



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

**ACTION PLAN 2011 ON IMPLEMENTATION OF EUROPEAN PARTNERSHIP
FOR KOSOVO**

March 2011
Prishtina

LIST OF ABBREVIATIONS AND ACRONYMS

CAA	Civil Aviation Authority of Kosovo
IA	Internal Audit
AGE	Agency for Gender Equality
ADR	Transportation and Operation of Hazardous Materials
AENV	European Act on Small Enterprises
KBA	Kosovo Business Alliance
NAPPD	National Agency for the Protection of Personal Data
KACA	Kosovo Anti-Corruption Agency
KCA	Kosovo Cadastral Agency
KIA	Kosovo Intelligence Agency
KPA	Kosovo Property Agency
PAK	Privatization Agency of Kosovo
KSA	Kosovo Standardization Agency
IPAK	Investment Promotion Agency of Kosovo
PPA	Public Procurement Agency
BRAK	Business Registration Agency of Kosovo
ARC	American Refugee Council
RRA	Railways Regulatory Authority
TRA	Telecommunications Regulatory Authority
TAK	Tax Administration of Kosovo
VFA	Veterinary and Food Agency
WB	World Bank
EU	European Union
KCB	Kosovo Consolidated Budget
GDP	Gross Domestic Product
RES	Renewable Energy Sources
CBK	Central Bank of Kosovo
CEEPUS	Central European Exchange Program for University Studies
CEFTA	Central European Free Trade Agreement
CIECA	International Commission for Driver Testing
CITA	International Motor Vehicle Inspection Committee
KAD	Kosovo Accreditation Directorate
DCSA	Department of Civil Service Administration
EID	Economic Investigation Directorate
DFID	UK Department for International Development
DMPAREI	Department for Management of Public Administration Reform
and	European Integration
KC	Kosovo Customs
DSAP	Dialogue on the Stabilisation and Association Process

EBRD	European Bank for Reconstruction and Development
ECAA	European Common Aviation Area
EMS	Serbian Transmission Operator
ENTSO-E	European Network of Transmission System Operators for Electricity
SOK	Statistical Office of Kosovo
EULEX	European Union Rule of Law mission in Kosovo
FADN	Farm Accountancy Data Network
KHF	Kosovo Hunters' Federation
IMF	International Monetary Fund
KSF	Kosovo Security Force
KR	Kosovo Railways
IAF	International Accreditation Forum
IFC	International Finance Corporation
KJI	Kosovo Judicial Institute
KIPA	Kosovo Institute for Public Administration
ILAC	International Laboratory Accreditation Cooperation
ILEP	Initial Legal Education Program
IPA	Instrument for Pre-Accession Assistance
ICP	Institute for Construction Products
IRU	International Road and Transport Union
MTEF	Medium Term Expenditure Framework
EC	European Commission
KEK	Kosovo Energy Corporation
ECSE	European Charter for Small Enterprises
KESH	Albanian Power Corporation
ICPAR	Inter-Ministerial Committee on Public Administration Reform
KJC	Kosovo Judicial Council
KCC	Kosovo Competition Commission
CFK	Curriculum Framework of Kosovo
KOSTT	Kosovo Electricity Transmission, System and Market Operator
IJPC	Independent Judicial and Prosecutorial Commission
KPC	Kosovo Prosecutorial Council
IMC	Independent Media Commission
ICMM	Independent Commission for Mines and Minerals
CCMP	Central Commission for Missing Persons
CEC	Central Elections Commission
PPRC	Public Procurement Regulatory Commission
LIA	Law on Internal Audit
LGE	Law on Gender Equality
LLGF	Law on Local Government Finance
LPFMA	Law on Public Financial Management and Accountability
LLSG	Law on Local Self-Government
LPP	Law on Public Procurement
LPIS	Land Parcel Identification System
MLGA	Ministry of Local Government Administration
MEST	Ministry of Education, Science and Technology

MPA	Ministry of Public Administration
MAFRD	Ministry of Agriculture, Forestry and Rural Development
MJ	Ministry of Justice
MEI	Ministry of European Integration
MEF	Ministry of Economy and Finance
MEM	Ministry of Energy and Mines
FMC	Financial Management and Control
IBM	Integrated Border Management
MRC	Ministry for Communities and Returns
MCYS	Ministry of Culture, Youth and Sports
MESP	Ministry of Environment and Spatial Planning
MIA	Ministry of Internal Affairs
MFA	Ministry of Foreign Affairs
MLSW	Ministry of Labour and Social Welfare
MH	Ministry of Health
MTI	Ministry of Trade and Industry
MTC	Ministry of Transport and Communications
HRU	Human Rights Unit
FIU	Financial Intelligence Unit
PE	Public Enterprises
SME	Small and Medium Enterprises
KCA	Kosovo Chamber of Advocates
WCO	World Customs Organization
ACC	American Chamber of Commerce
OECD	Organisation for Economic Co-operation and Development
KCC	Kosovo Chamber of Commerce
NGO	Non-Governmental Organizations
UN	United Nations
PRB	Procurement Review Body
KP	Kosovo Police
KPGE	Kosovo Program for Gender Equality
KEP	Kosovo Electrical Energy Plan
PPP	Public-Private Partnership
SP	State Prosecutor
FIC	Financial Intelligence Centre
SAP	Stabilization and Association Process
SPRK	Special Prosecutor of the Republic of Kosovo
PTK	Post and Telecommunications of Kosovo
EPAP	European Partnership Action Plan
RAE	Romas, Ashkalis and Egyptians
PAR	Public Administration Reform
ReSPA	Regional School for Public Administration
RCC	Regional Cooperation Council
RTK	Radio-Television of Kosovo
SEETO	South-East Europe Transport Observatory
SIDA	Swedish International Development Agency
ECS	Energy Community Secretariat

CMIS	Case Management Information System
ACAAK	Association of Certified Accountants and Auditors of Kosovo
KCS	Kosovo Correctional Service
SSP	Security Studies Program
TAIEX	Technical Assistance and Information Exchange
LIEB	Labour Inspectorate Executive Body
ECT	Energy Community Treaty
ToR	Term of Reference
TOT	Training of Trainers
KPST	Kosovo Pensions Savings Trust
THB	Trafficking in Human Beings
AI	Administrative Instruction
UP	University of Prishtina
USAID	United States Agency for International Development
OAG	Office of Auditor General
MOCR	Municipal Office for Communities and Returns
OPM	Office of the Prime Minister
ECLO	European Commission Liaison Office
OGG	Office for Good Governance
GCMP	Governmental Commission on Missing Persons
ERO	Energy Regulatory Office
WWRO	Water and Waste Regulatory Office

