this area comprises of the following institutions:

- Ministry of Finance;
- Kosovo Customs

The Kosovo Customs Administration operates under the authority of Ministry of Finance which is the responsible body to implement customs policies in the Republic of Kosovo. Customs are composed of General Directorate of Customs and Customs Regions. Kosovo Customs has been established in August 1999 from the UNMIK pillar, in order to ensure rightful and comprehensive application of customs rules and other applicable provisions for good, which are subject to customs supervision. On 12 December 2008 UNMIK Customs Service was transformed to Kosovo Customs. The new customs code adopted by the Kosovo Assembly on 11 November 2008 enabled this transition. This Customs Code was amended in 2012 and is in accordance with EU legal standards and aims economic development of the Republic of Kosovo.

Kosovo Customs is responsible for ensuring the correct and uniform application, in accordance with customs rules and other provisions applicable to goods. Besides the responsibility to collect customs duties, Kosovo Customs is the main institution to collect VAT and the Excise tax at borders, and is responsible to protect the society from smuggling drugs and other forbidden goods, which have a negative impact and constitute economic crime and fiscal evasion.

Kosovo Customs has been developed in accordance with the EU standards and is completely financed by the Kosovo consolidated budget and currently employs around 591 employees. Customs invests in its staff, in order to keep up with new developments, always in accordance with the Customs Operative Strategy and Blueprint (European Union Document).

Regarding the strategic documents, Kosovo Customs operates on the basis of Operative Strategy. At the end of 2018 it was finalized and approved Strategic Plan 2019-2023.

This strategy sets the aims and objectives established by the Government of Kosovo, the findings from the Progress Report, Subcommittee, SAA Action Plan and Customs Blueprint. All Blueprint chapters have been analysed and completed their self-assessment. As a result of these analyses the gap report was completed and needs were identified.

Kosovo Customs operates throughout the Kosovo customs territory, including the north, in two borders points with Serbia, in order to implement the Customs and Excise Code of Kosovo (No. 03/L-109) and unify customs procedures.

The SEED application remains one of the most important tools for the pre-arrival information exchange with Montenegro, Albania, Serbia and North Macedonia.

Kosovo Customs collects approximately 58% of the Kosovo budget income. IMF has continuously praised the service for its performance, comparing it to the services of Western Europe.

During the nine month period (January-September 2018), total revenues collected by Kosovo Customs reached an amount of approximately EUR 837 million, which compared to the same period of 2017 indicates an increase by 3.13% or about EUR 25.5 million more. On the other hand, an influence on
revenues collected by Customs during this period has also had the SAA, fiscal package that refers to the exemptions from import taxes for the producers as well as the import of used cars. Regarding the exemptions according to the SAA, it should be noted that the impact on the revenues from the SAA during this period is around EUR 33 million, while the impact on the revenues of the fiscal package referring to producers over the reporting period is about EUR 56 million. The impact of import restriction on used cars should also be mentioned, where is marked a substantial decrease compared to last year, where there were 9816 used cars less imported, which has contributed to a decrease of EUR 16.7 million less than the same period of last year in the category of used cars, while regarding new cars we have an increase of imports by 583 cars, which caused an increase in incomes for this category of new cars by around EUR 2 million.

Customs has undertaken internal reforms in order to accommodate the business needs, decrease the expenses and the bureaucratic procedures which reforms shall indirectly serve also as anti-corruption preventive measures.

Regarding trade facilitation, Customs makes continuous efforts to keep a balance between control and facilitation of trade, by creating appropriate conditions for customs clearance procedures and making the same more efficient. The green and blue channels enable legitimate businesses to complete customs procedures within 30 minutes from the entrance into the customs check. Also, recently the Paperless concept has been introduced for customs clearance of goods. In order to further enhance the performance and facilitate the trade, Kosovo Customs will continue comprehensive administrative reforms and will increase the number of businesses that use the Green channel. Customs has prepared the infrastructure for eliminating business registration for export-import, online sale of goods, and it was implemented the E-Payment project.

An important step is also the introduction of the Secure Line (free telephone line) which resulted in increase of actions and information regarding corruptive actions. Over 95% of the information received from the citizens resulted as accurate.

Regarding the number of Customs joint operations with other local institutions, such as KP, Prosecution, TAK and other law enforcement actors, for the first quarter of 2018 is 92, and compared to the previous year there has been an increase, where for the same period in the previous year 25 joint operations were carried out. For the second quarter 2018, only 6 joint operations were carried out with the Border Police, whereas concerning operations with the Prosecution, TAK and other law enforcement actors, during the second quarter of 2018 Kosovo Customs has conducted 24 joint operations with other institutions. During the third quarter of 2018, 158 joint operational plans were implemented with other law enforcement institutions, such as Kosovo Police, Kosovo Tax Administration, KFOR, etc. Compared to the previous year, there has been an increase in terms of joint activities, where during 2017, in the same period, 110 operations were conducted with other law enforcement actors.

In order to increase international customs cooperation, Kosovo has signed 12 bilateral agreements/memorandums with EU and regional countries, while other agreements are being negotiated. Also, Kosovo aims to be granted with informal status of observer in Joint Transit Convention. Whereas, for the purpose of implementing Protocol 4 of SAA on administrative assistance in customs matters, Customs has exchanged the point of contact with OLAF through which information will be exchanged with a view to preventing, investigating and combating illegal cross-border activities.

Regarding the number of information exchanges with EU countries, during the period January - September 2018 a total of 105 correspondences were exchanged with administrations of other countries. Of these, 23 correspondences were exchanged with EU countries. Compared to the same period of the previous year (2017), 3 more correspondences were exchanged with the EU countries.
Regarding the protection of Intellectual Property Rights (IPR), the Kosovo Customs applies the Law on Customs Measures for Protection of Intellectual Property Rights (Law No. 03/L-170) as part of State Council on Intellectual Property, which aims enhancement of inter-institutional cooperation and coordination. In general, all of the abovementioned institutions have specific responsibilities which contribute in appropriate development of the IPR area.

Development of systems in order to facilitate the work of companies is also one of the priorities of Kosovo Customs.

All these systems developed are reflected in transparency and eliminate the discretion and decision-making of the customs officer. Customs is also working on a number of new modules, which will further advance and modernize our organization, including: audit case selection system, case management and archive system, a trade portal that will provide a more transparent access to the entities during the customs clearance procedure.

Kosovo Customs has also advanced with systems and facilitating procedures. In terms of systems, the latest version of the ASYCUDA World 4.3.2 custom system has been applied, which has enabled many modules to add some features that were missing in the previous version. Now with the new version of the transit module it is made possible and has started immediately with the attachment of invoices and other relevant documents that facilitate the risk analysis in transit. Also in the process are many other changes that will directly affect the simplification of customs procedures.

Within the process of digitalization of business processes in Kosovo Customs, the project Enterprise Content Management (ECM) is being developed, which is part of the Law Enforcement Platform which enables departments and sectors within the KC to communicate through the system in developing customs procedures, such as: Generating the requests for authorizations, licenses, reports, case generation and correlation of cases based on fiscal number, request protocols, mails and official documents electronically, which take electronic protocol numbers, approval of applications, issuance of authorizations, etc., and all of these are done within a single system.

The OPEN Data platform has also been functionalized; this platform enhances the level of transparency and assures everyone that Customs is a transparent and credible institution. The OPEN DATA platform contains several categories as follows:

- Trade balance over the years, where all interested parties can find trade exchanges of Kosovo with all countries, both in terms of import as well as export.
- CEFTA, this category clearly shows Kosovo's trade exchanges with all member states that are part of the CEFTA international Agreement.
- SAA reflects the Customs activity, namely all data related to the implementation of the Stabilisation and Association Agreement in the aspect of trade since April 2016.
- Monthly/yearly performance is a category that enables everyone interested in the work of the Customs and our performance.
- Customs clearance time indicates the time needed for customs clearance of goods, both in import and export.

Development of systems facilitates the work of customs officers, as well as provides additional capacities:

- Online system for customs warehouse management - enables electronic online oversight of all authorized customs warehouses. This system enables the Customs, an accurate and up-to-date control of all entry/exit points of warehouses and customs procedures, thus the Customs controls during 24 hours the warehouses without physical presence.
Games of Chance System - enables the identification and oversight of activities of authorized entities for games of chance activities. The system provides to Customs the flexibility in finding company data and their payments in real time.

'Online' declaration of monetary means - it is created the possibility of declaring monetary means, it is expected the connection of this system with CBK and Financial Intelligence Unit. The system enabled the removal of classic forms, which were filled by the officials and now the system enables automatic monetary reporting and calculations.

System for Identification of customs offenses - the system enables the management of entire process of customs offenses, starting from the initial phase until the completion of the case.

Online sale (e-auction) - we developed a system that enables online sale of confiscated goods. Its activation is expected during 2017.

System for Authorizations and Normative - a system has been established which records and manages all authorizations for procedures with economic impact (customs warehouse, internal processing, etc.), in the customs processing procedure.

System for registering bank guarantees - a system has been created which manages all bank guarantees at the level of the entire institution.

Excise return management system for manufacturers - the system enables management of authorizations for manufacturing entities.

System for Decision Review Sector - enables the identification and management of cases (complaints), which are presented in the decision review section.

International cooperation system - identifies and manages all requests related to international exchanges.

ASG Selection System - this system enables automatic selection of cases for second checks.

Cargo Selection System for Simplified Procedures - it is established a system which randomly selects for detailed controls a number of cargoes which are authorized for the simplified procedure.

Medium-term Priority Objectives

In the medium term plan, the main legal priority that is foreseen to be accomplished is:

- Adoption of Administrative Instruction on implementation of Customs Code.

In the medium term, the main implementation priorities that are expected to be accomplished are the following:

- Implementation of the Economic Operators Authorization (AEO) Programme;
- Further strengthening of coordination between Kosovo Customs, law enforcement agencies and other relevant institutions to combat the informal economy and customs fraud;
- Finalizing of the information exchange of border agencies through SEED + at national level;
- Finalizing of the information exchange of CEFTA countries through SEED + at national level;
- Modernization of Kosovo Customs according to the standards of the EU Customs Code (EU Blueprint).

3.30. Acquis Chapter 30: External Relations

Acquis in this area consists mainly of EU legislation, which is directly applicable and does not require transposition into national legislation. This legislation of the EU in essence results from multilateral and bilateral commitments of the EU in the area of trade, as well as from a number of autonomous trade measures. In the area of export credits and dual-use goods, some Directives require amendment of national legislation.
In this context, candidate countries are required to progressively align their policies towards third countries and to align their positions within international organizations (e.g. WTO, OECD) on policies and positions adopted by the European Union and the Member States.

In the area of development policy and humanitarian aid, EU Member States shall comply with the EU legislation and international commitments and ensure the capacity to participate in development and EU’s humanitarian policies.

**SAA Requirements**

The obligation for the approximation of legislation with the European Union derives from Article 74 of the SAA, a provision according to which Kosovo has not only the obligation to bring its national legislation in line with EU law, but also to ensure its implementation.

The Stabilisation and Association Agreement (SAA) includes a part of the free trade agreement between Kosovo and the EU. It includes provisions in several areas requiring the parties to act in accordance with international rules or obligations. Moreover, the SAA regulates the economic cooperation with the EU and other countries that have SAA into force, such as customs cooperation (protocol on customs cooperation), implementation of WTO rules on free trade, etc. Kosovo’s obligations under the determination contained within the SAA on trade policy and economic cooperation are provided under the following Articles: 20, 23, 24, 27, 31, 33, 38, 39, 45, 60, 64, 74, 75, 76, 94, and 104. The obligations in this Programme are addressed by the relevant chapters for free movement of goods, customs, monetary and economic policies, etc.

**State of Play and Perspective**

Within the economic relations and general framework of the EU integration perspective, Kosovo is currently benefiting from the preferential trade measures of the EU for the Kosovo’s export. For more about the economic cooperation with the EU, please see Chapter on Economic Criteria and that of economic and monetary policy. Moreover, the Republic of Kosovo already is a member of the World Bank, the International Monetary Fund and several international financial institutions. Kosovo is also benefiting from the unilateral preferential trade system for export of some products in the USA, Japan, Switzerland and Norway. Whereas, regarding economic cooperation with other countries, Kosovo has signed several bilateral agreements for the elimination of double taxation (AEDT). The Agreement for Elimination of Double Taxation (AEDT) is an agreement/convention between two states for taxation or elimination of double taxation. Thus, it aims to determine the state that has the right of taxation on the same income or capital in the cases when a person is taxable in both states.

Kosovo is implementing 11 agreements on the Elimination of Double Taxation in Incomes and Capital Tax and combating tax evasion and tax avoidance, which are currently in force. 3 of these agreements were signed at the time of former Socialist Federal Republic of Yugoslavia with other countries. The countries with which Republic of Kosovo signed agreements for Elimination of Double taxation in Incomes and Capital Tax and combating tax evasion and tax avoidance are the following: Belgium in effect since 13.04.2012, Great Britain in effect by former SFR Yugoslavia in 01.04.1982, while in force in RKS since 06.09 .2010, Finland in force by SFR Yugoslavia 1987 while in force in RKS since 08.09.2011, Germany in force by SFR of Yugoslavia since 26.05.1983,while in force in RKS since 02.04.2010, the Netherlands in force by SFR of Yugoslavia since 06.02.1983, Hungary in force since 12.03.2014, North Macedonia in force since 11.04.2013, Slovenia in force since 18.06.2015, Albania in force since 11.03.2015 and Turkey ratified by Kosovo on 07.11.2012. During 2017, it was managed to be concluded the agreement between Kosovo and Switzerland; Kosovo and Austria; Kosovo and Luxembourg.
During 2018, Agreements with Belgium, Lithuania, Latvia, and Malta were negotiated; whereby approximated the text at the technical level. Meanwhile, negotiations with Qatar and Kuwait have been initiated.

**CEFTA Agreement**

CEFTA (Central European Free Trade Agreement) agreement is a free trade agreement, in which take part eight countries of the Western Balkan region: Kosovo, Albania, North Macedonia, Montenegro, Serbia, Bosnia and Herzegovina and Moldova. Kosovo has signed the CEFTA Agreement in 2006 as UNMIK, which entered into force since 2007.

The first CEFTA Agreement was signed between Poland, Hungary, the Czech Republic and Slovakia in December 1992 and became effective in July 1994. Through CEFTA these participating countries were mobilized to access political, legal and economic institutions of the European Union, thus strengthening their democracy and market economies. Since, in 2007 all previous parties to CEFTA entered the European Union and left the CEFTA, it was decided to expand CEFTA to the part of the Balkans left outside the EU.

It is noteworthy that the free trade of goods has been negotiated and currently negotiations for services are taking place between CEFTA countries (Albania, Bosnia and Herzegovina, North Macedonia, Moldavia, Serbia, Montenegro and Kosovo). The negotiations consist of 6 groups and began in 2014 with a primary focus on professional services, tourism, environment, recreation services, communication, construction and distribution services, education and health.

Negotiations for services with CEFTA countries were concluded in December 2016 and in total were 9 rounds of negotiations. It is expected the approval of Additional Protocol 6 in 2018.

Also during 2017, in the light of CEFTA negotiations, were held meetings of the Working Group on Recognition of Professional Qualifications in the Countries of the Region (CEFTA Members) where were defined the stands by the representatives for the respective professions and it was ascertained that it is necessary to begin negotiations as soon as possible in selected sectors, such as: General Practitioners, Dentists, Civil Engineers and Architects. Negotiations are expected to commence in early 2018.

**Other Agreements**

Kosovo has implemented 10 bilateral agreements on elimination of double taxation, which are currently in force. Some of these conventions were also concluded by the former Socialist Federal Republic of Yugoslavia with other countries. The countries with which the Republic of Kosovo has signed Agreement on the Elimination of Double Taxation are the following: the Convention between the Republic of Kosovo and the Grand Duke of Luxembourg on the elimination of double taxation in income and capital taxes and prevention of fiscal evasion and fiscal avoidance. Date of publication: 18.01.2018.

- Agreement between the Government of the Republic of Kosovo and the Swiss Confederation on the avoidance of double taxation on income taxes and the prevention of fiscal evasion and tax avoidance. Date of publication: 17.08.2017.
- Agreement between the Government of the Republic of Kosovo and the Government of the Republic of Croatia for the avoidance of double taxation and the prevention of tax evasion with respect to taxes on income and on capital. Date of publication: 08.06.2017.
• Agreement between the Government of the Republic of Kosovo and the Council of Ministers of the Republic of Albania for the avoidance of double taxation with respect to taxes on income and on capital and the prevention of fiscal evasion. Date of publication: 25.04.2014.
• Agreement between the Government of the Republic of Kosovo and the Republic of Slovenia for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital. Date of publication: 14.04.2014.
• Agreement between the Government of the Republic of Kosovo and the Czech Republic on avoidance of double taxation and prevention of fiscal evasion with respect to taxes on income. Date of publication: 27.03.2014.
• Agreement between the Republic of Kosovo and Republic of Hungary on the avoidance of double taxation and the prevention of tax evasion with respect to taxes on income and on capital. Date of publication: 13.01.2014.
• Agreement between the Republic of Kosovo and the Republic of Turkey on the avoidance of double taxation and prevention of fiscal evasion with respect to income tax. Date of publication: 08.11.2012.
• Ratification of the International Agreement between Kosovo Republic of North Macedonia and Republic of North Macedonia on avoidance of double taxation and prevention of fiscal evasion with respect to income and capital tax. Publication Date: 06.06.2011.

3.31. Acquis Chapter 31: Foreign, Security and Defence Policy

The Common Foreign and Security Policy and the European Security and Defence Policy are based on legal acts, including legally binding international agreements, and on political documents. The acquis consists of political declarations, decisions and agreements. Member States must be able to conduct political dialogue in the framework of Common Foreign and Security Policy (CFSP), to align with EU statements, to take part in EU actions and to apply agreed sanctions and restrictive measures. Applicant countries are required to progressively align with EU statements, and to apply sanctions and restrictive measures when and where required.

The political dialogue is conducted intensively on several levels between the institutions of the Republic of Kosovo and European Union for fulfilment of the criteria set forth on the integration process, initially by signing, ratifying and implementing the SAA.

The political and policy dialogue, as needed, will contribute to the process of normalization of relations between Kosovo and Serbia. Kosovo pledges for continual commitment towards significant and sustainable relations with Serbia. This process will ensure that both countries can continue their respective European paths, avoiding the possibility of blocking either party on their efforts and gradually leading towards overall normalization of the relations between Kosovo and Serbia, on a form of a legally binding agreement, where both countries will be able to fully practice their rights and fulfill their responsibilities. Consequently, Kosovo has to continuously implement in good faith all the agreements reached in the dialogue with Serbia and respect entirely the principles of inclusive regional cooperation.

Moreover, the obligations deriving from provisions of SAA provide that Kosovo resolves through dialogue and compromise other unsolved issues, based on practical and sustainable solutions and will cooperate for the necessary technical and legal matters with Serbia; to effectively communicate with the mission of the joint Foreign and Security Policy during its mandate and actively contribute on full and unobstructed fulfilment of its mandate in the entire Kosovo.

The Stabilisation and Association Council will review regularly the progress in this process and will take decisions and issue recommendations on this matter. SAC can help this process in accordance with article 129.
The Republic of Kosovo, has taken seriously the responsibility to offer safety for its citizens territory. Kosovo is aware of the importance to continue increasing the capability of its institutions in offering security to all Kosovo citizens. Therefore, as a part of the process of gradually taking more responsibility about its security since the beginning of Strategic Review of the Security Sector (SRSS) in 2012, and afterwards from the recommendations of 2014, deriving from Strategic Review of the Security Sector (SRSS), and after analysing the safety challenges has clearly determined the role of each institution of the safety sector, to maximise institutional capacities; has identified the necessary capacities to provide protection and safety to citizens of Kosovo, which have been proceeded with the adoption of legislative package by the Assembly of Kosovo.