1. INTRODUCTION	7
1.1. RELATIONS OF THE REPUBLIC OF KOSOVO WITH THE EUROPEAN UNION	7
2. ACTION PLAN FOR THE IMPLEMENTATION OF THE EUROPEAN PARTNERSHIP –KOSOVO GETTING CLOSER TO EU	9
3. IMPLEMENTATION OF THE 2010 EPAP AND ADDRESSING THE CHALLENGES OF THE PROGRESS REPORT	12
3.1. POLITICAL CRITERIA	12
3.1.1 DEMOCRACY AND RULE OF LAW	12
a. Institutions	12
b. Public Administration	13
c. Judicial System	14
d. Anti-corruption policy	14
3.1.2 HUMAN RIGHTS AND PROTECTION OF MINORITIES.....	15
3.1.3 REGIONAL ISSUES AND INTERNATIONAL OBLIGATIONS.....	17
3.2 ECONOMIC CRITERIA.....	19
3.3. EUROPEAN STANDARDS.....	21
3.3.1. INTERNAL MARKET	21
a. Free movement of goods	21
b. Free movement of capital	22
c. Customs and taxes.....	22
d. Competition	23
e. Public Procurement	24
f. Intellectual Property Rights	24
g. Employment and social policies	26
h. Education and research	27
3.3.2 SECTORAL POLICIES	28
a. Industry and SMEs	28
b. Agriculture and fisheries.....	28
c. Environment	31
d. Transport policies.....	32
e. Energy	33
f. Information society and media.....	34
g. Financial control	35
h. Statistics.....	37
3.3.3. JUSTICE, FREEDOM AND SECURITY	37
a. Visas, borders, asylum and migration.....	37
b. Money Laundering.....	38
c. Drugs.....	39
d. Police.....	39
e. Combating crime and organized crime	40
f. Protection of personal data.....	41
4. MATRIX OF ACTIONS OF THE 2011 EUROPEAN PARTNERSHIP ACTION PLAN.....	42

1. INTRODUCTION

1.1. RELATIONS OF THE REPUBLIC OF KOSOVO WITH THE EUROPEAN UNION

Kosovo, similar to the other countries of Western Balkans, is part of the European integration process since the *Zagreb Summit* 2000, when it also commenced the **Stabilisation and Association Process** (SAP) for the Western Balkans. The process aims to stabilize and accelerate the transition to market economy, promote regional cooperation and an EU integration perspective. The process was further materialized in the **Thessaloniki Summit** (June 2003) which included Kosovo as well in the framework of the **Stabilisation and Association Process**, whereas for Kosovo in particular, this perspective was further materialized through the EC Communication '**European future for Kosovo**', dated April 20, 2005, which demonstrates the commitment of the European Union for Kosovo.

In order to bring to life the Stabilisation and Association Process in the Western Balkans, including Kosovo, in June 2004 the European Council adopted the **European Partnership for Kosovo**, as the initial instrument that defines the main key, short and medium term priorities to be addressed by the Kosovo institutions towards the achievement of the European perspective. In order to implement these priorities, the Kosovo government in January 2004 approved the first **Action Plan for the implementation of the European Partnership**. Since then, this strategic document of the Republic of Kosovo for EU integration is revised on an annual basis and the implementation of envisaged priorities is the key foundation in the path of Kosovo towards the EU.

From March 2003 until October 2009, the main instrument for political dialogue between the Government of Kosovo and the European Commission within the framework of the Stabilisation and Association Process has been the **Mechanism of the Stabilization and Association Process**". In November 2009, based on the EC Communication to the European Council and Parliament, "**Kosovo - Fulfilling its European Perspective**" has advanced the process by launching the **Dialogue of the Stabilisation and Association Process (DSAP)**. Under this framework do take place a plenary meeting, eight sectoral meetings (or sub-committees)¹ and two 'horizontal' meetings; Dialogue with Civil Society and the Joint Monitoring Committee (which serves to monitor the implementation of EU assistance). Among others, the Communication opens the way to the commencement of dialogue on visa liberalization, signing of a Kosovo - EU trade agreement, expansion of the Independent Trade Measures and advancements in the field of cross-border cooperation.

On the other hand, in order to assist Kosovo in fulfilling its European perspective, the European Union provides **financial assistance**, mainly for institutional building in order to increase their capacity for approximation to the EU *Acquis* legislation and

¹ 1) Justice, Freedom and Security, 2) Innovation, Information Society, Social Policy and Education, 3) Trade, Industry, Customs and Taxation, 4) Internal Market, Competition and Protection of Consumers and Health, 5) Agriculture, Fisheries, Forestry, Food Safety, 6) Transport, Environment, Energy and Regional Development, 7) Economy and Financial Affairs, Statistics.

implementation of the European standards, but also with a view to promoting socio-economic development and advancement of regional integration. The EU is the **largest donor to Kosovo**, which provides more resources per capita in Kosovo than in any other country of the world.

Table 1: EU financial assistance for Kosovo (planned and allocated for the period of 2007 - 2012, in million €)

Components	2007	2008	2009	2010	2011	2012
Transitional Assistance and Institution Building Phase	68,3	184,7	106,1	66,1	66,9	68,2
Cross-Border Cooperation	0	0	0	1,2	1,8	1,8
TOTAL	68,3	184,7	106,1	67,3	68,7	70,0



Source: Official website of the European Commission²

Kosovo has confirmed its commitment to European integration through further advancement of the institutional framework, the most important of which was the establishment of the Ministry of European Integration. In this regard, the Kosovo Government has also strengthened the European Integration Offices in line institutions by upgrading them into Departments and it has further functionalized the European integration structures, with particular emphasis on the Working Groups and Working Committee for European Integration. Moreover, the Kosovo government has successfully managed to organize activities within the Dialogue of the Stabilisation and Association Process and monitor recommendations arising from this dialogue. In addition, coordination between the Assembly and the Government of Kosovo in the field of European integration has marked significant progress during 2010.