The Republic of Kosovo aspires to become a constitutive part of the regional and global security structures, in particular to become a member of EU, NATO, OSCE and UN. In this context, the national security of Kosovo is closely related with regional and broad Euro-Atlantic security.

State of Play

The European Integration of Kosovo is a national strategic goal, a guarantee for peace, stability and prosperity of the region. In this aspect, the Government of the Republic of Kosovo is fully willing to undertake all the reforms needed within the European Integration process. Furthermore, Kosovo strongly supports the EU foreign policy of security and defence, which aims at strengthening of the role of European Union as an entity with an increasing political influence on international politics.

The legal framework on foreign policy, security and defence is determined as still consolidating with the necessary laws aiming to treat all the issues deriving from this area. The legislative framework concerned, is in compliance with the EU principles and goals and it consists of the Law on Prevention of Money Laundering and Prevention of Terrorism Financing; The Law on Prohibition of Joining the Armed Conflicts Outside State Territory; National Strategy of Preventing and Fighting Informal Economy, Money Laundering, Terrorist Financing and Financial Crime 2014-18, Strategy Against Terrorism and the Acting Plan 2012-17, Administrative Instruction for prevention and detection of money laundering and the Administrative Instruction for prevention and detection of terrorism financing.

Whereas, the institutional structure responsible for foreign policy, security and defence consists of the Ministry of Foreign Affairs and diplomatic representations.

Among the top priorities of Kosovo foreign affairs remains the advancement of strategic partnership with European Union and NATO, including establishment of contractual relations with these organizations, towards the Euro-Atlantic integration.

Kosovo aims the development on regional cooperation, especially good relations with the neighbouring states, and providing assistance in implementing the Brussels agenda for a sustainable, democratic region and integrated in the EU and NATO. The Republic of Kosovo considers that regional cooperation is not only a precondition for the European integration but also a necessity for the regional stability.

This orientation of our foreign affairs is also reflected on our proactive participation in multilateral initiatives and organizations operating in South-Eastern European area and broader. Kosovo is a member of 40 regional initiatives; inter alia, a member of cooperation in the area of trade, security, education, technology and environment.

Regarding the current security situation, it is important to note that following the conclusion of the Strategic Review of the Security Sector of the Republic of Kosovo it is proceeded with the voting of three basic draft laws of the KSF: Draft Law on the Ministry of Defence, Draft Law on the Kosovo Security
Force and the Draft Law on Service in the Kosovo Security Force, thus making the gradual transformation of the mandate of the KSF as stipulated in the provisions of the laws in question. Article 126 of the Constitution, among other things, clearly defines the KSF as a national security force and reflects the multi-ethnic character of the country, which is under the control of civil and democratic institutions and has the duty to protect the citizens and communities of Kosovo. Since changes in the KSF mandate do not affect the vital interests of minority communities, as defined by the Constitution of the Republic of Kosovo, there are no requirements for constitutional amendments.

**Political dialogue with Serbia**
Concerning the dialogue between Kosovo and Serbia, Kosovo remains committed in participating in the dialogue of the technical level, to achieve progress on the implementation of the agreements between the both parties involved.

Kosovo pays serious attention to the Brussels dialogue, not only on improving the wellbeing of citizens and the bilateral relations between two states, but also because this dialogue is currently the most important contributor for peace and stability in the region.

On this matter, the Government of the Republic of Kosovo, as a constructive and serious party in the Brussels dialogue, pays particular importance to the implementation of all Agreements of Brussels and the potential agreements expected to be reached in the following period.

There has been particular progress on reaching agreements between Kosovo and Serbia, nevertheless the findings of the last Report of the Government of the Republic of Kosovo (2018) shows little progress on implementation of the agreements in general by Serbia. Observing the agreements separately, the Report identifies different levels of progress on some areas and a lack of progress on many areas, thus the dialogue is expected to enter into a new phase.

**Medium-term Priority Objectives**
- Approval of Strategy of Foreign Affairs;
- The training of the civil servants will continue on foreign and security policy area. Those in charge of implementation of restrictive measures and weapon control will be given priority. Also, through visits to Member States will be exchanged experiences on effective implementation of restrictive measure.
- The MFA will draft an Action Plan for the most efficient development of the Political Dialogue between RKS and EU. This Action Plan will include concrete short-term and mid-term activities for inter-institutional coordination within RKS and coordination of EU/EEAS institutions for the implementation of this dialogue;
- Concerning the cooperation with international organizations, the Republic of Kosovo will continue to be an active member in international organizations (Commission of Venice, World Bank, International Monetary Fund, European Bank for Reconstruction and Development, Francophone, etc.). Republic of Kosovo will also continue to play a proactive role in line with all obligations in regional organizations as an equal partner (SEECP, RCC). In the framework of multilateral cooperation at the regional level, during 2019, Kosovo will take the chair of Western Balkans Fund (WBF) from January 2019, while the chair of SEECP and MARRI from July 2019. Also, RKS is aiming the membership in other international organizations. The Republic of Kosovo aspires to be an integral part of multilateral organizations at regional and global level, and in particular of EU, NATO, OSCE and UN. As a result, the MFA will intensify lobbying as well as cooperation with the ministries and institutions of the Republic of Kosovo for the achievement of memberships, which is considered necessary for good governance and improvement of living standards for its citizens.
• Also the Republic of Kosovo will continue implementing restrictive measures imposed by the Council. This way, Kosovo will further functionalize the mechanism for implementation of restrictive measures.
• Consolidation of the legal framework and adoption of internal legal acts by MKSF.

3.32. Acquis Chapter 32: Financial Control

This chapter covers two main policy areas: (a) the Public Internal Financial Control (PIFC) and external auditing (EA) and (b) protection of financial interests of EU and protection of Euro from counterfeiting. Concerning the PIFC and external audit, there is no specific EU legislation that would be used in approximation with national laws. Instead, the states commit in adopting the international standards of control and external audit defined by the International Organisation of Supreme Audit Institutions (INTOSAI), as well as EU good practices.

Public Internal Financial Control is an integrated part of the management of public finances and includes the entire public budget. Particularly, the principles of Financial Control require the existence of i) effective and transparent systems of control and management of finances (including inspections and appropriate ex-ante and ex-post financial controls and inspections); ii) Functional and independent systems of internal auditing; iii) respective organizational structures (including central coordination); and iv) functional external and financially independent auditing, among others, evaluating the quality of the created systems of PIFC. In the area of External Auditing, the candidate states are expected to apply INTOSAI standards, especially the Declarations of Lima and Mexico for functional independence of finances and institutions and implementation of financial auditing (correctness) and performance.

As far as the protection of EU financial interests is concerned, the Treaty on the Functioning of EU (Article 325) requires that Member States take actions against fraud that affect the financial interests of EU. Member States are obliged to coordinate their actions and cooperate with the European Commission. Protecting the financial interests of EU includes approximation of local criminal legislation with the Convention on the Protection of European Communities’ Financial Interests (PFI Convention) and its three protocols for cooperation among national authorities and the Commission. Candidate states are required to nominate a national service against the fraud as a contact point to facilitate the coordination with the Commission and Member States.

Concerning the protection of euro from counterfeiting, this chapter addresses non-criminal aspects whereas the criminal aspects are addressed in Chapter 24. The main principles against counterfeiting of currency are defined in the Geneva Convention and further detailed in relevant acquis. Relevant legislation includes procedures of collecting, saving and exchanging information on counterfeited banknotes, stopping of metals similar to euro coins, the obligation for financial institutions to check the authenticity, withdrawal of counterfeited banknotes from circulation and cooperation on the national and international level.

SAA Requirements

Obligations of the Republic of Kosovo under the chapter of Financial Control derive from Article 97 of SAA.

Article 97 requires that the cooperation between the parties focuses on priority domains related to EU acquis on the area of public internal financial control. In particular, requires the Parties to cooperate aiming further development in applying effective internal control and the functionally independent system of internal auditing in public sector in Kosovo, compatible with the internationally accepted framework and EU good practices. Also, the cooperation should focus on creating and strengthening the central harmonization units for financial management and control.
On the area of External Audit, Article 97 requires the parties to cooperate especially with the aim of further development of independent functional external audit in Kosovo, in compliance with the accepted international standards and EU good practices. Cooperation also focuses on building the capacities of Office of the Auditor General.

EC 2018 Report on Kosovo finds that considerable efforts need to be made in the area of Financial Control for the implementation of PIFC at all levels of administration and publicly owned enterprises. It also underlines the need to start implementing the activities set out in the PIFC Strategy 2015-2017. At the same time, systematic actions should be ensured to enhance implementation of internal and external audit recommendations. Enforcement legislation shall be adopted as this is required under the new Law on PIFC and Subcommittee conclusions.

State of Play

Legislative Framework

In Kosovo, there is a comprehensive legislative framework that regulates the Public Internal Financial Control, including: laws, instructions, regulations, other international standards, policies of Government of Kosovo.

Legal basis of Public Internal Financial Control is determined by Law No. 06/L-021 on Public Internal Financial Control published in the Official Gazette on 19 April 2018. Subsidiary legal acts for implementation of this Law are issued within one year following the entry into force of this law. This Law governs the public internal financial control system, including the financial management and control, internal audit, as well as their alignment, in compliance with the international standards for internal control and internal audit.

The existing legal framework for Public Internal Financial Control contains general principles and refers to the standards of INTOSAI, COSO Framework and Standards of the Institute of Internal Audit (IIA).

While the secondary legislation includes the following:

- Manual on IA;
- AI No. 22/2009 on setting out criteria and procedures for the temporary licensing of internal auditors in the public sector, that sets conditions for licensing the auditors with temporary licenses;
- AI No. 23/2009 on establishment and operation of Internal Audit Units (IAUs) in Public Sector, which sets out the criteria for establishing the function of internal audit;
- AI No. 11/2010 on establishment and functioning of the audit committees in public sector entities, it defines the manner of founding and functioning of audit committees;
- AI No. 05/2012 on Procedure for professional license issuance of internal auditors of the public sector, it defines the criteria for licensing the internal auditors with professional licenses which would be provided after certification;
- AI MoF- No. 04/2016 on the national training programme and certification of internal auditors in the public sector.

Secondary legislation in the area of Financial Management and Control includes:

- Financial Rule of the Treasury No. 01/2010 Public Internal Financial Control dated 30.07.2010, presents COSO framework and principles of accountability in the context of chain of responsibilities in Kosovo public sector. Most of the provisions in this regulation are determined by the Law. For instance the accountability of deputies of the Assembly and executive chairs of
central and local government, the entire terminology of FMC and its interpretation in the context of public sector in Kosovo.

- Financial Rule No. 01/2013/MF - Public funds expenditure addresses the expenses and internal control and decentralization of management of expenses in budget organizations.
- The FMC Procedures Manual that is in force since 2011 consists of 14 procedures that aim covering all the areas of budget cycle. The FMC Manual could be used by budget organizations if they had adequate information and management systems, where controls are part of processes with a few instructions offered from CHU/FMC and if there were strict accountability and report mechanisms. These conditions were not applicable when FMC Manual entered into force.
- Draft Regulation on Financial Management and Control, Draft Regulation laying down the Criteria for Establishment of CHU and Draft Regulation on Audit Committees according to the Law of PIFC.
- Book of Processes for Management of Public Expenditures signed by the Minister of Finance and piloting of this book at the local level.
- Monitoring of three entities of public sector as to PIFC based on the indicator for sectorial support.

Ministry of Finance has also issued other Administrative Instructions (AIs) on accounting, financial reporting, determining the costs of new policies and management of non-financial property:

- AI No. 01/2013/MF on setting out the Form, Content and Procedures for Costing of New Policy Initiatives;
- Financial Rule No. 02/2013/MF on Reporting of Arrears by Budget Organizations;
- Regulation No. 03/2013 on Annual Financial Statements of Budget Organizations;
- Regulation of MF - No. 02/2013 on Management of Non-Financial Assets by Budget Organizations.

In addition to the abovementioned legislation, there are also other laws related to PIFC, including:

- Law on Local Government Finance (Law No. 03/L-049);
- Annual laws for approval of Kosovo budget;
- Law on Public Procurement (Law No. 04-L-042);
- Law on the State Administration (Law No. 03/L-189);
- Law on the Establishment of the Office of the Auditor General (Law No. 03/L-075);
- Law on Suppression of Corruption (Law No. 2004/34);
- Law on Civil Service (Law No. 2010/03-L-149);
- Law on Salaries of Civil Servants (Law No. 03-L-147) and
- Law on Access to Public Documents (Law No. 03/L-215).

Regarding the External Audit, the Declaration of Lima and the Declaration of Mexico emphasize that preserving of objectivity and independence are a priority for well-functioning of Auditor General. These two principles are crucial for our institution. The objectivity and independence must be ensured by proper implementation of a broad, sustainable and legal mandate; in pursuance with accepted international standards of audit of public sector and an internal code for professional courtesy. Mandate and functionality is regulated by means of prior legislation:

- Constitution of Kosovo Articles 136, 137, 138;
- Law No. 05/L-55 on the Auditor General and the National Audit Office of the Republic of Kosovo.

Other relevant legislation in the area of audit includes:

- Law on Public Financial Management and Accountability;
- Law on Public Procurement;
- Law on Civil Service;
Policy Framework

Public Internal Financial Control Strategy 2015-2019 - the purpose of the strategy is to improve the system of FMC and IA, enabling effective public fund expenditure, better services, ensuring transparency, appropriate expenditure of the budget of the Republic of Kosovo, grants, donors and borrowed funds. The PIFC Strategy provides a modern approach of management, which is characterized with risk-based management, intensive use of information system and integrated controls to decrease risk through a higher level of automation.

This modern approach requires additional professional knowledge, managerial accountability and advanced internal auditing to help the organizations in achieving their objectives. The strategy action plan is being implemented.


Since 2009, the Office of the Auditor General has adopted the Corporate Development Strategy. Now the strategy is amended and it presents NAO's strategy by 2020 and is in line with the Strategy of European Integration. The office constantly takes care of professional development of auditors to ensure proper qualifications to perform our work as auditors.

Regarding the issue of protecting euro against counterfeit, the Central Bank of Kosovo, within its competencies, on 14 March 2007 issued the AI on Retaining Counterfeit Euro Banknotes and Coins from Circulation, an instruction that applies to all financial institutions operating in Kosovo and licensed by the CBK. The purpose of this Instruction is to lay down measures necessary with a view to retain counterfeit euro banknotes and coins from circulation.

Financial institutions, specifically crediting institutions and any other institutions involved in sharing and distributing banknotes and coins to public as a professional activity, including institutions, whose activity consists exchanging banknotes and coins of different currencies as, e.g. exchange offices, will be forced to withdraw from market all the euro banknotes and coins they have accepted, they know or have a reason to believe that they are counterfeited. Banknotes and coins suspected to be counterfeited must immediately be handed to competent authorities (in this case the Police and the Police presents it to the Kosovo Agency of Forensics). CBK has also released a document “Valuable advice for cash operators” that determines step-by-step actions about how to treat money suspected as counterfeited.

Institutional Framework

The Government has developed the institutional framework consisting of public sector organizations working under the lead of Central Harmonization Unit, respectively the Financial Management and Control (FMC) and Internal Audit (IA) and under the surveillance of external auditor to form an accountability chain.

The concept of “Public Internal Financial Control” became first official in 1999 from the European Commission. It refers to “systems of internal control of government aiming the protection of financial interests of government in total”. PIFC was formed as a good strategy to help the reform process in developing public systems of internal control in states willing to become candidates for EU members. The system of PIFC is defined as a system that consists of functional elements of Financial Management and
Control (FMC) and Internal Audit (IA) together with the responsible institutions for harmonization of these functions through government (CHU=FMC + IA).

**Public sector entities (budget organisations)**
Accountability consists of a chain of participants where each is responsible in achieving the set goals and each is accountable to an authority of the higher rank regarding achievement of these goals. The highest rank of authorities in this chain is the citizens who are represented by deputies elected in the Parliament and the local governments. Subjects in public sector carriers of PIFC are the following:

- Assembly - Committee for Oversight of Public Finances has been established within the Assembly of Kosovo and has the authority to monitor public money expenditure through reports from OAG, CHU, etc.;
- Kosovo Government – determines competences and responsibilities for its Ministers to apply Government policies through regulations, policies and administrative arrangements with senior management of budget organizations.
- Ministry of Finance – is responsible for development of rules and detailed procedures for PIFC (FMC and IA), as well as for training and offering technical support for all the parties related to application of FMC and IA rules;
- Senior management of public sector subject – holds full responsibility in applying PIFC and is responsible for their performance in using public resources to achieve organizational objectives.

**Training scheme for the area of financial management and control**
The CHU has established a training scheme for financial management and control. This scheme foresees the training of those responsible for the area of financial management and control and is focused on these areas: risk management, self-assessment, process description, strategic and budget planning.

**Certification Scheme for Internal Auditors**
The National Training Programme and Certification of Internal Auditors has been developed. This programme has been accredited by the Ministry of Education, Science, and Technology. The implementation of the programme started in September 2016. This scheme consists of theoretical and practical part.

**Continuing vocational education for internal auditors**
In addition to the certification scheme for internal auditors, the CHU has also established a training scheme for continuing vocational education, which is focused on the strategic and annual plan, and quality assurance.

In the area of external audit, the National Office of Audit plays an important role in monitoring public expenses and improvements in financial management and good governance. Ensuring a functional and financial independence remains a priority in the domain of external audit. In a short term period are expected developments in further procedures and administrative capacities for conducting non-statutory auditing to estimate if government programmes are managing economically appropriately and effectively and if measures have been taken to report their effectiveness. In midterm period a stable institutional development, preserving the quality and development of procedures and administrative capacities to ensure effective protection of financial interests of European Union (EU) will be key priorities.

Article 136 of the Kosovo Constitution defines Audit General as the highest institution for economic and financial control. Auditor General is appointed by the Parliament through a majority vote based on President’s proposal. The Parliament decides on discharging the Audit General with (2/3) of majority of

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23 Non-statutory audits are performance audits that are not an annual requirement prescribed by law.
all deputies from the President’s proposal or on the basis of (1/3) of all deputies. The mandate of AG is five (5) years with the possibility of extension or re-election for another mandate.

Article 137 of Constitution can be updated in compliance with present definitions of ISSAI concerning the role and mandate of Supreme Audit Institutions. It stresses that General Auditor controls: (1) economic activities of public institutions and other state legal persons; (2) use and protection of public funds from public and local government bodies; (3) economic activities of public enterprises and other legal persons, on whom the State has stocks, or where loans, credits and their obligations are guaranteed from the State.

The present definition in the Constitution is not an obstacle in the further development of external public audit. But it could be considered for amendment when appropriate.

With the entry into force of the new Law No. 05/L-055 on the Auditor General and the National Audit Office of the Republic of Kosovo, the functional, financial and operational independence has been consolidated since June 2016. The Auditor General and the National Audit Office shall have full discretion in the performance and exercise of the functions and powers to carry out their mandate in accordance with the internationally recognized Constitution, Law, and Standards of Auditing in the Public Sector. Under the legislation in force, the Auditor General is independent in the organization and management of the National Audit Office.

Working instruments:
- The International Standards of Audit for Supreme Institutions of Audit;
- The Manual of Audit of Regularity;
- The Guide for quality management of audit;
- The Guide for Performance Audit;
- The Code of Ethics and Professional Conduct;
- The Strategy for Joint Development;
- Other secondary policies and strategies;
- Resolution A/66/209 approved by the General Assembly of United Nations for the independence of Supreme Audit Institutions.

Certification Scheme for Audit of Regularity
A certification programme for Audit of Regularity is set and being implemented based on the standards internationally recognized for auditing in public sector (ISSAI). The programme is divided into four parts: Introduction, Preparations, Technical part and Continuous Professional Development. The technical part is conducted by a local association\(^24\) certified by IFAC. The programme is financed from the Kosovo budget. Duration usually is of 3.5 years and this certification decision is based on the results of exams, experience and staff evaluation results.

Certification Scheme for Performance Audits
A certification programme for audits of performance is elaborated based on ISSAI and this programme is under implementation.

Concerning protection from counterfeiting in the Republic of Kosovo, in the light of mutual cooperation between Kosovo Police (KP) and Central Bank of Republic of Kosovo (CBK) aiming the protection of banknotes against counterfeiting in the Republic of Kosovo, on 11 September 2009, KP and CBK signed an agreement on establishment of the Central Committee of Analysing the counterfeited money (Committee).

\(^{24}\) Association of Certified Accountants and Auditors of Kosovo.
The committee consists of three high representatives of KP and three high representatives of CBK. The representatives of committee meet on regular basis to discuss issues deriving from the role of this committee. The committee has no decision-making power.

The main role of the committee is as follows:
- Enforcement of necessary measures to prevent circulation of counterfeited banknotes and coins;
- Collecting, analysing and publishing technical and statistical data related to counterfeited banknotes and coins; and
- Ensuring information and instructions and training for the financial institutions, and other relevant institutions and wide opinion about the counterfeited banknotes and coins.

The Committee has competences to establish working groups, as necessary, to further study specific issues and to make recommendations to the Committee on such issues. Working groups will have ad hoc status with a clear mandate and time frame.

In the Republic of Kosovo, the competent body to analyse the money suspected to be counterfeited is the Kosovo Agency for Forensics – The lab for documents and scripts, which operates within the Ministry of Internal Affairs (earlier used to operate under KP).

Medium-term Priority Objectives

In the mid-term plan, the main implementing priorities foreseen to be realized are the following:

**Internal Control of Public Finances**
- Implementation of the Law on Public Internal Financial Control (PIFC);
- Harmonization of secondary legislation with the new Law on Public Internal Financial Control;
- Implementation of the Strategy on Public Internal Financial Control;
- Advancement and integration of information technology systems used in the Ministry of Finance in order to improve the quality of financial information;
- Improvement of budgeting in accordance with the programme and reporting with objectives and performance indicators (strategic planning is related to budgetary resources);
- Training of all managers of institutions responsible for implementation of managerial accountability and training of internal auditors;
- Monitoring of Internal Control at BO;
- Implementation of Book of Processes;
- Drafting and submission for approval to the Government of the consolidated Annual Report on the PIFC system.

**External Audit**

In the mid-term plan, the main implementing priorities foreseen to be realized are the following:
- Further development of relevance of audit by gradually conducting more performance audits;
- Ensure a more systematic follow-up for timely implementation of external audit recommendations;
- Initiate the implementation of leadership in accordance with the budget management system;
- Continue with timely and qualitative Annual Audit Report, including effective recommendations based on higher relevance of audit;
- Further development of IT audits;
- Higher focus on interest areas for decentralized management of IPA funds;
- Improvement of the quality of Mandatory Regularity Audits and Non-Statutory Performance Audits through increased quality control for planning, execution and reporting phases.
3.33. **Acquis Chapter 33: Financial and Budgetary Provisions**

This chapter covers rules regarding the necessary financial resources in order to finance the EU budget (own resources). These sources are mainly composed of contributions from the member states, based on their own traditional sources from the customs and agricultural and sugar taxes; sources based on added value tax and sources based on the level of national gross income. The Member States need to have appropriate administrative capacities to adequately coordinate and ensure correct calculations, summing, payment and control of their resources. The acquis in this area is directly applicable and does not require transposing into national legislation.

**SAA Requirements**

Article 74 of the SAA requires approximation of Kosovo legislation with the EU *acquis*, including this chapter.

**State of Play**

**Legislative Framework**

The main legal acts related to this Chapter include the following:

- Law No. 03/L-048 on Public Financial Management and Accountability;
- Law No. 06/L-020 on the Budget of the Republic of Kosovo for year 2018;
- Law No. 05/L-037 on Value Added Tax;
- AI MF-No. 03/2015 on implementing the Law No. 05/L-037 on Value Added Tax;
- Law No. 04/L-099 amending the Code No. 03/L-109 on Customs and Excise of Kosovo;
- AI MF - No. 05/2014 amending AI No. 11/2009 on implementation of customs and excise code, amended by AI No. 05/2010 and AI No. 06/2013.

The Value Added Tax system in the territory of the Republic of Kosovo is regulated by Law No. 05/L-037 on Value Added Tax. The Value Added Tax includes application of the general consumption tax on goods and services, which is exactly proportional with the price of the goods and services, and which is calculated on this price in accordance with the applicable norms, is charged in various production stages, distribution and life cycle of goods and services trade, which in the end is carried by the end customer.

VAT is charged with the standard norm of eighteen per cent (18%), while the deducted VAT norm is calculated and paid by eight per cent (8%) for some basic goods and services, including their import.

The collection and control procedures for customs obligations and import taxes are conducted by Kosovo Customs. Kosovo Customs is under the authority of the Ministry of Finance, in line with the Law No. 03/L-109, dated 10 November 2008, and amended by Law No. 04/L-099, dated 3 May 2012, Customs and Excise Code of Kosovo. This law is partially in line with the EU Customs Code, specifically with Council Regulation EEC 2913/92/ — “On Establishment of Community Customs Code”.

Regarding the budget, pursuant to Article 5 of the Law No. 03/L-048 on Public Financial Management and Accountability, the Budget Department is authorized and responsible for:

- Preparation of Budget Proposal for the Republic of Kosovo,
- Preparation of *Midterm* Expenditures Framework,
- Implementation of the Budget of Republic of Kosovo,
- Assessment of requests for diversion of budgetary allocations,
- Assessment of financial impact of government policies, and
- Exercise of all other responsibilities granted to the Budget Department in accordance with the
Institutional Framework

The main institution for this chapter is the Ministry of Finance. Within the Ministry of Finance other contributing structures include Kosovo Tax Administration, Kosovo Customs, also within the Ministry the Department of Budget, the Department of Municipal Budget and the Department for Economic Policies, Public and International Financial Cooperation.

Medium-term Priority Objectives:

- Preparation of the Medium Term Expenditure Framework for the next fiscal year 2020, as well as assessment for the two following fiscal years (2021-2022)

3.34. Acquis Chapter 34: Institutions

This acquis chapter is not covered by this Programme at this stage of EU accession.

3.35. Acquis Chapter 35: Other Issues

This acquis chapter is not covered by this Programme at this stage of EU accession.
**Matrix of Short-term Measures**

<table>
<thead>
<tr>
<th>No.</th>
<th>SAA</th>
<th>National acts to be aligned</th>
<th>EU acquis acts to be transposed</th>
<th>Responsible institutions</th>
<th>Supporting institutions</th>
<th>Timeframe</th>
<th>Level of alignment</th>
<th>Budget</th>
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<td>1.2. Regional Cooperation and International Obligations</td>
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<td>1.2. Framework legislation</td>
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<td>1.2. Draft Regulation on Internal Organization and Systematization of the Institute of Forensic Medicine</td>
<td>N/A</td>
<td>MoJ</td>
<td>MoF</td>
<td>MoF</td>
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<td>Q1 2019</td>
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<td>1,700</td>
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<td>1.2. Bylaws and other regulatory acts</td>
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<td>2.2. Capacity to Cope with Competitive Pressure and Market Forces within the Union</td>
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<td>3. BLOCK III – EUROPEAN STANDARDS – APPROXIMATION OF KOSOVO’S LEGISLATION WITH THE EU acquis</td>
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<td>3.0. Legal Framework on Approximation of Kosovo’s Legislation with the EU Acquis</td>
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</table>
3.0. Framework legislation
No measures are foreseen in this section.

3.0. Bylaws and other regulatory acts
No measures are foreseen in this section.

3.1. Acquis Chapter 1: Free Movement of Goods

3.1.1 Framework legislation

| Articles 20 and 80, and Article 74, Paragraph 3 | Law on Inspections | N/A | MTI | OPM MESP MIA MoF | Q2 2019 | N/A | 3,300 | 4,250 | 7,550 |

3.1.2 Bylaws and other regulatory acts

| Articles 20 and 80, and Article 74, Paragraph 3 | Regulation on Machinery Safety | Directive 2006/42/EU and amendment 2009/127/EU | MTI | Q4 2019 | P | 2,250 | 8,650 | 10,900 |

3.1.3 Articles 20 and 80, and Article 74, Paragraph 3 | Regulation on Personal Protective Equipment (PPE) | Regulation 2016/425/EU | MTI | Q3 2019 | P | 2,250 | 4,650 | 6,900 |

3.1.4 Articles 20 and 80, and Article 74, Paragraph 3 | AI on Basic Requirements for Construction Work, Performance Assessment and Verification System and Performance Statement of Construction Products | Certain provisions of Regulation No. 305/2011/EU on Construction Products | MTI | Q1 2019 | P | 900 | 4,440 | 5,340 |

3.1.5 Articles 20 and 80, and Article 74, Paragraph 3 | AI on Establishing the Criteria for Pricing of Medicinal Products | Council Directive 89/105/EEC relating to the transparency of measures regulating the prices of medicinal products for human use and their inclusion in the scope of national health insurance systems | MoH | Q1 2019 | P | 6,000 | 4,000 | 10,000 |

3.2. Acquis Chapter 2: Freedom of Movement for Workers

3.2.1 Framework legislation

| Article 79, paragraph 9 | Initiation/Negotiation of Bilateral Agreement with the Netherlands | N/A | MLSW | MFA MoF | Q4 2019 | N/A | 0 | 0 | 0 |

3.2.2 Article 79, paragraph 9 | Initiation/Negotiation of Bilateral Agreement with Slovenia | N/A | MLSW | MFA MoF | Q4 2019 | N/A | 0 | 0 | 0 |

3.2.3 Article 79, paragraph 9 | Initiation/Negotiation of Bilateral Agreement with Croatia | N/A | MLSW | MFA MoF | Q4 2019 | N/A | 0 | 0 | 0 |

3.2. Bylaws and other regulatory acts
No measures are foreseen in this section.

3.3. Acquis Chapter 3: Right of Establishment and Freedom to Provide Services

3.3. Framework legislation
No measures are foreseen in this section.

3.3. Bylaws and other regulatory acts

3.3.1 Articles 51 | AI on the stages envisaged for | N/A | MEST | Q3 2019 | N/A | 5,954.50 | 0 | 5,954.50 |
gaining the right to exercise the regulated profession

3.3.2 Articles 51, 56, 58 AI on the Rules for the Functioning of the State Examination Commission, the Compensation of its Members, as well as the Procedures and the Method of Developing the State Exam N/A MEST Q4 2019 N/A 5,954.50 0 5,954.50

3.3.3 Articles 51, 56, 58 AI on Organization and Functioning of a Professional Body for the Development of Standards of the Profession N/A MEST Q4 2019 N/A 5,954.50 0 5,954.50

3.4. Acquis Chapter 4: Free Movement of Capital

3.4. Framework legislation

3.4.1 Article 65 Adoption of the Law on the Foreigners' Property Rights Directive 88/361/EEC for the implementation of Article 67 of the Treaty establishing the European Economic Community. MoJ Q2 2019 P 5,400 7,000 12,400

3.4. Bylaws and other regulatory acts

3.4.2 Article 64 Regulation on licensing and regulation of payment system operators Directive 2015/2366 on payment services in the domestic market CBK Q2 2019 P 3,000 0 3,000


3.4.4 Article 89 AI on Beneficial Owners Directive 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (consolidated version CELEX:02015L0849-20180709) MoF FIU Q2 2019 P 3,285 0 3,285

3.5. Acquis Chapter 5: Public Procurement

3.5. Framework legislation

3.5.1 Article 79 Amending the Law on Public-Private Partnership, adopted EU Directive 2014/23 on the award of concession contracts (consolidated version CELEX:02014L0023-20180101) MoF Q3 2019 P 4,500 0 4,500

3.5. Bylaws and other regulatory acts
No measures are foreseen in this section.

### 3.6. Acquis Chapter 6: Company Law

<table>
<thead>
<tr>
<th>3.6.</th>
<th>Framework legislation</th>
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<tbody>
<tr>
<td>No measures are foreseen in this section.</td>
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</table>

#### 3.6. Bylaws and other regulatory acts

| 3.6.1 | Article 51, paragraphs 1, 2, 4 | Drafting of AI on Independence of Auditor | Directive 2013/34/EU on Accounting (consolidated version CELEX:02013L0034-20141211) and Directive 2014/56/EC on Auditing | MoF, KCFR | Q1 2019 | P | 1,500 | 0 | 1,500 |

| 3.6.2 | Article 51, paragraphs 1, 2, 5 | Drafting of AI on Oversight of Quality Control | Directive 2013/34/EU on Accounting (consolidated version CELEX:02013L0034-20141211) and Directive 2014/56/EC on Auditing | MoF, KCFR | Q1 2019 | P | 1,500 | 0 | 1,500 |

| 3.6.3 | Article 51, paragraphs 1, 2, 3 | AI on Setting Forth the Requirements, Conditions and Procedures for the Creation of the Unique Identification Number | Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 relating to certain aspects of company law | MTI, PIFC | Q4 2019 | P | 2,500 | 3,750 | 6,250 |

### 3.7. Acquis Chapter 7: Intellectual Property Law

<table>
<thead>
<tr>
<th>3.7.</th>
<th>Framework legislation</th>
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<tbody>
<tr>
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#### 3.7. Bylaws and other regulatory acts

<table>
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<th>Framework legislation</th>
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<tr>
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### 3.8. Acquis Chapter 8: Competition Policy

<table>
<thead>
<tr>
<th>3.8.</th>
<th>Framework legislation</th>
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<tbody>
<tr>
<td>No measures are foreseen in this section.</td>
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</table>

#### 3.8. Competition

| 3.8.1 | Article 75, paragraphs 1a and 1b | De Minimis Regulation on State Aid (new Regulation), adopted | Commission Regulation (EU) No 1407/2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to De Minimis aid (18/12/2013-2020) | MoF | Q2 2019 | P | 4,300 | 12,000 | 16,300 |

| 3.8.2 | Article 75, paragraphs 1a and 1b | Regulation on Regional Aid, adopted | Articles 101 to 109 of the Treaty on the Functioning of the European Union (TFEU) | MoF | Q4 2019 | P | 4,300 | 12,000 | 16,300 |

### 3.9. Acquis Chapter 9: Financial Services

#### 3.9. Framework legislation

<table>
<thead>
<tr>
<th>Article</th>
<th>Law</th>
<th>Directive</th>
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<th>P</th>
<th>Amount</th>
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#### 3.9.2 Articles 50, 96 and Annex 6

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<th>Law</th>
<th>Directive</th>
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<th>Amount</th>
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#### 3.9.3 Articles 50, 96 and Annex 6

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<th>Law</th>
<th>Directive</th>
<th>Q</th>
<th>P</th>
<th>Amount</th>
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### 3.10. Acquis Chapter 10: Information Society and Media

| 3.10.2 | Articles 109, 110 and 111 | Law on measures to reduce the cost of deploying high-speed electronic communications networks (new Law), adopted | Directive 2014/61/EU of the European Parliament and of the Council of 15 may 2014 on measures to reduce the cost of deploying high-speed electronic communications networks | MED | RAEPC | MESP | MI | ACA | MLGA | Q4 2019 | F | 9,000 | 0 | 9,000 |

<p>| 3.10.3 | Articles 109, 110 and 111 | Regulation on media ownership and prevention of media concentration (new sub-legal act), adopted | Audio-visual Media Services Directive - AVMSD | IMC | MED | RAEPC | Q2 2019 | P | 4,395 | 0 | 4,395 |
| 3.10.4 | Articles 109, 110 and 111 | Regulation for the establishment of the programme stimulation fund (new sub-legal act), adopted | Audio-visual Media Services Directive - AVMSD | IMC | MED | RAEPC | Q2 2019 | P | 4,395 | 0 | 4,395 |
| 3.10.5 | Articles 109, 110 and 111 | Regulation on the rights of way and common use of infrastructure (new sub-legal act), adopted | Directive 2014/61/EU on measures to reduce the cost of deploying high-speed electronic communications networks | RAEPC | Q2 2019 | P | 1,654 | 1,500 | 3,154 |</p>
<table>
<thead>
<tr>
<th>3.10.7</th>
<th>Articles 109, 110 and 111</th>
<th>Regulation on Access (amended), adopted</th>
<th>Directive No 2009/140/EC on better regulation</th>
<th>RAEP</th>
<th>Q4 2019</th>
<th>P</th>
<th>3,308</th>
<th>750</th>
<th>4,058</th>
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<tr>
<td>3.10.8</td>
<td>Articles 109, 110 and 111</td>
<td>Regulation on Interconnection (amended), adopted</td>
<td>Directive No 2009/140/EC on better regulation</td>
<td>RAEP</td>
<td>Q4 2019</td>
<td>P</td>
<td>3,308</td>
<td>750</td>
<td>4,058</td>
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### 3.11. Acquis Chapter II: Agriculture and Rural Development

#### 3.11. Framework legislation

<table>
<thead>
<tr>
<th>3.11.</th>
<th>Bylaws and other regulatory acts</th>
</tr>
</thead>
</table>
| 3.11.2 | Article 102  
AI on duties, responsibilities and composition of the Committee on Organic Farming, approved. |


| MAFRD | Q1 2019 | P | 2,700 | 0 | 2,700 |


<table>
<thead>
<tr>
<th>Date</th>
<th>Article</th>
<th>Title</th>
<th>Text</th>
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</table>
### 3.12. Acquis Chapter 12: Food Safety, Veterinary and Phytosanitary Policy

#### 3.12. Framework legislation


| 3.12.2 | Article 102 | Law No. 2004/21 on Veterinary (amendment) | EU Regulation 2016/429 on transmissible animal diseases | MAFRD | MoF | Q4 2019 | P | 3,150 | 0 | 3,150 |


### 3.12.8 Article 102

AI on requirements of feed hygiene (new sub-legal act)


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<tr>
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<th>MAFRD</th>
<th>OPM</th>
<th>MESP</th>
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<td>Q2 2019</td>
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<td>9,900</td>
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### 3.13. Acquis Chapter 13: Fisheries

#### 3.13. Framework legislation

No measures are foreseen in this section.

#### 3.13. Subsidiary legislation and other regulatory acts

No measures are foreseen in this section.