In terms of implementation of EPAP 2011, among the most important to be mentioned in the area of political criteria is the remarkable progress regarding public administration reform, namely adoption of the new legal and strategic framework (see page 13), and also the judicial system reform, with particular emphasis on the conclusion of the process of appointment and reappointment of judges and prosecutors as well as the adoption of basic legislation for the main institutions of the judicial system (see page 14). It also marked further progress on the improvement of the legal and institutional framework for combating corruption, with specific emphasis on the adoption of the Law on Financing of Political Parties and the Law on Conflict of Interest and the establishment of the Agency for the Management of Seized and Confiscated Assets (see page 14). Considerable progress has also been achieved in the process of

² http://ec.europa.eu/enlargement/potential-candidates/kosovo/financial-assistance/index_en.htm

decentralization with the creation and functioning of 4 new municipalities. In the area of regional cooperation, although with numerous challenges and problems, Kosovo has continued its participation in regional cooperation initiatives, while this year, Kosovo has the lead rotating chairmanship of CEFTA.

In the area of economic criteria, the Government of Kosovo has continued to preserve macroeconomic stability by maintaining a stable fiscal policy, further progress in strengthening the market economy and long-term sustainability of public finances, including the review of the MTEF and the adoption of relevant legislation in compliance with IMF recommendations. Regulatory authorities have also continued to contribute to the creation of preconditions for a competitive market through strengthening of regulatory mechanisms and development of human capital.

In the area of European standards, including sectoral policies, Kosovo has continued to get closer to EU through further harmonization of policies and the legal framework with EU standards. In this area, it is very important to note that Kosovo has made considerable progress in the field of justice, freedom and security, with a focus on meeting the criteria in the process of visa liberalization with the EU. The progress is marked especially as regarding completion of legal framework and envisaged institutional reforms in the field of visas, borders, asylum and migration, including the legal framework, policies and institutional reforms in the area of repatriation and reintegration of repatriated persons, which represents a priority field in this sector. Progress has also been achieved in the improvement of the legal framework and building of institutional reforms in the field of Police and with the purpose of combating all types of crime, as well as in the field of protection of personal data.

However, Kosovo still faces numerous challenges in the above areas and this Plan provides specific actions in this regard. In this respect the main priorities of the Government of Kosovo for 2011, which are EU priorities for Kosovo as well, are: 1) Strengthening the Public Administration Reform, 2) Strengthening the fight against corruption, 3) Fight against organized crime and money laundering, 4) Efficient and effective management of public funds - advancement of the public procurement system, strengthening of mechanisms for the collection of budget revenues, effective budget expenditure, 5) Strengthening of judicial reform, 6) Implementation of the strategy for visa liberalization, 7) Negotiation of trade agreements with the EU and development of legislation and policies of the internal market and competition in line with the *Acquis*, 8) Maintenance of good neighbourly relations and constructive participation in regional meetings, 9) Infrastructure - energy and transport, 10) Development of the agricultural sector.

2. ACTION PLAN FOR THE IMPLEMENTATION OF THE EUROPEAN PARTNERSHIP -KOSOVO GETTING CLOSER TO EU

As European integration remains the top priority of Kosovo, the European Partnership Action Plan is the key medium-term planning document of the Government of Kosovo, which aims to address the key, medium and short-term priorities identified by the

European Partnership 2008.³ The further progress of the country will be measured based on the implementation of key, short and medium term priorities within the European Partnership, represented in the annual Progress Report of the European Commission. In this context, the EPAP should be used for planning the overall activity of the Government in relation to the political agenda and its priorities, legislative agenda of the Government and Assembly, employment needs, institutional building and training of personnel as well as the necessary investments.

Moreover, EPAP shall be used for internal communication of the Government in order to harmonize its internal objectives, actions and deadlines, for communication between the Government and the business community and social partners as a mechanism for informing and warning on changes that will occur and which impact them; for communication with the civil society as a basis for building partnerships; and for communication with the general public so that citizens are informed at all times on the work of the Government in the process of European integration.

The plan follows the structure of the European Partnership for Kosovo 2008, is in accordance with the criteria of Copenhagen and Madrid, and contains three main chapters: **Political criteria, Economic criteria and European standards**. In every chapter, depending on the progress in those areas and needs for improvement in the future, relevant actions are planned in relation to the provision and improvement of strategic policies and legislation, respectively, further harmonization of the domestic legal framework with the *Acquis*, drafting and adoption of new legislation and the required actions that focus on the implementation of the applicable legislation, institutional reforms, human resources development, capital investments ect.

EPAP 2011 has a total of around 400 actions, out of which 60 actions in the area of political criteria, 50 in the area of economic criteria and around 290 in the area of European standards. In order to make EPAP a more measurable and practical document, measurable indicators at the level of actions have been set up this year. Having in mind that this is a new and very important element for measuring the implementation of EPAP, this year only the input indicators (actions and budget) and output indicators have been introduced, with the aim to continue afterwards with the determination of indicators also in the level of priorities, namely outcome indicators and impact indicators. It is worth noting that EPAP 2011 has marked a considerable progress as regarding the link of EPAP to the budget. More than than 95% of the actions are costed. The overall cost of the EPAP 2011 is estimated to be 1,284,092,652.57 €, out of which 919,389,065.81 € are planed to be covered by the KCB, 82,977,585.09 € by donors, while it remains a gap of 281,726,001.67 €.

Given the priority significance of the European Partnership Action Plan, as a key Government-wide document for European integration, the review of this plan has taken into account the priorities of the Government and its program (draft), draft budget, the

³ European Partnership priorities are divided into short-term priorities (1-2 years) and medium term priorities (3-4 years). Short-term priorities - describe actions to be implemented vis-a-vis short-term priorities within each area, while medium-term priorities - describe actions to be implemented vis-a-vis the medium-term priorities within each area.

Medium-Term Expenditure Framework, sector strategies and action plans, recommendations of the European Commission Progress Report, recommendations of the Stabilisation, Association Process Dialogue. As for the recommendations and challenges identified by the European Commission, the 2011 EPAP takes into account and addresses the challenges of the 2010 Progress Report and recommendations of all sectoral meetings and the plenary meeting of SAPD. In order to appropriately monitor and address the respective recommendations, during 2011, after the conclusions of each meeting of SAPD are approved, the Kosovo government will immediately envisage concrete actions and will include them in the framework of the EPAP monitoring and reporting system.