### 3.14. Acquis Chapter 14: Transport policies


##### 3.14.1 Article 113

Law No. 04/L-179 on road transport (amendment), approved

Directive no.1071/2009/EC on access to the profession of road transport operators; Directive No. 1072/2009/EC on common rules on access to international road transport of goods; Directive No. 1073/2009/EC on common rules on access to the international market of vehicle crew and passenger transportation services Regulation 2016/68 on common procedures and specifications necessary for the interconnection of electronic registers of driver cards; Regulation 165/2014 of EU on tachographs in road transport

| MI | MIA | Q4 2019 | P | 4,166.75 | 0 | 4,166.75 |

##### 3.14.2 Article 113

Law on Roads, approved


| MI | Q4 2019 | P | 7,500 | 0 | 7,500 |
| 3.14.3 | Article 113 | AI for machinist licensing, approved | Directive 049/2004 on the licensing of railway operators | MI | RRA | Q2 2019 | F | 562.50 | 0 | 562.50 |
| 3.14.7 | Article 113 | Regulation on the abolition of templates for authorizations issued to third-country operators and related specifications (amended), approved | Commission Implementing Regulation (EU) 2016/1158 amending Regulation (EU) No 452/2014 on the abolition of templates for authorizations issued to third-country operators and related specifications. | CAA | Q4 2019 | F | 1,213.70 | 0 | 1,213.70 |
| 3.14.10 | Article 113 | Regulation on a common safety method for monitoring to be applied by railway undertakings, infrastructure managers after receiving a safety certificate or safety authorisation and by entities in charge of maintenance (a new sub-legal act), approved | Commission Regulation (EU) No. 1078/2012 of 16 November 2012 on a common safety method for monitoring to be applied by railway undertakings, infrastructure managers after receiving a safety certificate or safety authorisation and by entities in charge of maintenance | RRA | MI | Q4 2019 | F | 2,360 | 0 | 2,360 |
### 3.13.12 Article 113
Regulation concerning the technical specification for interoperability relating to the subsystem rolling stock — freight wagons (new sub-legal act), approved

| Regulation (EU) No. 321/2013 concerning the technical specification for interoperability relating to the subsystem rolling stock — freight wagons of the rail system in the European Union |
| RRA | MI | Q4 2019 | F | 4,720 | 0 | 4,720 |

### 3.15. Acquis chapter 15: Energy

#### 3.15. Framework legislation

### 3.15.1 Article 114
Law Trade with Petroleum Products and Renewable Fuels in Kosovo (new law), adopted

| MTI | MED | MESP | MIA | MoF | Q4 2019 | P | 1,500 | 0 | 1,500 |

#### 3.15. Bylaws and other regulatory acts

### 3.15.2 Article 114
AI concerning energy efficiency for the purchase of products, services and buildings by central level institutions

| MED | MTI | MPA | MoF | MEST | Q4 2019 | P | 7,400 | 0 | 7,400 |

### 3.15.3 Article 114
Regulation on electrical equipment labels

| MED | MPA | MESP | MTI | Q3 2019 | P | 5,400 | 0 | 5,400 |

### 3.15.4 Article 114
Regulation on minimum criteria for energy audits, including those carried out as part of energy management systems

| MED | MESP | MPA | MoF | Q2 2019 | P | 6,750 | 8,000 | 14,750 |

### 3.15.5 Article 114
Guidelines for National Energy Efficiency Action Plans and Annual Reports

| MED | MESP | MPA | MoF | Q4 2019 | P | 5,400 | 8,000 | 13,400 |
## 3.16. Acquis Chapter 16: Taxation

<table>
<thead>
<tr>
<th>Framework legislation</th>
<th>Code of Conduct for Business Taxation</th>
<th>MoF</th>
<th>Q1 2019</th>
<th>P</th>
<th>3,375</th>
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<tbody>
<tr>
<td>Article 39, 40, 70 and 105</td>
<td>Amending the Law on Tax Administration and Procedures, adopted</td>
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<tr>
<td>Article 39, 40, 70 and 105</td>
<td>Amending the Draft Law on the Treatment of Legislation on Games of Chance, adopted</td>
<td>Opinion of Mr Advocate General Mazák delivered on 23 February 2010 National rules establishing a system of concessions for the operation of games of chance in casinos - Concessions obtainable solely by public limited companies established in national territory; Judgments in the Gambling Division: <a href="https://ec.europa.eu/growth/sectors/gambling/infringements-court-cases_en">https://ec.europa.eu/growth/sectors/gambling/infringements-court-cases_en</a></td>
<td>MoF</td>
<td>Q4 2019</td>
<td>P</td>
<td>3,375</td>
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### 3.16. Bylaws and other regulatory acts

No measures are foreseen in this section.

## 3.17. Acquis Chapter 17: Economic and monetary Policy

### 3.17. Framework legislation

No measures are foreseen in this section.

### 3.17. Bylaws and other regulatory acts

No measures are foreseen in this section.

## 3.18. Acquis Chapter 18: Statistics

### 3.18. Framework legislation

No measures are foreseen in this section.

### 3.18. Bylaws and other regulatory acts

No measures are foreseen in this section.

### 3.19. Acquis Chapter 19: Social Policy and Employment

### 3.19.1 Article 82 and 106

Draft Law on Maternity and Parenthood leave, adopted

### 3.19. Bylaws and other regulatory acts

#### 3.19.2 Article 82 and 106
Draft Regulation amending Regulation No.04/2014 concerning the minimum safety and health requirements for the workplace, approved

- **Article 82 and 106**
- **Bylaws and other regulatory acts**
- **MLSW**
- **MH MoF**
- **Q4 2019**
- **F**
- **3,000**
- **0**
- **3,000**

#### 3.19.3 Article 82 and 106
Draft Regulation amending Regulation 05/2014 concerning the minimum safety and health requirements for the use of work equipment by workers at work, approved

- **Article 82 and 106**
- **Bylaws and other regulatory acts**
- **MLSW**
- **MH MoF**
- **Q4 2019**
- **F**
- **3,000**
- **0**
- **3,000**

### 3.20. Acquis Chapter 20: Enterprise and Industrial Policy

#### 3.20.1 Articles 99 and 100
Adoption of the Law on Tourism

- **Articles 99 and 100**
- **Acquis Chapter 20**
- **MTI**
- **Q2 2019**
- **P**
- **4,000**
- **13,000**
- **17,000**

#### 3.20.2 Articles 99 and 100
Adoption of the Law on Innovation and Entrepreneurship

- **Articles 99 and 100**
- **Acquis Chapter 20**
- **MEI**
- **Q3 2019**
- **P**
- **16,800**
- **6,600**
- **23,400**

### 3.21. Acquis Chapter 21: Trans-European Networks

#### 3.21. Framework legislation

No measures are foreseen in this section.
No measures are foreseen in this section.

### 3.22. Acquis Chapter 22: Regional policy and coordination of structural instruments

#### 3.22.1 Framework legislation

<table>
<thead>
<tr>
<th>Articles 121, 122, 123, 124 and 125</th>
<th>Draft Law on ratification of the “Financing Agreement for IPA 2018 between Kosovo and European Union”</th>
<th>N/A</th>
<th>Assembly</th>
<th>MEI</th>
<th>Q4 2019</th>
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### 3.23. Acquis Chapter 23: Judiciary and Fundamental Rights

#### 3.23.1 Judicial System

| 3.23.2 | Articles 83 and 91 | Draft Law on Anti-Corruption Agency (amendment) | European convention on human rights (article 8), Council of Europe convention for the protection of individuals with regard to automatic processing of personal data, Criminal law convention on corruption (ETS 173), Civil law convention on corruption (ETS 174), Resolution (97) 24 concerning twenty guiding principles on the fight against corruption | MoJ | ACA OPM MIA KPC KJC | Q4 2019 | P | 8,100 | 0 | 8,100 |
| 3.23.3 | Articles 83 and 91 | Draft Law on Declaration, Origin and Control of Property of Senior Public Officials (amendment) | European convention on human rights (article 8), Council of Europe convention for the protection of individuals with regard to automatic processing of personal data, Criminal law convention on corruption (ETS 173), Civil law convention on corruption (ETS 174), Resolution (97) 24 concerning twenty guiding principles on the fight against corruption | MoJ | ACA OPM MIA KPC KJC | Q4 2019 | P | 8,100 | 0 | 8,100 |

| 3.23 | Fundamental Rights |
| 3.23.4 | Article 3 and 4 | Draft Law on rights to services and benefits of persons with disabilities, drafted | N/A | MLSW MF OPM | Q3 2019 | N/A | 38,200 | 0 | 38,200 |
| 3.23.5 | Article 3 and 4 | Draft Law on Public Peace and Order, adopted | N/A | MIA KPC KJC | Q4 2019 | N/A | 12,000 | 0 | 12,000 |
| 3.23.6 | Article 3 and 4 | Draft Law on Public Gatherings, adopted | N/A | MIA KPC KJC | Q4 2019 | N/A | 12,000 | 0 | 12,000 |

| 3.23 | Protection of Minorities and Cultural Heritage |
| 3.23 | No measures are foreseen in this section. |

| 3.23 | Protection of Personal Data |
| 3.23 | No measures are foreseen in this section. |

| 3.23 | Bylaws and other regulatory acts |

<p>| 3.23 | Judicial System |
| 3.23.7 | Article 83 | AI on Mediators Fee, approved | N/A | MoJ KJC MoF | Q1 2019 | N/A | 2,700 | 0 | 2,700 |
| 3.23.8 | Article 83 | AI on mediators training and certification, approved | N/A | MoJ KJC MoF | Q1 2019 | N/A | 38,475,420 | 0 | 38,475,420 |
| 3.23.9 | Article 83 | AI on licensing of mediators, approved | N/A | MoJ KJC MoF | Q1 2019 | N/A | 928,460 | 0 | 928,460 |
| 3.23.10 | Article 83 | AI on the supervision, responsibility and disciplinary procedure for mediators, approved | N/A | MoJ KJC MoF | Q1 2019 | N/A | 928,460 | 0 | 928,460 |
| 3.23.11 | Article 83 | AI on determination of automatic | N/A | MoJ KJC | Q1 2019 | N/A | 928,460 | 0 | 928,460 |</p>
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<tr>
<th>Article</th>
<th>Title</th>
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<td>Article 83</td>
<td>MoJ KJC</td>
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<td>3.23.20</td>
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<td>KJC</td>
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### 3.23. Anticorruption Policy

No measures are foreseen in this section.

### 3.23. Fundamental Rights

<table>
<thead>
<tr>
<th>Article</th>
<th>Title</th>
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<td>OPM</td>
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<td>3.23.25</td>
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### 3.23. Protection of Minorities and Cultural Heritage

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<tr>
<td>3.24. Framework legislation</td>
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<th>3.24. Border Management</th>
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<th>3.24. Fight Against Money Laundering and the Financing of Terrorism</th>
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<th>3.24. Fight against organized crime and police cooperation</th>
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<tbody>
<tr>
<td>3.24.1 Article 91</td>
<td>Law on Cyber Security, adopted</td>
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</table>

<table>
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<tr>
<th>3.24. Fight Against Terrorism</th>
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<tr>
<th>3.24. International Legal Cooperation in Criminal and Civil Matters</th>
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</thead>
<tbody>
<tr>
<td>3.24.2 Article 83</td>
<td>Amending of the Law on International Legal Cooperation in Criminal Matters</td>
</tr>
</tbody>
</table>

| 3.24.3 Article 83 | Law on Legal Cooperation in Civil and Criminal Matters |
November 2007 on the service in the Member States of judicial and extrajudicial documents in civil or commercial matters (service of documents), and repealing Council Regulation (EC) No 1348/2000;

3.24. **Bylaws and other regulatory acts**

No measures are foreseen in this section.

3.24. **Border Management**

No measures are foreseen in this section.

3.24. **Visas**

No measures are foreseen in this section.


No measures are foreseen in this section.

3.24. **Asylum**

No measures are foreseen in this section.

<table>
<thead>
<tr>
<th>3.24. <strong>Migration</strong></th>
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</table>

3.24.4 **Article 85**

Regulation on the Integration of Beneficiaries of International Protection, approved

Communication COM/2011/0455 from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - European Agenda for the Integration of Third-Country Nationals; Communication COM/2005/0389 from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions - A Common Agenda for Integration - Framework for the Integration of Third-Country Nationals in the European Union.

MIA | Q2 2019 | P | 5,000 | 0 | 5,000 |

3.24.5 **Articles 85, 86, 87 and 88**

Regulation No.13/2017 on Reintegration of Repatriated Persons, amended

N/A | MIA | Q3 2019 | N/A | 5,000 | 0 | 5,000 |

3.24.6 **Articles 85, 86, 87 and 88**

Regulation on Government Authority on Migration, approved

N/A | MIA | Q1 2019 | N/A | 5,000 | 0 | 5,000 |

3.24.7 **Articles 85, 86, 87 and 88**

AI amending AI No.22/2013 on the Conditions and Procedures of the Visa Extension, approved


MIA | MFA | Q2 2019 | P | 5,000 | 0 | 5,000 |
| 3.24.8 | Articles 85, 86, 87 and 88 | AI amending AI No.02/2014 on Foreigners Travel Documents, approved | N/A | MIA | Q2 2019 | N/A | 5,000 | 0 | 5,000 |
| 3.24.9 | Articles 85, 86, 87 and 88 | AI amending AI No. 26/2013 on the Procedure of Loss of Citizenship by Release from Citizenship, approved | N/A | MIA | Q2 2019 | N/A | 5,000 | 0 | 5,000 |
| 3.24.10 | Articles 85, 86, 87 and 88 | AI amending AI No. 01/2015 on Establishment of the Appeals Commission on Foreigners, approved | N/A | MIA | Q2 2019 | N/A | 5,000 | 0 | 5,000 |
| 3.24.11 | Articles 85, 86, 87 and 88 | AI amending AI No.05/2015 for the Procedure and Criteria of Determining the Status of the Stateless Person, the Manner of acquisition of the Citizenship by the Stateless Person and the Person with Refugee Status, approved | N/A | MIA | Q2 2019 | N/A | 5,000 | 0 | 5,000 |
| 3.24.12 | Articles 85, 86, 87 and 88 | AI amending AI No.06/2014 on Establishment and Defining of Working Rules for the Commission for Appeals for Citizenship, approved | N/A | MIA | Q2 2019 | N/A | 5,000 | 0 | 5,000 |
| 3.24.13 | Articles 85, 86, 87 and 88 | Draft AI amending AI No. 04/2013 for Procedures for Acquiring the Citizenship of the Republic of Kosovo | N/A | MIA | Q2 2019 | N/A | 5,000 | 0 | 5,000 |
| 3.24.14 | Articles 85, 86, 87 and 88 | AI amending AI No.24/2013 on Refusal of Entry into Republic of Kosovo, approved | N/A | MIA | Q2 2019 | N/A | 5,000 | 0 | 5,000 |

### 3.24. Combating Money Laundering and Financing of Terrorism

No measures are foreseen in this section.

### 3.24. Fight Against Narcotics

No measures are foreseen in this section.

### 3.24. Fight Against Organized Crime and Police Cooperation

No measures are foreseen in this section.

### 3.24. Fight Against Terrorism

No measures are foreseen in this section.

### 3.24. International Legal Cooperation in Criminal and Civil Matters

No measures are foreseen in this section.

### 3.25. Acquis Chapter 25: Science and Research

- **Framework legislation**
  - No measures are foreseen in this section.
- **Bylaws and other regulatory acts**
  - No measures are foreseen in this section.

### 3.25.1 Article 107

| Article 107 | AI on the Council for Scientific-research activity, Knowledge and Technology transfer and Innovation, approved | N/A | MEST | Q2 2019 | N/A | 12,920 | 0 | 12,920 |
### 3.26. Acquis Chapter 26: Education and Culture

#### 3.26. Framework legislation

<table>
<thead>
<tr>
<th>Article 118</th>
<th>Draft Law on Education in Early Childhood (ages 0-6 years) in the Republic of Kosovo (new Draft Law)</th>
<th>N/A</th>
<th>MEST</th>
<th>Q4 2019</th>
<th>N/A</th>
<th>12,920</th>
<th>0</th>
<th>12,920</th>
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#### 3.26. Bylaws and other regulatory acts

No measures are foreseen in this section.

### 3.27. Acquis Chapter 27: Environment

#### 3.27. Framework legislation

|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

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| 3.27.7 | Articles 115, 116 and 117 | Al No.17/2014 on Classification, Labelling and Packing of Hazardous Chemicals (amendment) | CLP Reach | MESP | MTI MED MoH MoF | Q4 2019 | P | 17,820 | 0 | 17,820 |
| 3.27.8 | Articles 115, 116 and 117 | Al No.06/2007 on the Rules and Standards of the Discharges on Air by the Stationary Sources of Pollution (amendment) | Directive 2010/75/EU on industrial emissions | MESP | MTI MED MoH MoF | Q2 2019 | P | 8,910 | 0 | 8,910 |


3.28. Framework legislation

3.28. Consumer Protection

No measures are foreseen in this section.

3.28. Public Health Protection

| 3.28.3 | Article 81 | AI on Collective Protection Directive 2009/22/EC on injunctions for the protection of consumers’ interests. | MTI | Q4 2019 | P | 2,500 | 3,750 | 6,250 |
| 3.28.4 | Article 81 | AI on Long Term Products | Directive 2008/122/EC on the protection of consumers in respect of certain aspects of timeshare, long-term holiday product, resale and exchange contracts. | MTI | Q2 2019 | P | 2,500 | 3,750 | 6,250 |
| 3.28.5 | Article 81 | AI on Drafting and Approval of the Consumer Credit Form | Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers | CBK | Q2 2019 | P | 7,650 | 0 | 7,650 |
| 3.28.7 | Article 81 | AI on Tobacco Smoking Area Conditions for Established Tobacco Institutions | Regulation (EU) No. 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code | MoH | Q4 2019 | N/A | 0 | 0 | 0 |

### Acquis Chapter 29: Customs Union

| 3.29.1 | Articles 77 and 104 | Amending of the Excise and Customs Code of Kosovo | Regulation (EU) No. 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code | MoF | Q2 2019 | P | 11,000 | 0 | 11,000 |

No measures are foreseen in this section.

### Acquis Chapter 30: External Relations

No measures are foreseen in this section.

### Acquis Chapter 31: Foreign, Security and Defence Policy

| 3.31.1 | Articles 11-15 | Law amending the Law No.03/L-183 on Implementation of International Sanctions | | MFA | Q4 2019 | N/A | 10,000 | 0 | 10,000 |

No measures are foreseen in this section.

### Acquis Chapter 32: Financial control

No measures are foreseen in this section.
3.32.1 Article 97 Amending the Law on the Auditor General and the National Audit Office of the Republic of Kosovo International Standards of Supreme Audit Institutions, and in accordance with the Declaration of Lima in Mexico NAO Assembly Q4 2019 P 18,000 0 18,000

3.32. Bylaws and other regulatory acts

3.32.2 Article 97 Drafting and approval of regulations on implementation of the Law on PIFC INTOSAI Guidance for Good Governance, Standards and Guides (IPPF) - International Professional Practices Framework, COSO internal control framework MoF OPM Q2 2019 P 20,400 32,630 53,030


3.33. Framework legislation

No measures are foreseen in this section.

3.33. Bylaws and other regulatory acts

No measures are foreseen in this section.

3.34. Acquis Chapter 34: Institutions

3.34. The Programme does not cover this chapter at this stage of EU accession.

3.35. Acquis Chapter 35: Other issues

3.35. The Programme does not cover this chapter at this stage of EU accession.

## IMPLEMENTING MEASURES

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<th>No.</th>
<th>SAA Provisions</th>
<th>Objectives</th>
<th>Indicators</th>
<th>Responsible institutions</th>
<th>Supporting institutions</th>
<th>Timeframe</th>
<th>Reference documents</th>
<th>Budget</th>
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<td>1.1. Democracy and Rule of Law</td>
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<td>1.1.1. Constitution, Parliament and Electoral System</td>
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<td>Further improvement of the policy framework in the area of administration of the Assembly, in order to implement the provisions of the SAA and aligned legislation</td>
<td>Strategy on international inter-parliamentary cooperation, adopted</td>
<td>Assembly</td>
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<td>Further improvement of the policy framework in the area of administration of the Assembly, in order to implement the provisions of the SAA and aligned legislation</td>
<td>Communication and public relations strategy, adopted</td>
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<td>1.1.1.3 Article 120 and 132</td>
<td>Ensuring regular functioning in fulfilling the legislative agenda</td>
<td>Number of draft laws received by the Government and adopted by the Assembly</td>
<td>Assembly</td>
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<td>1.1.1.4 Article 120 and 132</td>
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<td>Number of recommendations issued and implemented</td>
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### 1.1.2. Policy framework

No measures are foreseen in this section.

#### 1.1.2. Institutional reforms and capacity-building

<table>
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<tr>
<th>Article 120</th>
<th>Continuation of institutional reforms and institutional capacity building in the area of public administration, with the aim of implementing the EU standards and principles for the PA</th>
<th>Job Catalogue, updated</th>
<th>MPA</th>
<th>IRK</th>
<th>Q4 2019</th>
<th>MTEF APSMPA</th>
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<tr>
<td>Article 120</td>
<td>Continuation of institutional reforms and institutional capacity building in the area of public administration, with the aim of implementing the EU standards and principles for the PA</td>
<td>New modules in HRMIS, developed</td>
<td>MPA</td>
<td>IRK</td>
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<td>APSMPA</td>
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<td>Article 120</td>
<td>Continuation of institutional reforms and institutional capacity building in the area of public administration, with the aim of implementing the EU standards and principles for the PA</td>
<td>Number of job titles, updated</td>
<td>MPA</td>
<td>IRK</td>
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<td>MTEF APSMPA</td>
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<tr>
<td>Article 120</td>
<td>Continuation of institutional reforms and institutional capacity building in the area of public administration, with the aim of implementing the EU standards and principles for the PA</td>
<td>Pilot Contact Points, established</td>
<td>MPA</td>
<td>IRK</td>
<td>Q4 2019</td>
<td>APSMPA</td>
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<td>Development of the “e-Kosovo” Electronic Services Portal</td>
<td>E-Kosovo portal, designed</td>
<td>MPA</td>
<td>IRK</td>
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<td>APSMPA</td>
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<td>Article 120</td>
<td>Continuation of institutional reforms and institutional capacity building in the area of public administration, with the aim of implementing the EU standards and principles for the PA</td>
<td>Institutional mechanisms for Open Data, established;</td>
<td>MPA</td>
<td>IRK</td>
<td>Q1 2019</td>
<td>APSMPA</td>
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<td>Feasibility Study for Local Self-Government in Kosovo</td>
<td>Report on the feasibility study of the local self-government system, completed;</td>
<td>MLGA</td>
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<td>Q4 2019</td>
<td>Strategy on Local Self Government 2016-2026</td>
<td>64,450</td>
<td>33,150</td>
<td>97,600</td>
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<td>Article 120</td>
<td>Measuring transparency level of municipalities;</td>
<td>% of the level of respecting mechanisms for transparency of the work of municipal bodies, reported;</td>
<td>MLGA</td>
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<td>Q4 2019</td>
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<tr>
<td>Article 120</td>
<td>Support to municipalities in the functionalization of transparency mechanisms</td>
<td>Websites of the municipalities of Zubin Potok, Zvecan and Leposavic, redesigned and functionalized;</td>
<td>MLGA</td>
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<td>Q4 2019</td>
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<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Article 120</td>
<td>Enhancement of the online legality assessment platform</td>
<td>The system of assessing the legality of municipal acts with the line ministries, completed</td>
<td>MLGA</td>
<td></td>
<td>Q4 2019</td>
<td>Strategy on Local Self Government 2016-2026</td>
<td>0</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Article 120</td>
<td>Advancement of minimum standards of public consultation in</td>
<td>Manual on the minimum standards for public consultation, drafted;</td>
<td>MLGA</td>
<td>OPM</td>
<td>Q3 2019</td>
<td>Strategy on Local Self</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
### 1.1.2. Enforcement

No measures are foreseen in this section.

### 1.1.3. Ombudsperson

#### 1.1.3.1 Articles 3, 4 and 7

- **Raising the level of implementation of the recommendations of the Ombudsman Institution**

  - **Number of OI recommendations implemented by the responsible authorities**
  - **OPM**
  - **Assembly**
  - **Q4 2019**
  - OI Annual Report; Quarterly statistics from the OI database/matrix; OGG Annual Report:

  | 0 | 0 | 0 |

#### 1.1.3.2 Articles 3, 4 and 7

- **Increasing the accountability of the respective authorities to the requirements, recommendations or proposals for taking concrete actions within the legal deadlines provided for in the Law on the Ombudsperson.**

  - **Number of responses received by the responsible authorities, within the legal deadline provided for in the Law on the Ombudsperson**
  - **OPM**
  - **Assembly**
  - **Q4**
  - OI Annual Report; Quarterly statistics from the OI database/matrix; OGG Annual Report:

  | 0 | 0 | 0 |

### 1.1.4. Civilian Oversight of Security Forces

#### 1.1.4. Policy framework

No measures are foreseen in this section.

#### 1.1.4. Institutional reforms and capacity-building

No measures are foreseen in this section.

### 1.1.4. Enforcement

No measures are foreseen in this section.

### 1.2. Regional Cooperation and International Obligations

#### 1.2.1 Articles 3, 4, 5, 6, 7, 8, 10,11, 12, 13,14, 16,17,19

- **Concept Document on Missing Persons, approved**

  - **NA**
  - **OPM**
  - **OPM**
  - **MoJ**
  - **MoF**
  - **MLSW**
  - **MoH**
  - **MIA**
  - **MFA**
  - **Assembly**
  - **Q2 2019**
  - OI Annual Report:

  | 0 | 0 |

#### 1.2.2 Articles 3, 4, 5, 6, 7, 8, 10,11, 12

- **Continue institutional reforms in the area of regional cooperation and international obligations**

  - **1 (one) forensic medicine anthropologist, trained**
  - **MoJ**
  - **MEST**
  - **MCYS**
  - **OPM**
  - **Q4 2019**
  - 0

  | 100,000 | 100,000 |
1.2.3 | Continue institutional reforms in the area of regional cooperation and international obligations | IFM general database, digitized. | MoJ | Q4 2019 | 3,600 | 1,500 | 5,100 |

1.2. Institutional reforms and capacity-building
No measures are foreseen in this section.

1.2. Enforcement
No measures are foreseen in this section.

2. BLOCK II – ECONOMIC CRITERIA

2.1. Existence of a Functional Market Economy

<table>
<thead>
<tr>
<th>2.1. Policy framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1.2</td>
</tr>
<tr>
<td>2.1.3</td>
</tr>
</tbody>
</table>

2.1. Institutional reforms and capacity-building

| 2.1.4 | Strengthening the capacities of the macroeconomic unit | Keeping of 3 professional trainings at the workplace | MoF | Q4 2019 | ECFIN Joint Conclusions on the Economic Reform Programme, Balkan Countries Conclusions of Subcommittee Economy 2018, PFMRS 2016-2020 Action Plan | 40,000 | 0 | 40,000 |

2.1. Enforcement
No measures are foreseen in this section.

2.2. Capacity to Cope with Competitive Pressure and Market Forces within the Union
### 2.2. Policy framework
No measures are foreseen in this section.

### 2.2. Institutional reforms and capacity-building
No measures are foreseen in this section.

### 2.2. Enforcement
No measures are foreseen in this section.

#### 3. BLOCK III: EUROPEAN STANDARDS – APPROXIMATION OF KOSOVO’S LEGISLATION WITH THE EU acquis

#### 3.0. Legal Framework on Approximation of Kosovo’s Legislation with the EU Acquis

| 3.0. | Policy framework |
| 3.1. | Institutional reforms and capacity-building |
| 3.0.1 | Article 74 | Further advancement of the national legislation approximation with the EU acquis aimed at SAA implementation | Annual calendar of translation, drafted. | MEI | Q2 2019 | 0 | 0 | 0 |
| 3.0.2 | Article 74 | Further advancement of the national legislation approximation with the EU acquis aimed at SAA implementation | 8 midterm guidelines for acquis priority chapters (23 and 24) based on SAA, drafted. | MEI | Q2 2019 | 0 | 0 | 0 |
| 3.0.3 | Article 74 | Further advancement of the national legislation approximation with the EU acquis aimed at SAA implementation | At least 120 Opinions on Legal Compatibility (OLC) with the EU acquis issued. | MEI | Q4 2019 | 0 | 0 | 0 |
| 3.0.4 | Article 74 | Further advancement of the national legislation approximation with the EU acquis aimed at SAA implementation | At least 4 training cycles on legislation approximation conducted. | MEI | MAP | Q4 2019 | 0 | 0 | 0 |
| 3.0.5 | Article 74 | Further advancement of the national legislation approximation with the EU acquis aimed at SAA implementation | Launch of the pilot project for the revision of translated acts. | MEI | Q2 2019 | 0 | 0 | 0 |
| 3.0.6 | Article 74 | Further advancement of the national legislation approximation with the EU acquis aimed at SAA implementation | Designing and functionalization of the platform for the approximation of local legislation with the EU acquis. | MEI | Q4 2019 | 0 | 0 | 0 |

#### 3.1. Acquis Chapter 1: Free Movement of Goods

| 3.1.1 | Article 80 | Further development of rules and policies for medical devices and products | Approval of the concept document for products and medical devices | MoH | OPM | MoF | Q4 2019 | 9,000 | 4,000 | 13,000 |
### 3.1.2 Article 80
Further assessment of the domestic legislation with that of the EU in the area of free movement of goods

- Analysis of the national legislation covering specific product groups for the fulfilment of obligations from the non-harmonized area (34-36 TFEU)
- Conclusions of the Subcommittee on Trade, Industry, Customs and Taxation

<table>
<thead>
<tr>
<th>Institution</th>
<th>Date</th>
<th>Developpment</th>
</tr>
</thead>
<tbody>
<tr>
<td>MTI</td>
<td>Q3 2019</td>
<td></td>
</tr>
<tr>
<td>MED</td>
<td></td>
<td>MTI, MESP</td>
</tr>
<tr>
<td>MIA</td>
<td></td>
<td>MI, MAFRD</td>
</tr>
<tr>
<td>MI</td>
<td></td>
<td>FVA, RAEP</td>
</tr>
</tbody>
</table>

### 3.2 Institutional reforms and capacity-building

#### 3.1.3 Article 80
Administrative Capacity Building of the Kosovo Metrology Agency

- New officials recruited at the Kosovo Metrology Agency

<table>
<thead>
<tr>
<th>Institution</th>
<th>Date</th>
<th>Developpment</th>
</tr>
</thead>
<tbody>
<tr>
<td>MTI</td>
<td>Q2 2019</td>
<td></td>
</tr>
</tbody>
</table>

#### 3.1.4 Article 80
Further Professional Development of Conformity Assessment Bodies

- Organization of training sessions for Conformity Assessment Bodies

<table>
<thead>
<tr>
<th>Institution</th>
<th>Date</th>
<th>Developpment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>MTI, MIA, OPM, TAK</td>
</tr>
</tbody>
</table>

#### 3.1.5 Article 80
Cooperation with international organizations in the area of quality infrastructure

- Application for Membership in the International Bureau of Weights and Measures (IBWM) sent by the Kosovo Metrology Agency

<table>
<thead>
<tr>
<th>Institution</th>
<th>Date</th>
<th>Developpment</th>
</tr>
</thead>
<tbody>
<tr>
<td>MTI</td>
<td>Q2 2019</td>
<td>Accreditation Law, Regulation 765/2008 of the European Parliament, Relevant Standards</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MTI, MIA, OPM, TAK</td>
</tr>
</tbody>
</table>

#### 3.1.6 Article 80
Addressing the findings of the EA assessment team

- Accreditation quality management system, revised

<table>
<thead>
<tr>
<th>Institution</th>
<th>Date</th>
<th>Developpment</th>
</tr>
</thead>
<tbody>
<tr>
<td>MTI</td>
<td>Q3 2019</td>
<td>Accreditation Law, Regulation 765/2008 of the European Parliament, Relevant Standards</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MTI, MIA, OPM, TAK</td>
</tr>
</tbody>
</table>

### 3.2 Acquis Chapter 2: Freedom of Movement for Workers

#### 3.2.1 Article 79, paragraph 9
Drafting of the Concept Document for systematization of foreign workers employed in the Republic of Kosovo (posting of workers)

<table>
<thead>
<tr>
<th>Institution</th>
<th>Date</th>
<th>Developpment</th>
</tr>
</thead>
<tbody>
<tr>
<td>MIA</td>
<td></td>
<td>OPM, TAK</td>
</tr>
</tbody>
</table>

#### 3.2.2 Institutional reforms and capacity-building

No measures are foreseen in this section.

### 3.2 Enforcement
### 3.3. Acquis Chapter 3: Right of Establishment and Freedom to Provide Services

#### 3.3.1 Articles 51, 56, 57, 58, 59 and 74
Further preparations for the establishment of the single contact point

<table>
<thead>
<tr>
<th>Action Document</th>
<th>Responsible Body</th>
<th>Timeframe</th>
<th>Development Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drafting and Approval of the Action Plan for the Establishment of the Single Contact Point</td>
<td>MTI</td>
<td>Q3 2019</td>
<td>Law on Services</td>
</tr>
<tr>
<td></td>
<td>MEST</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>MED</td>
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<td>MESP</td>
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<td></td>
<td>MIA</td>
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</tr>
</tbody>
</table>

#### 3.3. Institutional reforms and capacity-building
No measures are foreseen in this section.

#### 3.4. Enforcement
No measures are foreseen in this section.

### 3.4. Acquis Chapter 4: Free Movement of Capital

#### 3.4.1 Article 89
Development of the legislation in the area of combating money laundering and terrorist financing

<table>
<thead>
<tr>
<th>Action Document</th>
<th>Responsible Body</th>
<th>Timeframe</th>
<th>Development Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concept Document amending the Law No. 05/L-096 on the Prevention of Money Laundering and Combating Financing of Terrorism, approved</td>
<td>MoF</td>
<td>Q4 2019</td>
<td>Government Programme</td>
</tr>
<tr>
<td></td>
<td>FIU</td>
<td></td>
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</tbody>
</table>

#### 3.4.2 Article 64
Development of legislation in the area of payment system

<table>
<thead>
<tr>
<th>Action Document</th>
<th>Responsible Body</th>
<th>Timeframe</th>
<th>Development Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concept document amending the Law on Payment System, approved</td>
<td>CBK</td>
<td>Q4 2019</td>
<td>CBK Annual Plan</td>
</tr>
</tbody>
</table>

#### 3.4.3 Article 89
Development of policies in the fight against money laundering, prevention of informal economy, and financing terrorism

<table>
<thead>
<tr>
<th>Action Document</th>
<th>Responsible Body</th>
<th>Timeframe</th>
<th>Development Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy and Action Plan for combating and preventing informal economy, money laundering, terrorist financing and financial crimes 2019-2023, approved</td>
<td>MoF</td>
<td>Q2 2019</td>
<td></td>
</tr>
<tr>
<td></td>
<td>FIU</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### 3.4.4 Article 64
Harmonization of Policies and Standards for Oversight of the Payment System, according to CPSS-IOSCO Principles, ECB Regulation on the oversight of payment systems, and the Framework for the oversight of retail payment systems

<table>
<thead>
<tr>
<th>Action Document</th>
<th>Responsible Body</th>
<th>Timeframe</th>
<th>Development Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policies and Standards for the oversight of Payment Systems, harmonized</td>
<td>CBK</td>
<td>Q3 2019</td>
<td></td>
</tr>
</tbody>
</table>

#### 3.4.5 Article 64
Manual on Payment Oversight System

<table>
<thead>
<tr>
<th>Action Document</th>
<th>Responsible Body</th>
<th>Timeframe</th>
<th>Development Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manual on Payment Oversight System, based on Regulation EU No. 795/2014, approved.</td>
<td>CBK</td>
<td>Q3 2019</td>
<td></td>
</tr>
</tbody>
</table>

#### 3.4. Institutional reforms and capacity-building
No measures are foreseen in this section.

#### 3.4. Enforcement
No measures are foreseen in this section.

### 3.5. Acquis Chapter 5: Public Procurement

#### 3.5.1 Article 79
Concept Document for the Law on Public Procurement, approved

<table>
<thead>
<tr>
<th>Action Document</th>
<th>Responsible Body</th>
<th>Timeframe</th>
<th>Development Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval of the concept document for the Law on Public Procurement</td>
<td>MoF</td>
<td>Q3 2019</td>
<td>Evaluation Analysis - Twinning Project, Subcommittee</td>
</tr>
<tr>
<td></td>
<td>PPRC</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PRB</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CPA</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 3.5. Acquis Chapter 6: Company Law

#### Policy framework

| Article 79 | Drafting of corporate governance policies | Corporate Governance Code, approved | MTI | Q4 2019 | Evaluation Analysis - Twinning Project | 34,800 | 0 | 34,800 |

#### Enforcement

| No measures are foreseen in this section. |

### 3.6. Acquis Chapter 7: Intellectual Property Law

#### Policy framework

| Articles 77 and 78 | Advancing of the legislation in the area of copyright | Concept Document on the Legislation of Copyright, approved | MCYS | Customs | IMC | Q4 2019 | 39,000 | 0 | 39,000 |
| Articles 77 and 78 | Approval of the National Strategy for strengthening the Copyright System and Action Plan | Strategy and Action Plan, approved | MCYS | MTI | MoF Customs | Q1 2019 | 2,750 | 0 | 2,750 |

#### Institutional reforms and capacity-building

| Articles 77 and 78 | Recruitment of the permanent staff at the Industrial Property Agency | Recruitment of staff at the Industrial Property Agency | MTI | Q2 2019 | 3,600 | 0 | 3,600 |
| Articles 77 and 78 | Capacity building of relevant institutions for the implementation of legislation | At least 1 training session organized for judges, prosecutors, police in the area of Industrial Property | MTI | Customs | KJC | KPC | Q4 2019 | 2,750 | 5,050 | 7,800 |
| Articles 77 and 78 | Capacity building of relevant institutions for the implementation of legislation in the area of copyright | At least 1 training session organized for judges, prosecutors, police in the area of copyright | MCYS | Q4 2019 | 7,050 | 0 | 7,050 |
| Articles 77 and 78 | Capacity Building of the Industrial Property Agency | At least 4 training sessions organized for officials of the Industrial Property Agency, conducted | MTI | Q4 2019 | 8,100 | 6,000 | 14,100 |

#### Enforcement

| Articles 77 and 78 | Tariffs for cable operators for using the subject matter protected with the Law on Copyright. | Determining tariff schemes for cable operators through mediation or intervention of the Government of Kosovo | MCYS | Q4 2019 | 24,500 | 0 | 24,500 |
### 3.7.8 Articles 77 and 78
Informing relevant parties about the area of industrial property
Number of activities organized with citizens and businesses with the aim to raise awareness on the importance of industrial property.

<table>
<thead>
<tr>
<th>Agency</th>
<th>Q4 2019</th>
<th>4,496</th>
<th>4,420</th>
<th>8,916</th>
</tr>
</thead>
</table>

### 3.7.9 Articles 77 and 78
Continuing of fight against violations of the intellectual property right
Number of Customs activities in the fight against IP violators, increased compared to the previous year

<table>
<thead>
<tr>
<th>Agency</th>
<th>Q4 2019</th>
<th>19,200</th>
<th>0</th>
<th>19,200</th>
</tr>
</thead>
</table>

### 3.7.10 Articles 77 and 78
Continuing of fight against violations of the intellectual property right
The confiscated amount of goods violating Intellectual Property Rights

<table>
<thead>
<tr>
<th>Agency</th>
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<th>0</th>
<th>0</th>
<th>0</th>
</tr>
</thead>
</table>

### 3.8. Acquis Chapter 8: Competition Policy

#### 3.8.1.1 Articles 74 and 75
Drafting of the Concept Document for the Law on Competition
Concept Document for the Law on Competition, approved

<table>
<thead>
<tr>
<th>Agency</th>
<th>Q2 2019</th>
<th>3,000</th>
<th>0</th>
<th>3,000</th>
</tr>
</thead>
</table>

#### 3.8.2 Articles 74 and 75
Market analysis in the telecommunications sector
Findings from the analysis in the telecommunications sector

<table>
<thead>
<tr>
<th>Agency</th>
<th>Q1 2019</th>
<th>10,800</th>
<th>0</th>
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</table>

#### 3.8.3 Articles 74 and 75
Market analysis in the homologation sector
Findings from the analysis in the homologation sector

<table>
<thead>
<tr>
<th>Agency</th>
<th>Q2 2019</th>
<th>10,800</th>
<th>0</th>
<th>10,800</th>
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</table>

#### 3.8.4 Articles 74 and 75
Competition Policy Plan 2019-2021
Approval of the Competition Policy Plan

<table>
<thead>
<tr>
<th>Agency</th>
<th>Q3 2019</th>
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</thead>
</table>

#### 3.8.6 Articles 74 and 75
Initiation of the Guidelines for Creating the State Aid Inventory
Guidelines for creating a State Aid Inventory, drafted

<table>
<thead>
<tr>
<th>Agency</th>
<th>Q2 2019</th>
<th>0</th>
<th>0</th>
<th>0</th>
</tr>
</thead>
</table>

#### 3.8.8 Articles 74 and 75
Raising awareness on the Rules of State Aid for providers and advocacy
Completion of notification forms by state aid granting institutions

<table>
<thead>
<tr>
<th>Agency</th>
<th>Q4 2019</th>
<th>0</th>
<th>0</th>
<th>0</th>
</tr>
</thead>
</table>

#### 3.8.9 Articles 74 and 75
Raising awareness on the Rules of State Aid for providers and advocacy
On the job training for at least seven (7) officials

<table>
<thead>
<tr>
<th>Agency</th>
<th>Q4 2019</th>
<th>0</th>
<th>0</th>
<th>0</th>
</tr>
</thead>
</table>

#### 3.8.10 Articles 74 and 75
Raising awareness on the Rules of State Aid for providers and advocacy
At least two (2) workshops for state aid granting institutions held

<table>
<thead>
<tr>
<th>Agency</th>
<th>Q4 2019</th>
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<th>0</th>
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</thead>
</table>

#### 3.8.11 Articles 74 and 75
Creating an Existing Inventory for State Aid
State Aid Inventory, completed

<table>
<thead>
<tr>
<th>Agency</th>
<th>Q4 2019</th>
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<th>0</th>
<th>0</th>
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</table>

### 3.8. State Aid

#### 3.8.4 Articles 74 and 75
Creating an Existing Inventory for State Aid
State Aid Inventorying, completed

<table>
<thead>
<tr>
<th>Agency</th>
<th>Q4 2019</th>
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<th>0</th>
<th>0</th>
</tr>
</thead>
</table>

### 3.8. Enforcement

No measures are foreseen in this section.