In order to maintain the coherence of addressing the priorities emerging from the various documents of the European Union for Kosovo, during the revision of EPAP, the Government of Kosovo has planned actions that take into account the overall spectrum of priorities that emerge from the process of European integration. During the revision process, it has been noted that a number of priorities, or parts of them have already been realized and can now be considered as outdated priorities. As a result, in certain areas the envisaged actions may not directly address the priorities of European Partnership, but they do address specific recommendations that were identified by EC Progress Report 2010 or SAPD, both as very important instruments in bringing Kosovo closer to the European Union. In this regard, there are priorities for which no actions were envisaged, as those priorities have already been implemented or/and are less relevant within the overall framework of priorities that emerge from the process of European integration of Kosovo, or are already addressed in another referenced short or medium priority. In this regard, it is very important to emphasize the need of updating the European Partnership priorities in order to maintain the coherence of EU priorities for Kosovo and the coherence of Kosovo in terms of planning. ,

In relation to monitoring the implementation of the European Partnership Action Plan, the Ministry of European Integration, in 2010, launched and put into operation an electronic system for EPAP monitoring and reporting. During 2010, this system was used to produce quarterly reports from each institution that had concrete actions within the framework of the EPAP 2010. The same system will also be used during 2011 in order to monitor the implementation of EPAP that will also be used for monitoring the implementation of recommendations emerging from the Stabilisation and Association Process Dialogue.

In this regard, it is important to emphasize the role of working groups on European integration, which, albeit with great difficulty, have played an important role in terms of monitoring, reviewing and approving this plan. Moreover, the Ministry of European Integration in cooperation with the Twinning Project of the European Commission has started the functional review of these groups. In order to increase the work efficiency and improve their performance, an operating manual is designed for these working groups and the necessary trainings were organized for all parties involved in these groups in relation to the manual. Furthermore, a substantial harmonization of these groups with the structure and content of the SAPD meetings will be made, in order to

increase the effectiveness and contribution of these working groups in the process of implementation of the European Union priorities for Kosovo.

3. IMPLEMENTATION OF THE 2010 EPAP AND ADDRESSING THE CHALLENGES OF THE PROGRESS REPORT

3.1. POLITICAL CRITERIA

3.1.1 DEMOCRACY AND RULE OF LAW

a. Institutions

Strengthening the basic institutions for ensuring democracy and rule of law has remained a priority for all institutions of the Republic of Kosovo during 2010. Thus, the Assembly has marked progress in the development of their capacities through the adoption of new Rules of Procedures, the Law on Duties and Responsibilities of Deputies, approval by the Presidency of the Assembly of the Regulation on organization and responsibilities of the Kosovo Assembly Administration, as well as through the recruitment of additional staff for the functioning of parliamentary committees, and the establishment of cooperation between these Committees. Moreover, a higher level of communication and cooperation was also observed with the civil society as well as with the executive branch of the country, especially in the field of European integration. An assessment that is shared with the European Commission is that during 2010 the Assembly has managed to include in its work important elements of the European agenda of Kosovo, especially through the adoption of a European Integration Action Plan, and by focusing the processing of policies and special interest legislation for the European integration agenda.

On the other hand, progress has also been achieved during 2010 in strengthening the executive, where among significant developments are the establishment of the Ministry of European Integration that is expected to increase the level of inter-institutional coordination on the European agenda, but also the Office for Strategic Planning that is expected to raise the level of coordination in policy-making at government level. As concluded by the European Commission's positive assessment, progress has been achieved in the field of decentralization, whereby new municipalities has been created, and a high level of integration for non-majority communities has been ensured.

Despite the achieved progress, more challenges remain in this sector, especially in terms of further strengthening of administrative capacities of the Assembly and Government, particularly with regard to the further inclusion of the European integration agenda. The capacity building of both these institutions for screening the national legislation in relation to the *Acquis communautaire* remains also a challenge.

In terms of addressing these challenges, it is planned to undertake measures for the improvement of the oversight of the executive branch by the Parliament, administrative capacity building of both the Assembly and Government, among others, in terms of improving the screening of national legislation for compliance with *Acquis communautaire*, as well as measures towards more appropriate coordination of policymaking in the country (for more details see the matrix of actions, Priorities 15-18).

b. Public Administration

During 2010, public administration reform has continued to remain a key priority of the Government of Kosovo. A significant level of progress has been achieved in completing the legal framework for ensuring a modern and efficient public administration, through the adoption of the Civil Service Law and the Law on Salaries of Civil Servants. This legal framework has improved even further with the adoption of laws regulating administrative disputes and the state administration.

Furthermore, to complement the policy framework in this area, the revised Strategy for Public Administration Reform 2010-2013 is approved, which covers measures planned to be undertaken in terms of management of policies, drafting legislation, ethics and transparency, communication with citizens, budget planning, budget execution, control and internal audit, procurement, organization of public administration, rationalization of electronic, administrative and e-governance processes.

Moreover, functional reviews in the horizontal and vertical plane of institutions have been conducted with the aim of avoiding overlapping and misunderstanding through the division of duties and responsibilities. As a result of recommendations emerging from these reviews, the Ministry of Public Administration, Ministry of Internal Affairs, Ministry of Local Government Administration, Ministry of Transport and Communications as well as the Kosovo Institute for Public Administration have drawn up, approved and are undergoing the implementation of strategic development plans.

Since the reform and modernization of the public administration includes a large number of stakeholders, during 2010 to a certain level the capacities of the Department for the Management of Public Administration Reform and European Integration within the MPA have been strengthened to a certain extent. Such a measure is expected to increase the degree of inter-institutional coordination towards the implementation of these reforms.

Although several important measures were undertaken in this sector, more challenges remain, especially in terms of implementing new legislation on civil service, advancement of the human resource management system, implementation of the revised Public Administration Reform 2010 - 2013 as well as the implementation of functional reviews.