#### 3.8. Competition

No measures are foreseen in this section.
### 3.8. State Aid

No measures are foreseen in this section.

<table>
<thead>
<tr>
<th>3.9. Acquis Chapter 9: Financial Services</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3.9.1</strong></td>
<td>Articles 50, 96 and Annex 6</td>
</tr>
</tbody>
</table>

| **3.9.2** | Articles 50, 96 and Annex 6 | Risk Management Manual | Drafting and approval of the Manual | CBK | Q2 2019 | 4,500 | 5,050 | 9,550 |

### 3.9. Institutional reforms and capacity-building

No measures are foreseen in this section.

<table>
<thead>
<tr>
<th>3.10. Acquis Chapter 10: Information Society and Media</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3.10.1</strong></td>
<td>Articles 109, 110 and 111</td>
</tr>
</tbody>
</table>

| **3.10.2** | Articles 109, 110 and 111 | Establishment of appropriate conditions for transition to digital terrestrial broadcasting | Strategy for Transition to Digital Terrestrial Broadcasting, adopted | IMC | MED | RAEPC | Q4 2019 | 1,670 | 0 | 1,670 |

### 3.10. Institutional reforms and capacity-building

No measures are foreseen in this section.

<table>
<thead>
<tr>
<th>3.10. Enforcement</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3.10.3</strong></td>
<td>Articles 109, 110 and 111</td>
</tr>
</tbody>
</table>
### Kosovo, Digital Economy Project

#### 3.10.4 Articles 109, 110 and 111
- **Granting of frequency capacities for International Mobile Technology services (IMT - 3G and 4G) to mobile electronic communications service providers**
- Individual authorizations to operators for providing 800 MHz, 900 MHz and 1800 MHz frequency capacities for IMT services, including IoT services, approved
- **RAEPC**, **MED**
- **Q2 2019**
- **2,060**
- **0**

#### 3.10.5 Articles 109, 110 and 111
- **Coordination of radio frequency utilization in eliminating interferences and providing quality services - Implementation of European recommendations ECC/Rec (11) 04; ECC/Rec (08) 02; ECC/Rec (01) 01**
- Technical Agreements for Frequency Planning and Coordination in border zones (region countries) for 800 MHz, 900 MHz and 1800 MHz bands, signed
- **RAEPC**, **MED**
- **Q4 2019**
- **1,968.75**
- **0**

#### 3.10.6 Articles 109, 110 and 111
- **Increase and improvement of KOS-CERT capacities**
- Real-time network monitoring system (the system provides real-time analysis and monitoring of networks regarding security threats - Security Information and Event Management (SIEM), operational
- **RAEPC**
- **Q4 2019**
- **1,440**
- **0**

### 3.11 Acquis Chapter 11: Agriculture and Rural Development

#### 3.11.1 Policy framework
- **Article 102**
- **Improvement of agricultural land policies**
- Concept document on agricultural land, approved
- **MAFRD**, **MESF**, **KCA**
- **Q2 2019**
- **8,100**
- **0**
- **8,100**

- **Article 102**
- **Improvement of land regulation policies**
- Concept document on land regulation, approved
- **MAFRD**, **MESF**, **KCA**
- **Q2 2019**
- **7,200**
- **0**
- **7,200**

- **Article 102**
- **Improvement of artificial fertilizers use policies, approved**
- Concept document on artificial fertilizers, approved
- **MAFRD**, **MESF**, **MTI**, **FVA**
- **Q4 2019**
- **7,200**
- **0**
- **7,200**

#### 3.11.5 Institutional reforms and capacity-building
- No measures are foreseen in this section.

#### 3.11.4 Enforcement
- **Article 102**
- **Support to the Sector of Cereals, Horticulture and Livestock**
- 12,000 farmers in the cereals sector; 8,000 farmers in the horticulture sector; and 9,200 farmers in the livestock sector, supported
- **MAFRD**, **MoF**
- **Q4 2019**
- **Agriculture and Rural Development Programme 2014-2020**
- **0**
- **0**
- **0**

- **Article 102**
- **Support to the rural development sector**
- 400 projects supported according to measures
- **MAFRD**, **MoF**
- **Q4 2019**
- **Agriculture and Rural Development Programme 2014-2020**
- **0**
- **0**
- **0**

### 3.12 Acquis Chapter 12: Food Safety, Veterinary, and Phytosanitary Policy

#### 3.12.1 Policy framework
- No measures are foreseen in this section.

#### 3.12.5 Institutional reforms and capacity-building
### Enforcements

<table>
<thead>
<tr>
<th>Category</th>
<th>No. of the SAA</th>
<th>Improvement of public health and animal health protection</th>
<th>FVA</th>
<th>MAFRD</th>
<th>MTI</th>
<th>Q4 2019</th>
<th>Law No. 2004/21 the veterinary law; Meeting of the Subcommittee on Agriculture (21 March 2017)</th>
<th>21,200</th>
<th>0</th>
<th>21,200</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.12.1</td>
<td>102</td>
<td>Animal waste processing plant, functionalized.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.12.2</td>
<td>102</td>
<td>Evaluation and categorization of food business operators, completed.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Acquis Chapter 13: Fisheries

| Policy framework | No measures are foreseen in this section. |

### Acquis Chapter 14: Transport Policy

| Policy framework | No measures are foreseen in this section. |

| Policy framework | No measures are foreseen in this section. |

| Policy framework | No measures are foreseen in this section. |

| Policy framework | No measures are foreseen in this section. |
| 3.14.5 | Article 113 | Improvement of services with the purpose of creating facilitations in the air transport | Development of instrument landing system (lighting) from category 2 to category 3b, completed | MI | Q4 2019 | 0 | 0 | 0 |
| 3.14.6 | Article 113 | Improvement of digital infrastructure for candidates taking drivers test | Installation of internet, equipping with computers and provision of class rooms, completed | MI | Q4 2019 | Law on Drivers Licence | 0 | 0 | 0 |
| 3.14.7 | Article 113 | Setting up of the intelligent transport system and establishment of a traffic control management centre | Feasibility study for setting up SIT on the main road network (motorways), completed | MI | Q4 2019 | Sectorial Strategy and Multimodal Transport 2015-2025 | 0 | 0 | 0 |
| 3.14.8 | Article 113 | Improvement and development of rail transport infrastructure | Detailed draft technical design project for the second phase for the railway line 10 (Fushe Kosove - Mitrovica), completed | INFRAKOS | MI | Q4 2019 | Sectorial Strategy and Multimodal Transport 2015-2025 | 0 | 1,000,000 | 1,000,000 |
| 3.14.9 | Article 113 | Improvement and development of rail transport infrastructure | Preliminary design project for the railway line 7 (Fushe Kosove - Podujeva) completed | INFRAKOS | MI | Q4 2019 | Sectorial Strategy and Multimodal Transport 2015-2025 | 0 | 1,250,000 | 1,250,000 |
| 3.14.10 | Article 113 | Provision of roadworthiness inspection of vehicles (mobile inspections) in order to increase road safety | Mobile inspection entities, completed and authorized | MI | Q4 2019 | 1,500 | 0 | 1,500 |

### 3.15. Acquis Chapter 15: Energy

#### 3.15.1 Article 114 | Further development of the energy policy aimed at implementation of SAA provision and transposed acquis | National Energy Efficiency Action Plan 2019-2021, adopted | MED | MESP | MPMS | MoF | ERO | KOSTT | Q2 2019 | Energy Strategy of the Republic of Kosovo 2017-2026 | 75,600 | 16,000 | 91,600 |
| 3.15.2 Article 114 | Facilitation of procedures for RES by implementing the One-Stop-Shop Regulation | One-Stop-Shop for RES, functionalized | MED | MESP | MoF | ERO | KOSTT | Q4 2019 | Energy Strategy of the Republic of Kosovo 2017-2026 | 20,400 | 0 | 20,400 |

### 3.15. Institutional reforms and capacity-building

#### 3.15.3 Article 114 | Improvement of financial mechanism for projects in the area of energy efficiency | Functionalization of the energy efficiency fund. | MED | MF | MPA | MEST | Q4 2019 | Law on Energy efficiency | 0 | 0 | 0 |
| 3.15.4 Article 114 | Establishment of a joint electricity market with Albania | Energy stock exchange between Kosovo and Albania, established | KOSTT | MED | Q4 2019 | Energy Strategy of the Republic of Kosovo 2017-2026 | 0 | 0 | 0 |

### 3.15. Enforcement
### 3.15.5 Article 114
Process of decommissioning gasification, nitrification and heating facilities at TPP "Kosova A")
Study on environmental and social impact assessment, prepared
MED, MESP, MLSW, MoF, ERO, KOSTT
Q3 2019
Decision of the Government of Kosovo No. 04/156
60,000 140,000 200,000

### 3.16. Acquis Chapter 16: Taxation

#### 3.16.1 Articles 39, 40, 70 and 105
Initiation of the Agreement for Elimination of Double Taxation in Incomes and Capital, as well as combating tax evasion and avoidance
Number of agreements initiated for Elimination of Double Taxation in Incomes and Capital, as well as combating tax evasion and avoidance
MoF Q4 2019 TAK Strategic Plan 2015-2020; 48,340 0 48,340

#### 3.16.2 Articles 39, 40, 70 and 105
Combating of informal economy, tax evasion and avoidance
Compared to the previous year the number of visits and controls, carried out based on risk assessment, increased
MoF Q4 2019 TAK Strategic Plan 2015-2020; TAK Annual Work Plan; Conclusions of the Subcommittee on Industry, Customs and Taxation 1,781,000 0 1,781,000

#### 3.16.3 Articles 39, 40, 70 and 105
Reduction of tax debt
Percentage of debt collection against total collective debt, increased
MoF Q4 2019 TAK Strategic Plan 2015-2020; TAK Annual Work Plan; Conclusions of the Subcommittee on Industry, Customs and Taxation 678,600 0 678,600

#### 3.16.4 Articles 39, 40, 70 and 105
Shortening of the VAT refund period
VAT refund period, shortened to a maximum of 30 days
MoF Q4 2019 TAK Strategic Plan 2015-2020; TAK Annual Work Plan; Conclusions of the Subcommittee on Industry, Customs and Taxation 1,094,800 0 1,094,800

#### 3.16.5 Institutional reforms and capacity-building

No measures are foreseen in this section.

#### 3.16.6 Enforcement
| 3.16.5 | Articles 39, 40, 70 and 105 | Starting of the implementation of the new Information and Communication Technology System | Implementation of the first phase of the project (Function of control, service, exchange of information with third parties) | MoF | Q4 2019 | 265,400 | 0 | 265,400 |

### 3.17. Acquis Chapter 17: Economic and Monetary Policy (refer to Block 2: Economic criteria)

#### 3.17. Policy framework

No measures are foreseen in this section.

#### 3.17. Institutional reforms and capacity-building

No measures are foreseen in this section.

#### 3.17. Enforcement

No measures are foreseen in this section.

### 3.18. Acquis Chapter 18: Statistics

#### 3.18. Policy framework

| 3.18.1 | Article 95 | Monitoring of the Action Plan from the 2019 Peer Review report | Report on the implementation of recommendations from the peer review process, prepared | KAS | OPM | Q2 2019 | Peer Review Report 2017 | 2,600 | 0 | 2,600 |

#### 3.18. Institutional reforms and capacity-building

| 3.18.2 | Article 95 | Increase of administrative capacity | Ten (10) new positions, recruited | KAS | MoF | OPM | MPA | Q4 2019 | 61,200 | 0 | 61,200 |

#### 3.18. Enforcement


| 3.18.5 | Implement SAA Article 95 | Development of R&D Statistics | R&D statistics included in the structural enterprise survey (on an annual basis) | KAS | OPM | Q4 2019 | 5-Year Programme of Official Statistics 2018-2022, Annual Work Plan 2019 | 2,000 | 0 | 2,000 |

### 3.19. Acquis Chapter 19: Social Policy and Employment

#### 3.19. Policy framework

| 3.19.2 | Articles 82 and 106 | Undertaking measures to increase women’s participation in the labour market | Number of women involved in active measures of labour market | MLSW | MEST | MCR | MTI | Q4 2019 | Government Programme 2017-2021; Sectorial Strategy "Employment and Social Policies" 2018-2022; Action Plan on Youth Employment 2018-2021; ERP | 0 | 0 | 0 |
| 3.19.3 | Articles 82 and 106 | Undertaking measures to increase youth’s participation in the labour market | The number of youth involved in active measures of labour market | MLSW | MEST | MCR | MTI | MoF | Q4 2019 | Government Programme 2017-2021; Sectorial Strategy "Employment and Social Policies" 2018-2022; Action Plan on Youth Employment 2018-2021; ERP | 0 | 0 | 0 |
| 3.19.4 | Articles 82 and 106 | Strengthening of institutional capacities in the Labour Inspectorate | Increase of the number of inspections, around 10 thousand | MLSW | MoF | Q4 2019 | Sectorial Strategy of MLSW 2018-2022 | 0 | 0 | 0 |
| 3.19.5 | Articles 82 and 106 | Strengthening of institutional capacities in the Labour Inspectorate | Number of inspectors, increased | MLSW | MPA | MoF | Q4 2019 | Sectorial Strategy of MLSW 2018-2022 | 0 | 0 | 0 |
| 3.19. | Institutional reforms and capacity-building | | | | | | |
| 3.20. | Acquis Chapter 20: Enterprise and Industrial Policy | | | | | | |
| 3.20. | Policy framework | | | | | | |
| 3.20.1 | Article 99 and 100 | Improvement of Innovation and Entrepreneurship Policies | Innovation and Entrepreneurship Strategy, adopted | MIE | Q2 2019 | 12,050 | 19,800 | 31,850 | | | | |
| 3.20. | Institutional reforms and capacity-building | | | | | | |
### Acquis Chapter 20: Entrepreneurial and SME Policy

#### 3.20.2 Article 99 and 100
KIESA’s restructuring and further capacity building to improve its performance in private sector and SME development

| KIESA’s restructuring and further capacity building to improve its performance in private sector and SME development | The new officials recruited in KIESA | MTI | Q4 2019 | 10,000 | 0 | 10,000 |

#### 3.20.3 Article 99 and 100
Supporting of product certification to improve product conformity and business internationalization

| Supporting of product certification to improve product conformity and business internationalization | Number of supported businesses for product certification | MTI | Q4 2019 | 2,500 | 0 | 2,500 |

### Acquis Chapter 21: Trans-European Networks

#### 3.21.1 Policy framework
No measures are foreseen in this section.

### Acquis Chapter 22: Regional policy and coordination of structural instruments

#### 3.22.1 Articles 121, 122, 123, 124 and 125
Programming and implementation of EU financial instruments

| Programming and implementation of EU financial instruments | Trilateral Financial Agreement between the European Union, Kosovo and North Macedonia for 2018 on the IPA II Cross-Border Cooperation Programme between Kosovo and North Macedonia, adopted | MEI | MFA | Q4 2019 | 500,000 | 0 | 500,000 |

#### 3.22.2 Articles 121, 122, 123, 124 and 125
Programming and implementation of EU financial instruments

| Programming and implementation of EU financial instruments | Trilateral Financial Agreement between the European Union, Kosovo and Montenegro for 2018 on the IPA II Cross-Border Cooperation Programme between Kosovo and Montenegro, adopted | MEI | MFA | Q4 2019 | 500,000 | 0 | 500,000 |

#### 3.22.3 Articles 121, 122, 123, 124 and 125
Programming and implementation of EU financial instruments

| Programming and implementation of EU financial instruments | Trilateral Financial Agreement between the European Union, Kosovo and Albania for 2018 on the IPA II Cross-Border Cooperation Programme between Kosovo and Albania, adopted | MEI | MFA | Q4 2019 | 500,000 | 0 | 500,000 |

### Acquis Chapter 23: Judiciary and Fundamental Rights
<table>
<thead>
<tr>
<th>3.23.</th>
<th>Judicial System</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.23.1</td>
<td>Article 83</td>
</tr>
<tr>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>3.23.2</td>
<td>Article 83</td>
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<td></td>
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<td></td>
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</tr>
<tr>
<td>3.23.3</td>
<td>Articles 83 and 91</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>3.23.4</td>
<td>Article 3 and 4</td>
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<tr>
<td>3.23.5</td>
<td>Article 3 and 4</td>
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</tr>
</tbody>
</table>
### 3.23.6 Implementation of the Law and Strategy against Domestic Violence

| Article 3 and 4 | Action Plan on the Strategy Against Domestic Violence, revised | MoJ | KPC | MIA | MLSW | MEST | Q3 2019 | Law on Protection against Domestic Violence | 9,600 | 0 | 9,600 |

### 3.23.7 Efficient administration of the system of execution of penal sanctions

| Article 3 and 4 | Centre for the Assessment and Classification of Inmates, functionalized | MoJ | MIA | KJC | KPC | Q2 2019 | 10,000 | 14,000 | 24,000 |

### 3.23.8 Protection of Minorities and Cultural Heritage

| Article 3 and 4 | Strategy for Protection and Promotion of the Rights of Communities, adopted | OPM | MCR | Q4 2019 | Law No. 03/L-on The Protection and Promotion of the Rights of Communities and their Members in Republic of Kosovo | 32,900 | 0 | 32,900 |

### 3.23.9 Advancing the legal framework and strategic documents for communities, return and integration

| Article 3 and 4 | Concept Document on the support of community projects | MCR | OPM | Q2 2019 | Work Plan of MCR, GAWP | 2,700 | 0 | 2,700 |

### 3.23.10 Advancing the legal framework and strategic documents for communities, return and integration

| Article 3 and 4 | Concept Document on the Law on Displaced Persons | MCR | OPM | Q2 2019 | Work Plan of MCR, GAWP | 4,050 | 0 | 4,050 |

### 3.23.11 Further advancement of the private enforcement system

| Article 83 | 20 enforcement agents candidates, certified | MoJ | Q3 2019 | Law on Enforcement Procedure | 2,400 | 0 | 2,400 |