In order to address these remaining challenges, the current plan envisages further legal measures and capacity building both in terms of implementing framework legislation for the civil service, improvement of human resources management, as well as in terms of implementation of the Revised Strategy for Public Administration Reform 2010-2013 and functional review of results for all institutions (for more details see the matrix of actions, Priorities 19-22).

c. Judicial System

An efficient and independent judiciary represents one of the most important issues in terms of securing rule of law. Kosovo has marked significant progress in reforming its judicial system in 2010 through the adoption of a legal framework for the courts, prosecution, and mechanisms that manage them such as the Kosovo Judicial Council, and the Prosecution. Moreover, the appointment and re-appointment of judges and prosecutors has been completed at country level, which will ensure a high degree of impartiality, effectiveness and independence of the judiciary. In the meantime, the Kosovo Prosecutorial Council has been established, which will manage the prosecution, selection of prosecutors and enforcement of possible disciplinary measures against prosecutors. Moreover, the level of cooperation between prosecutors and law enforcement agencies has increased, whereas the increase of wages and security for judges and prosecutors is expected to have a further impact of raising the capacities and motivation of the Kosovo judiciary.

Furthermore, progress has been achieved in improving international legal cooperation through signing of agreements with different countries in this field.

Despite the progress that has been achieved, a considerable number of challenges remain in this sector, including ensuring the implementation of adopted legislation, development planning within the framework of judiciary reform, development of sector management capacities as well as the increase of efficiency in order to reduce the number of backlogged cases.

In order to address these challenges, this Action Plan envisages measures to be undertaken in order to complete the legal framework with the adoption of the Criminal Code and the Criminal Procedure Code, implementation in the courts and prosecution through their restructuring, transfer of the selection function from IJPC to NJC and CCK, and further capacity building of these institutions. The plan also envisages the improvement of international judicial cooperation through the advancement of relevant legislation, as well as inter-institutional cooperation and improvement of infrastructure for courts and prosecutors (for more details see the matrix of actions, Priorities 23-27).

d. Anti-corruption policy

Even in 2010, the fight against corruption has remained high on the list of priorities of the Government and other institutions. Therefore, the legal framework during this period in this field has been improved through the adoption of the Law on Financing of Political Parties, Law on Conflict of Interest and the Law on the Anti-Corruption Agency. Furthermore, the policy framework has also been improved through the adoption of the Anti-Corruption Action Plan. During this period, the declaration of assets of senior public officials was conducted whereby the publication of these statements was made in the official website of the Agency.

Moreover, the institutional framework to combat corruption has been improved by establishing the Agency for Management of Seized and Confiscated Assets,

establishment of an Anti-Corruption Task Force within the Office of the Special Prosecutor, as well as the Directorate for Economic Crime and Anti-Corruption within the Kosovo Police. Moreover, an improvement of inter-institutional cooperation was noted in fighting corruption, especially among law enforcement agencies. Law enforcement agencies have undertaken steps to prevent and combat corruption within their institutions, which has led to a number of investigations that in some cases have resulted in suspension.

However, a number of challenges remain in this sector, both in terms of further improvement of legislation, increase of the level of institutional capacity and inter-institutional cooperation, as well as the promotion of preventive sectoral policies in combating corruption.

In order to address these challenges, the Action Plan envisages the improvement of the legal framework through the review and approval of legislation that regulates conflict of interest, financing of political parties, protection of informers and the responsibility of legal persons. Moreover, this plan also envisages measures towards the fulfilment of the policy framework by utilizing a sectoral approach for the prevention and combating of corruption and awareness raising against this phenomenon through the creation of a mechanism that tracks corruption cases. In line with this, the Plan contains measures planned to be undertaken in terms of raising the level of inter-institutional cooperation in fighting corruption (for more details see the matrix of actions, Priorities 34, 111-112).

3.1.2 HUMAN RIGHTS AND PROTECTION OF MINORITIES

Throughout 2010, various institutions have shown the highest degree of commitment towards respecting human rights. Consequently, the legal framework in this sector has been improved furthermore through the adoption of legislation that regulates free legal assistance, execution of criminal sanctions, access to official documents, combating domestic violence and strikes, as well as the Juvenile Justice Code.

Moreover, there have been improvements in the institutional framework through the opening of a free legal assistance office in northern Mitrovica as well as five other offices for free legal assistance. On the other hand, concerning freedom of expression, the RTK Board has been completed, and in the wake of improving respect for freedom of religion, the transfer of responsibilities from KFOR to the Kosovo Police has been completed for the provision of security for religious cultural heritage objects. Moreover, the institutional framework has been improved for the respect of property rights through the completion of the Supervisory Board of the Kosovo Property Agency.

On the other hand, in terms of infrastructure, conditions for prisoners have improved, and a decision was undertaken to construct the facility of the Institute of Psychiatry in order to address concerns about the rights of persons with mental disabilities.

Progress has been achieved also in terms of raising awareness about human rights and freedoms, through the organization of awareness campaigns on free legal assistance, and implementation of the Law against Discrimination. Moreover, progress has been

achieved in inter-institutional cooperation, especially between the Committee on Legal Assistance and the Bar Association, the Ministry of Justice and the courts, in order to oversee juvenile convictions as well as between the Kosovo Property Agency and the Police towards the implementation of expulsion orders (in the field of property rights).

Notwithstanding all efforts, several challenges remain in this sector, especially in terms of access to justice for victims, conditions of prisons, access to official documents, finding a funding model for RTK, the legal framework and implementation policies on civil rights as well as respect for property rights. Moreover, a considerable number of challenges remain in terms of implementation of legislation governing labour relations as well as social schemes.

In order to address the largest possible number of challenges in this sector, the current plan provides for a number of measures, especially through the improvement of the legal framework for human rights by envisaging the approval of legislation that regulates the functioning of mechanisms for human rights, legislation on missing persons, sustainable financing of RTK, gender equality and religious freedom. Furthermore, this plan envisages the implementation of policies in the field of human rights through measures dealing with the implementation of the Human Rights Strategy, Persons with Disabilities Strategy and the Children's rights strategy.

Moreover, the improvement of the functioning of institutional mechanisms is envisaged in this area through the establishment and functioning of the Units for Human Rights at both the central and municipal levels, operationalization of mechanisms to deal with the recommendations of the Ombudsperson, as well as other measures that will have an impact of strengthening institutional resources in terms of respect for gender equality, respect for the rights of children and the implementation of social schemes. Given the importance of participation of a greater number of institutions and citizens in the commitment to improving respect for human rights, the Plan also provides for awareness raising measures, especially regarding the implementation of the Law Against Discrimination, as well as gender equality and combating domestic violence (for more details see the matrix of actions, Priorities 36-43 and 116-118).