### 3.23.12 Further strengthening of the performance of judiciary in administrative, tax and customs matters and in free legal professions, resulting in a reduction of the judicial load

| Article 83 | 31 notaries, licensed | MoJ | Q3 2019 | Law on Notary | 0 | 0 | 0 |

### 3.23.13 Further strengthening of the performance of Division for Overseeing the Legality of the Work of Free Legal Professions

| Article 83 | 4 officials recruited in the Division for Overseeing the Legality of the Work of Free Legal Professions | MoJ | Q3 2019 | Regulation on the Internal Organization of the Ministry of Justice | 24,480 | 0 | 24,480 |

### 3.23.14 Ensuring the implementation of civil and criminal decisions and

<p>| Article 83 | 4 training for notaries and 5 training for enforcement agents, conducted | MoJ | Q4 2019 | Law on Enforcement | 29,800 | 3,800 | 33,600 |</p>
<table>
<thead>
<tr>
<th>Date</th>
<th>Article</th>
<th>Description</th>
<th>Actions</th>
<th>Responsible Parties</th>
<th>Q4 2019</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.23.15</td>
<td>Article 83</td>
<td>Advancement of the implementation of mechanisms for alternative dispute settlement by further empowering of mediation following legal amendments</td>
<td>4 trainings for mediators</td>
<td>MoJ, KJC</td>
<td>Q4 2019</td>
<td>Law on Mediation, GAWP</td>
<td>8,000</td>
</tr>
<tr>
<td>3.23.16</td>
<td>Article 83</td>
<td>Further strengthening of the performance of Division for Overseeing the Legality of the Work of Free Legal Professions</td>
<td>2 trainings conducted for officials of the Division for Overseeing the Legality of the Work of Free Legal Professions</td>
<td>MoJ</td>
<td>Q4 2019</td>
<td>Law on Enforcement Procedure, Law on Notary, GAWP</td>
<td>4,000</td>
</tr>
<tr>
<td>3.23.17</td>
<td>Article 83</td>
<td>Professional capacity building of judges on judicial ethics</td>
<td>394 judges trained (according to the KJC Training Regulation)</td>
<td>AoJ, KJC</td>
<td>Q4 2019</td>
<td>Strategic plan of the Kosovo Justice Academy 2019-2021, Training Programme for 2019</td>
<td>11,115</td>
</tr>
<tr>
<td>3.23.18</td>
<td>Article 83</td>
<td>Professional capacity building of newly appointed judges on judicial ethics</td>
<td>37 newly appointed judges, who are in initial training, trained</td>
<td>AoJ, KJC</td>
<td>Q4 2019</td>
<td>Strategic Plan of the Kosovo Justice Academy 2019-2021, Training Programme for 2020</td>
<td>4,755</td>
</tr>
<tr>
<td>3.23.19</td>
<td>Article 83</td>
<td>Professional capacity building of judicial and prosecutorial administrative staff to improve the quality of services in courts and prosecution offices</td>
<td>80 court administrative staff and 50 prosecution offices administrative staff, trained</td>
<td>AoJ, KJC, KPC</td>
<td>Q4 2019</td>
<td>Strategic plan of the Kosovo Justice Academy 2019-2021, Training Programme for administrative staff of courts and prosecution offices for 2019</td>
<td>16,980</td>
</tr>
<tr>
<td>3.23.20</td>
<td>Articles 83 and 91</td>
<td>Strengthening capacities of judges and prosecutors in combating corruption and economic crimes</td>
<td>Trainings held for 15 judges and 10 prosecutors of department for serious crimes</td>
<td>AoJ, KJC, KPC</td>
<td>Q4 2019</td>
<td>Strategic plan of the Kosovo Justice Academy 2019-2021, Training Programme for 2019</td>
<td>0</td>
</tr>
<tr>
<td>3.23.21</td>
<td>Articles 83 and 91</td>
<td>Increasing the capacity of newly appointed prosecutors in fighting corruption</td>
<td>10 newly appointed prosecutors, who are pursuing initial training, trained</td>
<td>AoJ</td>
<td>KPC</td>
<td>Q4 2019</td>
<td>Strategic plan of the Kosovo Justice Academy 2019-2021; Training Programme for Newly Appointed prosecutors, VIII generation</td>
</tr>
<tr>
<td>3.23.22</td>
<td>Articles 3 and 4</td>
<td>Advancement of inter-institutional coordination in the area of human rights at central level and between central and municipal bodies</td>
<td>Inter-Ministerial Coordination Group on Human Rights, functionalized</td>
<td>OPM</td>
<td>Q2 2019</td>
<td>Decision of the Government of Kosovo No. 06/87, dated 13/05/2016, on the establishment of the Inter-Ministerial Coordination Group on Human Rights</td>
<td>0</td>
</tr>
<tr>
<td>3.23.23</td>
<td>Articles 3 and 4</td>
<td>Capacity building of judges and prosecutors in the area of human rights, with particular emphasis on ECHR</td>
<td>15 judges and 10 prosecutors, trained</td>
<td>AoJ</td>
<td>KJC</td>
<td>KPC</td>
<td>Q4 2019</td>
</tr>
<tr>
<td>3.23.24</td>
<td>Article 83</td>
<td>Continuous reduction of the number of backlog cases in the prosecutorial system</td>
<td>10% of the reduced number of cases through alternative procedures</td>
<td>KPC</td>
<td>Q4 2019</td>
<td>Report of the State Prosecutor Office, published</td>
<td>KPC</td>
</tr>
<tr>
<td>3.23.25</td>
<td>Article 83</td>
<td>Continuous reduction of the number of backlog cases in the prosecutorial system</td>
<td>10% of case number reduced by increasing the annual rate of the cases</td>
<td>KPC</td>
<td>Q4 2019</td>
<td>Report of the State Prosecutor Office, published</td>
<td>KPC</td>
</tr>
<tr>
<td>3.23.27</td>
<td>Article 83</td>
<td>More efficient administration of the</td>
<td>1/3 of prosecutors and prosecution</td>
<td>KPC</td>
<td>Q4 2019</td>
<td>Report of the State Prosecutor Office, published</td>
<td>KPC</td>
</tr>
</tbody>
</table>

**3.23. Fundamental Rights**

**3.23.22** | Articles 3 and 4 | Advancement of inter-institutional coordination in the area of human rights at central level and between central and municipal bodies | Inter-Ministerial Coordination Group on Human Rights, functionalized | OPM | Q2 2019 | Decision of the Government of Kosovo No. 06/87, dated 13/05/2016, on the establishment of the Inter-Ministerial Coordination Group on Human Rights | 0 | 0 | 0 |

**3.23.24** | Article 83 | Continuous reduction of the number of backlog cases in the prosecutorial system | 10% of the reduced number of cases through alternative procedures | KPC | Q4 2019 | Report of the State Prosecutor Office, published | KPC | Q4 2019 | 491,001.60 | 0 | 491,001.60 |

**3.23.25** | Article 83 | Continuous reduction of the number of backlog cases in the prosecutorial system | 10% of case number reduced by increasing the annual rate of the cases | KPC | Q4 2019 | Report of the State Prosecutor Office, published | KPC | Q4 2019 | 907,980 | 0 | 907,980 |


**3.23.27** | Article 83 | More efficient administration of the | 1/3 of prosecutors and prosecution | KPC | Q4 2019 | Report of the State Prosecutor Office, published | KPC | Q4 2019 | 39,539.52 | 0 | 39,539.52 |
| Article 83 | Increase efficiency and effectiveness in the seizure and confiscation of property acquired by criminal offense | KPC | Q4 2019 | 709,420.80 | 0 | 709,420.80 |
| Article 83 | More efficient administration of the prosecutorial system and strengthening of the administration | KJC | Q4 2019 | 23,840 | 0 | 23,840 |
| Article 83 | Further advancement of the electronic case management system | KJC | Q4 2019 | 380,880 | 778,300 | 1,159,180 |
| Article 83 | Ensuring the implementation of criminal decisions through the functionalization of the Central Criminal Record Database | KJC | Q4 2019 | 181,380 | 500 | 181,880 |
| Article 83 | Advancing the implementation of mechanisms for alternative dispute settlement by further strengthening of mediation following legal amendments | MoJ | KJC | Q4 2019 | Law on Mediation | 3,200 | 0 | 3,200 |
| Articles 83 and 91 | Further improvement of electoral processes, focusing on the implementation of recommendations of EU missions for monitoring of elections | CEC | | | 0 | 0 | 0 |
| Articles 83 and 91 | Further improvement of electoral processes, focusing on the implementation of recommendations of EU missions for monitoring of elections | ECAP | | | Law on General Elections - LGE | 77,451.60 | 0 | 77,451.60 |
| Articles 83 and 91 | Increasing the efficiency and effectiveness of investigating and prosecuting corruption offenses | KJC | ACA | Q4 2019 | 301,056 | 0 | 301,056 |
| Articles 83 and 91 | Increasing the efficiency and effectiveness of investigating and prosecuting corruption offenses | ACA | | Q4 2019 | Law on ACA | 24,000 | 0 | 24,000 |
| Articles 83 and 91 | Advancement of administration system of administered and confiscated property | MoJ | KPC | KJC | MIA | MoF | CBK | Q4 2019 | 48,000 | 0 | 48,000 |
| Articles 83 and 91 | Combating corruption, smuggling, nepotism and discrimination in the | MoJ | Q4 2019 | 28,800 | 0 | 28,800 |
### 3.23. Fundamental Rights

| 3.23.39 | Articles 3 and 4 | The dissemination of values and practices that promote gender equality, protection of rights, strengthening of the role and position of women and girls in society | The Partial Gender Equality Index and the Kosovo Gender Profile, published | OPM | KAS | Q3 2019 | LGE | 0 | 20,000 | 20,000 |
| 3.23.40 | Articles 3 and 4 | The dissemination of values and practices that promote gender equality, protection of rights, strengthening of the role and position of women and girls in society | Kosovo Programme for Gender Equality 2019-2023, adopted | OPM | | Q2 2019 | LGE, Strategic Plan of the Government | 0 | 15,000 | 15,000 |
| 3.23.41 | Articles 3 and 4 | The dissemination of values and practices that promote gender equality, protection of rights, strengthening of the role and position of women and girls in society | Number of AGE supported initiatives that strengthen the position of women in society through subsidies. | OPM | | Q4 2019 | LGE | 0 | 0 | 0 |
| 3.23.42 | Articles 3 and 4 | Improvement of the implementation of judicial and administrative decisions in the area of property rights | Implementation of 143 HPC decisions related to the compensation scheme, inherited from the Housing and Property Claim Directorate, including the decisions of the Constitutional Court | KPCVA | | Q4 | Law on KPCVA | 715,776 | 0 | 715,776 |
| 3.23.43 | Articles 3 and 4 | Provision of equal opportunities for children with special needs | Organization of level V qualification, Assistant to work with students with special needs | MEST | | Q2 2019 | | 0 | 0 | 0 |
| 3.23.44 | Articles 3 and 4 | Supporting and strengthening of mechanisms for addressing the problems of violence and security in schools | Workshops and awareness-raising activities with schools and MED for implementation of protocol for prevention and referral of violence in pre-university education | MEST | | Q4 2019 | | 71,600 | 0 | 71,600 |
| 3.23.45 | Articles 3 and 4 | Supporting and strengthening of mechanisms for the prevention of school abandonment | Support of 10 other municipalities to implement the platform for prevention and response to abandonment | MEST | | Q4 2019 | Programme of the Government of the Republic of Kosovo 2017-2021; KPSP 2017-2021, | 1,788 | 0 | 1,788 |

prison system
| 3.23.46 | Articles 3 and 4 | Providing return opportunities for displaced persons, and supporting projects in return, reintegration and stabilization of communities | Projects implemented in support of displaced persons and community integration | MCR | Q4 2019 | Programme of the Government of the Republic of Kosovo 2017-2021, Regulation - No. 01/2018 on the Return of Displaced Persons and Durable Solutions | €6,378,120 | €200,000 | €8,578,120 |
| 3.23.47 | Articles 3 and 4 | Provide information regarding displaced people about returning conditions, criteria, and procedures through go-look, and go-get informed visits | Up to 20 visits conducted | MCR | Q4 2019 | Programme of the Government of the Republic of Kosovo 2017-2021, Regulation - No. 01/2018 on the Return of Displaced Persons and Durable Solutions | €32,560 | 0 | €32,560 |
| 3.23.48 | Articles 3 and 4 | Delivering of harmonized aid packages, on the occasion of the return of DPs | Up to 200 beneficiaries of harmonized packages, supported | MCR | Q4 2019 | Programme of the Government of the Republic of Kosovo 2017-2021, Regulation - No. 01/2018 on the Return of Displaced Persons and Durable Solutions | €24,420 | 0 | €24,420 |
| 3.23.49 | Articles 3 and 4 | Providing of return opportunities for displaced persons | Database for displaced persons, created | MCR | Q4 2019 | Regulation - No. 01/2018 on the Return of Displaced Persons and Durable Solutions | €20,000 | 0 | €20,000 |
| 3.23.50 | Articles 3 and 4 | Closure of collective centres | 5 collective centres in the municipality of Shterpce and 11 collective centres in the municipalities of Leposaviq, Zveqan and Graqanica, closed | MCR | Q4 2019 | Government Programme 2017-2021, Regulation No. 01/2018 on the Return of Displaced Persons and Durable Solutions, IPA 2014, IPA 2018 | 400,000 | 3,197,000 | 3,597,000 |
| 3.23.52 | Articles 3 and 4 | Improving the implementation of the Law on the Use of Languages | Supply with new equipment and electronic programmes – software application; Trainings held | OPM | Q2 2019 | Law No. 02/L-37 on the Use of Languages and Regulation No. 07/2012 on the Office of the Language Commissioner | 21,000 | 26,700 | 47,700 |
| 3.23.53 | Articles 3 and 4 | Improving the implementation of the Law on the Use of Languages | Number of projects supported to promote language rights and development of linguistic diversity | OPM | Q4 2019 | Law No. 02/L-37 on the Use of Languages and Regulation No. 07/2012 on the Office of the Language Commissioner | 53,800 | 0 | 53,800 |
| 3.23.54 | Articles 3 and 4 | Supporting community pupils and students | 500 pupils beneficiaries of scholarships for pupils and 40 students beneficiaries of scholarships (according to the academic year) | MEST | Q4 2019 | Programme of the Government of the Republic of Kosovo 2017-2021; Kosovo Education Strategic Plan 2017-2021; Strategy for the Integration of RAE Communities in Kosovo 2007- | 92,000.07 | 40,000 | 132,000.07 |
| 3.23.55 | Articles 3 and 4 | Continuous support to communities | OPM | Q4 2019 | Law No. 03/L-047 on the Protection and Promotion of the Rights of Communities and their Members in the Republic of Kosovo | 12,150 | 0 | 12,150 |
| 3.23.56 | Articles 3 and 4 | Advancing the protection of cultural heritage through implementation of the National Cultural Heritage Strategy | MCYS | Q4 2019 | Cultural Heritage Strategy | 4,050 | 0 | 4,050 |
| 3.23.57 | Article 3 and 4 | Advancing the protection of cultural heritage through implementation of the National Cultural Heritage Strategy | MCYS | Q4 2019 | Cultural Heritage Strategy | 5,191,131 | 0 | 5,191,131 |

3.23. Protection of Personal Data

No measures are foreseen in this section.


3.24. Policy framework

3.24. Border Management

3.24.1 Article 85 | Further improving the policy framework in the area of border management with the purpose of implementing the SAA provisions and approximated legislation | MIA | OPD | KC | FVA | Q4 2019 | GAWP 2019 | 15,000 | 10,800 | 25,800 |

3.24. Visas

No measures are foreseen in this section.


No measures are foreseen in this section.

3.24. Asylum

No measures are foreseen in this section.

3.24. Migration

3.24.2 Articles 85, 86, 87 and 88 | Further improving the policy framework in the area of migration and with the purpose of implementing the SAA provisions and approximated legislation | MIA | MLSW | MoJ | MLGA | MTI | MoH | KAS | Q2 2019 | GAWP 2019 | 15,000 | 10,800 | 25,800 |
### 3.24.3 Further improving the policy framework in the area of migration with the purpose of implementing the SAA provisions and approximated legislation

| Articles 85, 86, 87 and 88 | Easy migration profile for 2018, approved | MIA | Q4 2019 | GAWP 2019 | 15,000 | 8,100 | 23,100 |

### 3.24.4 Further improving the policy framework in the area of migration with the purpose of implementing the SAA provisions and approximated legislation

| Articles 85, 86, 87 and 88 | Extended migration profile for 2013-2017, approved | MIA | Q1 2019 | GAWP 2019 | 15,000 | 8,100 | 23,100 |

### 3.24.5 Further improving the policy framework in the area of migration with the purpose of implementing the SAA provisions and approximated legislation

| Articles 85, 86, 87 and 88 | Study on Migration, completed | MIA | Q4 2019 | GAWP 2019 | 0 | 78,600 | 78,600 |

### 3.24.6 Further improving the policy framework in the area of migration with the purpose of implementing the SAA provisions and approximated legislation

| Articles 85, 86, 87 and 88 | Response plan for the management of potential migrant flux, updated | MIA | Q4 2019 | GAWP 2019 | 8,500 | 5,400 | 13,900 |

### 3.24.7 Further improving the policy framework in the area of migration with the purpose of implementing the SAA provisions and approximated legislation

| Articles 85, 86, 87 and 88 | Municipal Reintegration Plans, approved | MIA | Q4 2019 | GAWP 2019 | 45,000 | 32,400 | 77,400 |

### 3.24.8 Further improving the policy framework in the area of the fight against organized crime for the purpose of implementing the SAA provisions and approximated legislation


### 3.24.9 Intensification of international legal cooperation

| Article 83 | Agreement on Extradition between the Republic of Kosovo and the Republic of Montenegro, signed | Moj | MFA | Assembly | Q4 2019 | 14,400 | 0 | 14,400 |

### 3.24.10 Intensification of international legal cooperation

| Article 83 | Agreement on Mutual Execution of Judicial Decisions in Criminal Matters between the Republic of Kosovo and Montenegro, signed | Moj | MFA | Assembly | Q4 2019 | 14,400 | 0 | 14,400 |
### Institutional reforms and capacity-building

| Article 83 | Intensification of international legal cooperation | Agreement on Mutual Legal Assistance in Criminal Matters between the Republic of Kosovo and the Republic of Montenegro, signed | MoJ | MFA Assembly | Q4 2019 | 14,400 | 14,400 |
| Article 83 | Intensification of international legal cooperation | Agreement for the Transfer of Sentenced Persons between the Republic of Kosovo and Italy, signed | MoJ | MFA Assembly | Q4 2019 | 14,400 | 14,400 |

### Border Management

| Article 85 | Continuing institutional reforms and institutional capacity building in the area of border management for the purpose of implementing the provisions of the SAA and approximated legislation | Integrated data application at the National Border Management Centre, functionalized | MIA | Customs FVA | Q4 2019 | GAWP 2019 | 2,500 | 200,000 | 202,500 |
| Article 85 | Continuing institutional reforms and institutional capacity building in the area of border management for the purpose of implementing the provisions of the SAA and approximated legislation | Common border crossing points in Mutivoda and Vermica, constructed | MIA | Customs FVA | Q4 2019 | Integrated Border Management Strategy; Strategy and Action Plan for Migration 2013-2018 | 1,719,800 | 0 | 1,719,800 |
| Article 85 | Continuing institutional reforms and institutional capacity building in the area of border management for the purpose of implementing the provisions of the SAA and approximated legislation | Border control and surveillance equipment, secured (5 day-night and thermal binoculars, 1 mobile device for border surveillance, 1 x-ray for cars), secured | MIA | Customs FVA | Q4 2019 | Integrated Border Management Strategy; Strategy and Action Plan for Migration 2013-2018 | 800,000 | 0 | 800,000 |