Protection and respect of minority rights

2010 has marked progress in institutional capacity building of the Ministry of Returns and Communities, while the successful development of the decentralization process has created the conditions for a suitable environment for return. The decline of cases of inter-ethnic incidents is very well regarded by the Government as well as other partners.

Improvement of the protection of cultural heritage has also been achieved through the advancement of the institutional framework by establishing the Department of Cultural Heritage in the MCYS and the operationalization of the Cultural Heritage Council. On the other hand, access of non-majority communities has improved with the adoption of the curriculum in the Roma language.

1600 minority community members have returned during the year, while plots of land were distributed to returnees without properties, and free bus lines were sustained for non-majority communities. A welcomed development is the approval of the Operational Plan for the Cesmin Lug and Osterode camps, where progress was marked in the relocation of families from these camps.

Despite the commitment that has been demonstrated, a number of challenges remain both in terms of addressing capacity for protection of cultural heritage and in terms of improving the harmonization of relevant institutions dealing with community issues, as well as the field of language use. The problems are further exacerbated by the difficult economic situation, especially for members of the RAE community, as well challenges in their reintegration both in the process of voluntary and involuntary return. An additional challenge is represented by the strategic framework for the regulation of informal settlements.

In order to address some of these challenges, this Action Plan provides for measures aimed at increasing the number of non-majority members at all institutional levels as well as increasing access to education and health services. In addition, it provides for measures to improve the protection of cultural heritage and language use. Moreover, additional measures are planned for the regulation of informal settlements and the implementation of the legal and strategic framework for voluntary return (for more details see the matrix of actions, Priorities 44-47).

3.1.3 REGIONAL ISSUES AND INTERNATIONAL OBLIGATIONS

Progress marked in the framework of regional cooperation consists mainly of Kosovo's participation in regional cooperation initiatives, such as the Regional Cooperation Council and the High-Level Meeting of the EU - Western Balkans. Moreover, Kosovo continues to be included in all obligations arising from the Energy Community Treaty, the Central Europe Free Trade Agreement (CEFTA), the Agreement on the European Common Aviation Area (ECAA), the South-East Europe Transport Observatory (SEETO).

Moreover, except for serious challenges within CEFTA, the rotating chairmanship of which is being held this year, complete involvement in the Regional Cooperation Council (RCC) and the Regional School for Public Administration (ReSPA) remains challenging: although involvement in their activities is continuing, barriers of a political nature (due to non-recognition by a small number of neighbouring countries) continue to seriously obstruct Kosovo from being on an equal footing and benefiting from RCC, while with the conclusion of the transition of ReSPA into a regionally-owned institution, Kosovo is obliged to find alternative *ad hoc* solutions, without becoming a member of this initiative with full rights and obligations. Moreover, involvement has continued in the role of an observer, in the Investment Compact for Southeast Europe, which is designed to improve the investment climate and encourage private sector development in the region.

In order to address the challenges in this area, this Plan in particular envisages activities related to completing the strategic framework for regional cooperation, as well as measures to establish a legal, strategic and institutional framework covering key sectoral areas relevant to regional cooperation: trade, energy, civil aviation, cross-border cooperation and public administration (for more details see the matrix of actions, Priorities 48-49).

3.2 ECONOMIC CRITERIA

In order to strengthen the market economy, the Government continued to give priority to macroeconomic stability and interaction of market forces during 2010. In this regard, the Government has approved the Revised Medium Term Expenditure Framework 2011-2013 and signed the first agreement with the International Monetary Fund for the preservation of fiscal stability.

The relevant institutions have been working towards maintaining a stable fiscal policy and long-term sustainability of public finances, including the adoption of primary and secondary legislation, as well as a revised package of laws as part of the implementation of actions preceding the signing of the program with the IMF⁴. The Ministry of Economy and Finance has continued regular consultations and reporting to the Fiscal Surveillance Mechanism with the European Commission, which is a mechanism that analyzes and reviews all policies with fiscal impact. The process of privatization has continued as well as the contribution to strengthen the mechanisms for improving governance and financial sustainability of PE. In this context, the decision to reappoint 120 SOE Liquidation Committees as well as the Liquidation Commissions has been implemented and preparations are underway for the liquidation and sale of assets.

In order to increase competitiveness as well as promote a business-friendly environment, work has continued in order to strengthen property rights. During the last year, 173 decisions have been enforced for all forms of implementation (repossession, management, closure at the request of the party) and 426 evictions from properties were conducted.⁵ Moreover, regulatory authorities have made progress toward establishing and expanding human resources through training and professional advancement. There has been progress in strengthening regulatory mechanisms in view of the market and competition, including signing of a public-private partnership contract for the Prishtina Airport operator. In the field of education, the process of accreditation and licensing of institutions of higher education has continued and a classification of levels was conducted in accordance with the European qualifications framework.

Besides the progress in strengthening the market economy and macroeconomic stability as well as the limited impact of financial crisis in Kosovo, the challenge remains to strengthen ties between the priority policies, structural reforms and public spending. Moreover, reduction of external disbalance and unemployment remain complex challenges associated with increased competitiveness and further advancement of the human capital.

Further development of the legal framework and enforcement of laws remains a challenge particularly in the area of property rights and contracts, with an impact in improving the business environment. In the context of the sectoral and enterprise structure, challenges relate to changing their structure that largely consists of small enterprises and reduction of informality in the economy.

⁴ Including the Law on the management of public finance and the Law on the Central Bank

⁵ 152 physical evictions from properties, 41 evictions for return of property, 111 evictions for non-payment of rent, and 274 evictions were cancelled because rent was paid prior to the eviction deadline.

In order to address these challenges, the Action Plan includes a range of activities for 2011. This plan aims to address the stability of public finances and fiscal policies, improving governance and increasing the efficiency of PE. The plan also includes the continuation of the privatization process with particular focus on strengthening governance and reducing benefits in the public sector. Part of achieving this goal is the privatization of PTK and the Kosovo Company for Distribution and Supply of Electrical Energy that are included in the Action Plan for 2011. In order to improve the business environment and increase competitiveness, the plan includes addressing challenges to strengthen property rights, policies for creating a functional labour market and increasing the quality and quantity of human capital as well as the improvement of export capacities (for more details see the matrix of actions, Priorities 50-54 and 120-124).