### Visas

| Article 85 | Continuing of institutional reforms and institutional capacity building in the area of visa policy in order to implement the provisions of the SAA and the legislation approximated in this area | Three new Consulates issuing visas, re-functionalized/established | MFA | Q4 2019 | 335,484 | 0 | 335,484 |
| Article 85 | Continuing of institutional reforms and institutional capacity building in the area of visa policy in order to implement the provisions of the SAA and the legislation approximated in this area | Installation of the Central Civil Registry of the CRA in all consular missions for the registration of birth, marriage and death acts directly into the system, completed. | MIA | MFA | Q4 2019 | 29,600 | 0 | 29,600 |
### Article 85

#### Continuing of institutional reforms and institutional capacity building in the area of visa policy in order to implement the provisions of the SAA and the legislation approximated in this area

<table>
<thead>
<tr>
<th>Description</th>
<th>MFA</th>
<th>MIA</th>
<th>Q4 2019</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extension of KIVS: Extension of KIVS to 4 diplomatic missions</td>
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</tbody>
</table>

#### Document Security

<table>
<thead>
<tr>
<th>Article 85</th>
<th>Description</th>
<th>MIA</th>
<th>MFA</th>
<th>Q4 2019</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.24.19</td>
<td>Improvement of document security by building institutional capacities and ensuring implementation of SAA provisions and local legislation</td>
<td></td>
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<tr>
<td></td>
<td>Linking the CRA system with other institutions systems through Government Gateway</td>
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</tr>
<tr>
<td>3.24.20</td>
<td>Improvement of document security by building institutional capacities and ensuring implementation of SAA provisions and local legislation</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Construction and renovation of VRCs and CEDs in Malisheva, Fushe Kosove, Ferizaj, Lipjan, Prizren, Vushtrri and Mitrovica</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>3.24.21</td>
<td>Improvement of document security by building institutional capacities and ensuring implementation of SAA provisions and local legislation</td>
<td></td>
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<tr>
<td></td>
<td>Six (6) training on civil status at the local and central level</td>
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</tbody>
</table>

#### Asylum

<table>
<thead>
<tr>
<th>Article 85</th>
<th>Description</th>
<th>MIA</th>
<th>MFA</th>
<th>Q4 2019</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.24.22</td>
<td>Continuation of institutional reforms and institutional capacity building in the area of asylum in order to implement the provisions of the SAA and the approximated legislation</td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td>Two (2) trainings for officials on interviewing techniques</td>
<td></td>
<td></td>
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<tr>
<td>3.24.23</td>
<td>Continuation of institutional reforms and institutional capacity building in the area of asylum in order to implement the provisions of the SAA and the approximated legislation</td>
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<tr>
<td></td>
<td>Two (2) trainings for officials responsible for psychosocial support, legal aid, child development assistance, and social service support at the Asylum Seeker Centre</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.24.24</td>
<td>Continuation of institutional reforms and institutional capacity building in the area of asylum in order to implement the provisions of the SAA and the approximated legislation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Two (2) trainings for officials responsible for returning illegal migrants to their country of origin in accordance with EU standards and practices</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

#### Migration

<table>
<thead>
<tr>
<th>Article 85</th>
<th>Description</th>
<th>MIA</th>
<th>MFA</th>
<th>Q4 2019</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.24.25</td>
<td>Continuation of institutional reforms and institutional capacity building in the area of migration in order to implement the provisions of the SAA and the approximated legislation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Information System on Migration Management, established</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.24.26</td>
<td>Continuation of institutional reforms and institutional capacity building in the area of migration in order to implement the provisions of the SAA and the approximated legislation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5 officers recruited within DCAM</td>
<td></td>
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</tr>
</tbody>
</table>
### 3.24.27 Articles 85, 86, 87 and 88
Continuation of institutional reforms and institutional capacity building in the area of migration in order to implement the provisions of the SAA and the approximated legislation

<table>
<thead>
<tr>
<th>Activity</th>
<th>Responsible Authority</th>
<th>Quarter</th>
<th>Budget 2019</th>
<th>Budget 2018</th>
<th>Actual 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two (2) trainings for officers responsible for the counselling and referral system at the Reintegration Reception Office, the Border Crossing Points and the accommodation centre</td>
<td>MIA</td>
<td>Q4 2019</td>
<td>8,000</td>
<td>10,000</td>
<td>18,000</td>
</tr>
</tbody>
</table>

### 3.24.28 Articles 85, 86, 87 and 88
Provision of reintegration services to readmitted persons with sufficient resources, focusing on sustainable reintegration

<table>
<thead>
<tr>
<th>Activity</th>
<th>Responsible Authority</th>
<th>Quarter</th>
<th>Budget 2019</th>
<th>Budget 2018</th>
<th>Actual 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Three (3) trainings for officers of the Detention Centre for Foreigners in order to ensure the basic rights and needs of the detained persons at the Detention Centre for Foreigners</td>
<td>MIA</td>
<td>Q4 2019</td>
<td>4,000</td>
<td>4,000</td>
<td>8,000</td>
</tr>
</tbody>
</table>

### 3.24.29 Articles 85, 86, 87 and 88
Provision of reintegration services to readmitted persons with sufficient resources, focusing on sustainable reintegration

<table>
<thead>
<tr>
<th>Activity</th>
<th>Responsible Authority</th>
<th>Quarter</th>
<th>Budget 2019</th>
<th>Budget 2018</th>
<th>Actual 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Three (3) trainings for officers responsible for referral of cases at the border</td>
<td>MIA</td>
<td>Q4 2019</td>
<td>4,000</td>
<td>4,000</td>
<td>8,000</td>
</tr>
</tbody>
</table>

### 3.24. Fight Against Money Laundering and Terrorist Financing
No measures are foreseen in this section.

### 3.24. Fight Against Narcotics
No measures are foreseen in this section.

### 3.24. Fight Against Organized Crime and Police Cooperation

#### 3.24.30 Article 91
Continuation of institutional reforms and institutional capacity building in the area of the fight against organized crime and police cooperation with the aim to implement the provisions of the SAA and the approximated legislation

<table>
<thead>
<tr>
<th>Activity</th>
<th>Responsible Authority</th>
<th>Quarter</th>
<th>Budget 2019</th>
<th>Budget 2018</th>
<th>Actual 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cyber security and cybercrime investigation equipment, advanced</td>
<td>MIA</td>
<td>Q4 2019</td>
<td>GAWP 2019</td>
<td>837,800</td>
<td>0</td>
</tr>
</tbody>
</table>

#### 3.24.31 Article 91
Continuation of institutional reforms and institutional capacity building in the area of the fight against organized crime and police cooperation with the aim to implement the provisions of the SAA and the approximated legislation

<table>
<thead>
<tr>
<th>Activity</th>
<th>Responsible Authority</th>
<th>Quarter</th>
<th>Budget 2019</th>
<th>Budget 2018</th>
<th>Actual 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laboratory equipment in the Department of Forensic Chemistry and Biology, and in the Department of Forensic Information Technology, advanced</td>
<td>MIA</td>
<td>Q4 2019</td>
<td>GAWP 2019</td>
<td>300,000</td>
<td>500,000</td>
</tr>
</tbody>
</table>

#### 3.24.32 Article 91
Continuation of institutional reforms and institutional capacity building in the area of the fight against organized crime and police cooperation with the aim to implement the provisions of the SAA and the approximated legislation

<table>
<thead>
<tr>
<th>Activity</th>
<th>Responsible Authority</th>
<th>Quarter</th>
<th>Budget 2019</th>
<th>Budget 2018</th>
<th>Actual 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forensic programmes and software, advanced</td>
<td>MIA</td>
<td>Q4 2019</td>
<td>GAWP 2019</td>
<td>0</td>
<td>400,000</td>
</tr>
</tbody>
</table>

#### 3.24.33 Article 91
Continuation of institutional reforms and institutional capacity building in the area of the fight against organized crime and police cooperation with the aim to

<table>
<thead>
<tr>
<th>Activity</th>
<th>Responsible Authority</th>
<th>Quarter</th>
<th>Budget 2019</th>
<th>Budget 2018</th>
<th>Actual 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laboratory re-accreditation, completed</td>
<td>MIA</td>
<td>Q4 2019</td>
<td>GAWP 2019</td>
<td>0</td>
<td>150,000</td>
</tr>
<tr>
<td>3.24.34</td>
<td>Article 91</td>
<td>Continuation of institutional reforms and institutional capacity building in the area of the fight against organized crime and police cooperation with the aim to implement the provisions of the SAA and the approximated legislation</td>
<td>Supply with software and hardware, as well as with other tools for forensic examinations of IT equipment.</td>
<td>MIA</td>
<td>Q4 2019</td>
</tr>
<tr>
<td>3.24.35</td>
<td>Article 91</td>
<td>Continuation of institutional reforms and institutional capacity building in the area of the fight against organized crime and police cooperation with the aim to implement the provisions of the SAA and the approximated legislation</td>
<td>Accreditation of new scientific methods, completed</td>
<td>MIA</td>
<td>Q4 2019</td>
</tr>
</tbody>
</table>

### 3.24. Fight Against Terrorism

#### 3.24.36 Article 92

| 3.24.36 | Article 92 | Strengthening Kosovo's structures in preventing and eliminating terrorist acts and their financing | Process of recruiting three officers at the Division for Prevention and Reintegration of Radicalized Persons, completed | MIA | MPA MoF | Q4 2019 | 18,000 | 0 | 18,000 |

#### 3.24.37 Article 92

| 3.24.37 | Article 92 | Enhancing the efficiency of law enforcement mechanisms in preventing and combating organized crime, violent extremism and terrorism; Rehabilitation programme for prisoners convicted of terrorist offences, applied | Rehabilitation programme for prisoners convicted of terrorist offences, applied | MoJ | MIA | Q4 2019 | 52,000 | 0 | 52,000 |

### 3.24. International Legal Cooperation in Criminal and Civil Matters

#### 3.24. Enforcement

No measures are foreseen in this section.

#### 3.24. Border Management

No measures are foreseen in this section.

#### 3.24. Visas

No measures are foreseen in this section.


No measures are foreseen in this section.

#### 3.24. Asylum

No measures are foreseen in this section.

#### 3.24. Migration

No measures are foreseen in this section.

#### 3.24. Combating Money Laundering and Terrorist Financing

No measures are foreseen in this section.

#### 3.24. Fight Against Narcotics

No measures are foreseen in this section.

#### 3.24. Fight Against Organized Crime and Police Cooperation

No measures are foreseen in this section.

#### 3.24. Fight Against Terrorism

No measures are foreseen in this section.
<table>
<thead>
<tr>
<th>3.24. International Legal Cooperation in Criminal and Civil Matters</th>
</tr>
</thead>
<tbody>
<tr>
<td>No measures are foreseen in this section.</td>
</tr>
</tbody>
</table>

| 3.25. Acquis Chapter 25: Science and Research |
3.25. Policy framework  
No measures are foreseen in this section.  
3.25. Institutional reforms and capacity-building  
No measures are foreseen in this section.  
3.25. Enforcement  
No measures are foreseen in this section.  

<table>
<thead>
<tr>
<th>3.26. Acquis Chapter 26: Education and Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.26. Policy framework</td>
</tr>
<tr>
<td>3.26.1 Article 118</td>
</tr>
<tr>
<td>Improvement of the quality in pre-university education</td>
</tr>
<tr>
<td>Implementation of curricula for grades 3, 8 and 12, as well as for the Albanian language for the 3rd, 6th and 10th grade non-Albanian pupils and in all schools of the Republic of Kosovo</td>
</tr>
<tr>
<td>MEST</td>
</tr>
<tr>
<td>Q4 2019</td>
</tr>
<tr>
<td>146,000 0 146,000</td>
</tr>
</tbody>
</table>

| 3.26.2 Article 118  |
| Improving the quality in pre-university education  |
| Compilation of draft curricula for grades 4 and 9 in Albanian, Turkish and Bosnian  |
| MEST  |
| Q4 2019  |
| 0 0 0  |

| 3.26.3 Article 118  |
| Development of legislation in the area of higher education  |
| Concept Document for the Law on Kosovo Accreditation Agency (KAA), adopted  |
| MEST  |
| Q2 2019  |
| 50,500 0 50,500  |

<table>
<thead>
<tr>
<th>3.26. Institutional reforms and capacity-building</th>
</tr>
</thead>
<tbody>
<tr>
<td>No measures are foreseen in this section.</td>
</tr>
<tr>
<td>3.26. Enforcement</td>
</tr>
<tr>
<td>No measures are foreseen in this section.</td>
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</tbody>
</table>

| 3.27. Acquis Chapter 27: Environment |
3.27. Policy framework  
<table>
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<tbody>
<tr>
<td>3.27.</td>
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<tr>
<td>3.27.1</td>
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<td>3.27.4</td>
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<tr>
<td>3.27.5</td>
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<tr>
<td>3.27.6</td>
</tr>
<tr>
<td>3.27.7</td>
</tr>
</tbody>
</table>
### Institutional reforms and capacity-building

No measures are foreseen in this section.

#### Enforcement

| 3.27.8 | Articles 115, 116 and 117 | Exploration of groundwater at the "Drini i Bardhe" river basin | Drilling of 25 wells for groundwater monitoring points, completed | MESP | Q1 2019 | Law No. 04/L-147 on Waters of Kosovo | 2,025 | 9,400 | 11,425 |
| 3.27.9 | Articles 115, 116 and 117 | Exploration of groundwater at the "Drini i Bardhe" river basin | Report on the impact assessment of water in terms of quality and quantity, prepared | MESP | Q4 2019 | Law No. 04/L-147 on Waters of Kosovo | 2,430 | 10,000 | 12,430 |
| 3.27.10 | Articles 115, 116 and 117 | Improvement of air quality protection policies | Preparation of two reports on the implementation of the Government’s decision to ban the use of coal in public institutions | MESP | Q4 2019 | Law No. 03/L-160 on Air Protection from Pollution | 1,620 | 0 | 1,620 |

### Acquis Chapter 28: Public Health and Consumer Protection

#### Policy framework

No measures are foreseen in this section.

#### Public Health Protection

No measures are foreseen in this section.

| 3.28.1 | Article 106 | Policy development in the area of public health | PHC Strategy, adopted | MoH | Q4 2019 | Health Sector Strategy 2017-2021 | 10,000 | 0 | 10,000 |
| 3.28.2 | Article 106 | Policy development in the area of public health | Strategic plan for mother and child health, adopted | MoH | Q2 2019 | Health Sector Strategy 2017-2021 | 0 | 0 | 0 |

#### Consumer Protection

No measures are foreseen in this section.

#### Institutional reforms and capacity-building

No measures are foreseen in this section.

### Acquis Chapter 29: Customs Union

No measures are foreseen in this section.
3.29. **Institutional reforms and capacity-building**

No measures are foreseen in this section.

3.29. **Enforcement**

| Articles 17, 18, 19, 39, 48, 75, 93, 104 and Protocol 3 | Continuing of combating informal economy | Number of joint operations of Customs with other local institutions such as KP, Prosecution Office, TAK and other law enforcement stakeholders has increased compared to the previous year | MoF | MIA | KPC | TAK | Q4 2019 | Conclusions of the Subcommittee on Trade, Industry, Customs and Taxation | 450,000 | 0 | 450,000 |

| Articles 17, 18, 19, 39, 48, 75, 93, 104 and Protocol 3 | Continuing of combating informal economy | Number of activities (inspections, stop & search and patrol) against smuggling based on risk analysis has increased compared to the previous period | MoF | Q4 2019 | Conclusions of the Subcommittee on Trade, Industry, Customs and Taxation | 450,000 | 0 | 450,000 |

3.30. **Acquis Chapter 30: External Relations**

| Policy framework | No measures are foreseen in this section. |

| Institutional reforms and capacity-building | No measures are foreseen in this section. |

| Enforcement | No measures are foreseen in this section. |

3.31. **Acquis Chapter 31: Foreign, Security and Defence Policy**

| Policy framework | |

3.31.1 Articles 11 - 15 | Implementation of obligations under the Kosovo-EU Political Dialogue | Strategy on Foreign Affairs, adopted | MFA | MFA | MEI | OPM | MKSF | Q4 2019 | 130,800 | 0 | 130,800 |

3.31.2 Articles 3 and 12 | Further improvement of the policy framework in the area of civil democratic oversight of the Armed Forces | National Security Strategy, adopted | OPM | MKSF | MIA | MFA | MoJ | MoF | Q4 2019 | 2,500 | 0 | 2,500 |

3.31. **Institutional reforms and capacity-building**

No measures are foreseen in this section.

3.31. **Enforcement**

No measures are foreseen in this section.

3.32. **Acquis Chapter 32: Financial Control**

| Policy framework | |

3.32.1 Article 97 | Further development of the Manual on Compliance Audit, | NAO | Assembly | Q2 2019 | 5,400 | 0 | 5,400 |
### 3.32. Institutional reforms and capacity-building

<table>
<thead>
<tr>
<th>Article 97</th>
<th>Capacity building for financial management and control based on the new requirements of the Law on PIFC</th>
<th>Training in the area for Managerial Accountability, for 70 Officers in the BO</th>
<th>MoF</th>
<th>Q4 2019</th>
<th>PIFC Strategy 2015-2019 and PFM Strategy 2015-2020</th>
<th>1,700</th>
<th>0</th>
<th>1,700</th>
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</thead>
</table>

### 3.32. Enforcement

<table>
<thead>
<tr>
<th>Article 97</th>
<th>Continuous improvement of quality review in Public Internal Financial Control</th>
<th>Consolidated annual report to the Government on Public Sector PIFC (analysis for the application of risk management in order to identify and take actions that can increase acceptance/use in practice), finalized</th>
<th>MoF</th>
<th>Q4 2019</th>
<th>Conclusions of the Subcommittee on Economic and Financial Issues and Statistics</th>
<th>8,500</th>
<th>0</th>
<th>8,500</th>
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</thead>
</table>

<table>
<thead>
<tr>
<th>Article 97</th>
<th>Review of the self-assessment questionnaire at institutions</th>
<th>Self-assessment questionnaire, revised</th>
<th>MoF</th>
<th>Q2 2019</th>
<th>Conclusions of the Subcommittee on Economic and Financial Issues and Statistics</th>
<th>12,750</th>
<th>0</th>
<th>12,750</th>
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<table>
<thead>
<tr>
<th>Article 97</th>
<th>Monitoring Internal Audit Activities</th>
<th>10 Internal audit units monitored</th>
<th>MoF</th>
<th>Q4 2019</th>
<th>Conclusions of the Subcommittee on Economic and Financial Issues and Statistics</th>
<th>5,100</th>
<th>0</th>
<th>5,100</th>
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</table>

| Article 97 | Conducting of performance audits | Number of performance audits has increased compared to the previous period | NAO | Assembly | Q4 2019 | Conclusions of the Subcommittee on Trade, Industry, Customs and Taxation | 129,893 | 0 | 129,893 |
|---|---|---|---|---|---|---|---|---|

| Article 97 | Ensure a systematic follow-up of the implementation of external audit recommendations | Number of recommendations implemented by BOs has increased compared to the previous year | NAO | Assembly | Q4 2019 | Conclusions of the Subcommittee on Trade, Industry, Customs and Taxation | 57,510 | 0 | 57,510 |
|---|---|---|---|---|---|---|---|---|


No measures are foreseen in this section.

### 3.33. Policy framework

No measures are foreseen in this section.
3.33. Institutional reforms and capacity-building
No measures are foreseen in this section.

3.34. Acquis Chapter 34: Institutions
3.34. The Programme does not cover this chapter at this stage of EU accession.

3.35. Acquis Chapter 35: Other issues
3.35. The Programme does not cover this chapter at this stage of EU accession.

<p>| | | |</p>
<table>
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<tbody>
<tr>
<td>Total</td>
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<td>12,676,451</td>
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