3.3. EUROPEAN STANDARDS

3.3.1. INTERNAL MARKET

a. Free movement of goods

In the context of the quality infrastructure, the legal framework has been expanded in the field of metrology and standardization⁶ and the implementation of the Metrology Infrastructure Development Strategy is continuing. During 2010, the Kosovo Accreditation Directorate (KAD) is a member of both regional and international organizations (IAF and ILAC) and the contract member status was achieved in the European Accreditation Corporation. Four new laboratories have been established and 17 new technical committees have been setup and the number of standards has increased.⁷ In relation to market surveillance, the legal framework was improved during 2010 with the adoption of the Law on Market and special attention was provided to the implementation of the Consumer Protection Program from 2010 - 2014.

Despite a number of achievements, the quality infrastructure faces many challenges. The main challenge for the Department of Metrology remains membership in European and international metrology organisations⁸. Meanwhile, more specifically, in the future it is required to work towards the development of the field of industrial metrology. The field of standardization continues to be challenged by the inability to join ISO as this is conditioned by Kosovo membership into the UN. In order to expand its activity, the Accreditation Directorate needs to increase the number of Conformity Assessment Bodies. Concerning the Market Inspectorate, the implementation of the new Law on the Market Inspectorate accompanied by secondary legislation of this field, and the need to adopt a Market Surveillance Strategy remain a future challenge. Concurrently, work will continue in relation to market surveillance on the correct application of the Consumer Protection Programme 2010-2014. In the area of trade, non-recognition of the Kosovo customs stamp from Serbia and Bosnia remains a major challenge.

In order to realize these challenges, the current plan (EPAP 2011) in terms of the quality infrastructure envisages working for the approval of secondary legislation and functionalization of the Central Metrology Laboratory of Kosovo. Work will also continue in the implementation of the Law on Standardization and efforts will continue for the approval of its strategy. The Accreditation Directorate will continue to accredit new laboratories and is expected to sign new Memorandums of Understanding with regional states. In the area of construction, it is expected to proceed with implementing the Law on construction products as well as to develop professional resources for technical regulations dealing with construction materials.

This plan also provides for the adoption of the cross-sector strategy for the Market Inspectorate, and completion of secondary legislation in the field of market surveillance and will the Consumer Protection Programme 2010-2014 will continue to be

⁶ Law on Metrology 2010/03-L-203 and Administrative instruction on the functioning of the agency on standardization 02/10 dt. 09. 02.2010.

⁷ 2594 standards have been approved and now they are Kosovo standards.

⁸ OIML, WELMEC, EUROMET

implemented. It has been envisaged to also work in improving the internal organizational structures in this area, based on best practices in the region and EU member countries. Moreover, in the field of trade, besides giving its maximum effort in the CEFTA chairmanship, the Government of Kosovo also plans to work on removing non-tariff and tariff barriers and will concentrate on monitoring the implementation of terms arising from this agreement (for more details see the matrix of actions, Priorities 48, 55, 126 and 127).

b. Free movement of capital

During 2010, it has been confirmed that a liberal regime on the movement of capital exists. A significant level of progress has been achieved in increasing foreign direct investment compared to 2009, the year affected by the global crisis.

Additionally, significant progress has been made in the payments system. In this regard, the Board of the Central Bank approved the National Payments Strategy that focuses on the implementation of the payment system for real time gross settlement (RTGS). It includes the assessment of current payment systems.

A significant level of progress has been made with the entry into force of the Law on the Central Bank as the legal framework will be completed with the adoption and entry into force of: the Law on Banks, Law on Payment Transactions, Insurance Law, the Draft Law on mandatory auto insurance liability to third parties, General Insurance Law and the Law on the Pension Fund of Kosovo.

Several measures were undertaken toward the implementation of basic principles of the Basel committee on bank regulation and effective supervision. A new regulatory framework has been drafted in relation to banks by incorporating the most recent standards and the European directives on licensing, supervision and regulation of banks.

In order to address these remaining challenges, the current plan of the European Partnership envisions a further set of measures. The CBK envisages the creation of the unit on securities, financial supervision in accordance with Basel II and Solvenca II and the development of inter-bank systems for the provision of effective banking services to clients (for more details see the matrix of actions, Priority 56)

c. Customs and taxes

During 2010, the Customs continued the positive trend of revenue collection, with an increase of 10.3% compared to 2009. Moreover, the Tax Administration during 2010 has continued the positive trend of revenue collection by realizing an increase of 7% compared to 2009.

Consequently, the Customs and Tax Administration have managed to increase their efficiency in revenue collection. In the context of tax policy, the Tax Administration during 2010 has continued with the issuance of fiscal numbers for businesses and

natural persons as well as the equipment and installation of fiscal cash registers for businesses, resulting in the trend of increased revenues and decreased fiscal evasion.

Furthermore, in order to complete the legal framework in these two institutions, work was done in the adoption of primary and secondary legislation enabling capacity building and restructuring these two institutions. Within the framework of capacity building, additional officers were employed and trained, which has contributed to strengthening mechanisms for collection of budget revenues and improved coordination of policies to combat organized crime as well as to the development of plans for debt collection.

Although several important measures were undertaken, implementation of legislation remains a challenge for these institutions. Specific areas requiring attention are the fight against smuggling and counterfeiting, it is necessary to make additional efforts to ensure effective implementation of legislation, enforcement of tax payments and reduction of the informal economy. Although progress has been made in cooperation with other countries in this field through the achievement of cooperation agreements, non-recognition of customs seals from Serbia and Bosnia and Herzegovina remains a future challenge that obstructs efficiency in customs and taxation.

In order to address these remaining challenges, the current Plan envisages further steps in strengthening the primary and secondary legislation, both in field of Customs and Taxes, which would affect the effective implementation of policies and strategies for these institutions. In this respect, special attention will be devoted this year to capacity building of human resources and to cooperation with other countries especially in the field of customs. Whereas in the field of taxation, among others, special attention will be devoted to reaching agreements to eliminate double taxation with other countries, which will result in the increase of mutual investments.

In order to increase the level of services offered and improve data processing both with the Customs and the Tax Administration, priority will be given to the establishment and improvement of the information technology. This year TAK will also continue to issue fiscal numbers and functionalize fiscal cash registers in order to combat tax evasion and the informal economy which is a particular priority of this year for the Government (for more details see the matric of actions, Priorities 57, 59, 128)

d. Competition

The Kosovo Competition Commission (KCC) has completed the legal framework with the amendment of the Law on Competition and has continued to research the cases of violation of loyal competition. KCC also has cooperation agreements with countries in the region, and is a member of the International Competition Network.

This area continues to be challenged by an insufficient number of personnel for research within the three main pillars of competition: cartels, the use of a dominant position and concentrations.

During 2011, KCC plans to draft and approve its secondary legislation and proceed with the research of new cases of suspected anti-competition (for more details see the matrix of actions, Priority 55).

e. Public Procurement

Progress achieved within the Public Procurement consists of adopting the new Law on Public Procurement. The law has ensured important changes, among others, reduction of all procurement deadlines and reduction of procurement procedures from seven to six. Furthermore, the Law on Public Procurement has been simplified, while some functions of the Public Procurement Agency and the MEF have been transferred to the Public Procurement Regulatory Commission (PPRC).

According to this law, tasks and relations have been determined between the central institutions of Kosovo Public Procurement such as the Public Procurement Regulatory Commission (PPRC), Public Procurement Agency (PPA) and the Public Procurement Review Body (PRB). Another achievement by PPRC is the completion and publication of Guidelines for Framework Public Contracts, which came into force on 01.05.2010.

Although several significant measures were undertaken in this sector, challenges remain over the improvement of the legal framework in the area of concession because it differs largely from the "Acquis", the improvement and completion of the legal framework, namely the completion of secondary legislation and strengthening of the position of public procurement officials.

In order to address these remaining challenges, the Plan envisages a range of further measures. PPRC provides for initiating the drafting and approval according to the envisaged legal procedures of the secondary legislation and the initiation of incorporation into the law of the legal provision that ensures the independence of procurement officers.

The Public Procurement Agency has planned to head the centralized procedures by identifying joint supplies/services at the central and municipal level, as well as to establish auxiliary electronic systems to reflect the PPA activities.

PRB has envisaged capacity building of human resources in order to increase the efficiency of review activities in the field of public procurement as well as reviewing and handling complaints of economic operators and contracting authorities towards PPA and PPRC (for more details see the matrix of actions, Priorities 61 and 129).

f. Intellectual Property Rights

Although there has been progress in this area, it has been limited and largely dependent on human resources, since the institutions responsible for the regulation and advancement of the field have apparent lack thereof. The Industrial Property Office at MTI has developed its technical capacities through the recruitment of new staff and concurrently has undergone professional development of staff through a series of

training and study visits by the staff of institutions involved in this field⁹. In the other hand, the Office for Copyrights and Related Rights in the Ministry of Culture, Youth and Sports was established during 2010, where experienced officers were assigned to develop the Office and its operational capacities, and with the aim of supporting authors to establish a collective management system of copyrights and other related rights. During the year, the Intellectual Property Strategy and Action Plan was approved for 2010/2014 to implement the strategy for the coordination of inter-agency actions in protecting and respecting intellectual property in accordance with standards applied in the EU and internationally. In addition, several other institutions involved in these processes¹⁰ have increased the level of their activities in the field, in which case the level of protection and respect for intellectual property has been increased significantly. Meanwhile, in the field of international cooperation, agreements have been signed with the Office of Industrial Property of the Republic of Croatia and Macedonia.

Intellectual property, including industrial property and copyrights as well as other related rights, despite the progress achieved in several fields, should be further developed and adjusted, especially in areas covered by the institutions responsible for its protection. The legal infrastructure¹¹ that governs this area remains to be completed, where except for the applicable laws, new laws are expected to be approved and some of the applicable laws are expected to be changed. Another important challenge is the completion of staff employed in responsible and/or co-responsible institutions, where despite the considerable recruitment that is mainly technical, the need for recruitment of qualified staff is obvious in different branches of the field, as well as the professional advancement of existing staff. Moreover, dealing with the volume of requests for the protection of industrial property items and application of protection provided by the applicable laws, remains a challenge for all institutions concerned.

In order to address the challenges identified in this area, the Plan provides for the improvement of the legal framework¹² in order to continue to further regulate this field and have a more efficient protection of the authors/owners, and with the aim of alignment with EU legislation. It is also envisaged to adopt international classifiers¹³ that enforce intellectual property rights, whereby trainings, seminars and various workshops will be organized for the public information on the importance and value of Intellectual Property protection, and this objective will be supported by media campaigns. In this regard, the establishment and functioning of the Intellectual Property National Council is envisaged, which will significantly advance the field at hand and will affect the growth of inter-institutional cooperation between the relevant Institutions; a Memorandum will be signed between administrative and enforcement institutions on intellectual property objects (for more details see the matrix of actions, Priorities 62 and 130).

⁹ IPO, MCYS, KP, KC, MJ etc.

¹⁰ Courts, KC.

¹¹ In 2010 Law on Topography and integrated circuits has also been approved

¹² Law on Geographic indicators, Law on Trademarks, Law on Patents and Law on Industrial Design

¹³ Classifiers of: Nice, Vienna and Locarno

g. Employment and social policies

The Ministry of Labour and Social Welfare (MLSW) in 2010 has continued to address employment challenges. Approval of the Labour Law, Law on Strikes as well as the Memorandum of Understanding for the transfer of competencies to the local level, regulate the labour and social welfare.

For 2010, the focus was mainly on capacity building and quality of public, social and employment services. Progress was achieved in the improvement and operationalization of the database for the centralization of the employment information system, including the cleaning of the job seeker registry. Moreover, with the support of European Commission, the MLSW continued to provide services for the protection of abused children. Moreover, the framework of secondary legislation has been improved with the approval of two administrative guidelines for the provision of community/family services for the elderly and persons with special needs. Whereas, within the framework of renewal of inter-state agreements on social and disability security, the MLSW, through its working group for this purpose, has managed to hold meetings with relevant countries in order to define issues related to social security.

On the other hand, some progress was achieved during 2010 after the adoption of the development program on sustainable employment in order to increase employment through public work. The 2010-2012 Employment Strategy, the Law on Vocational Training and on the Employment of Persons with Disabilities, the registration of unemployed as well as mediation in employment had a positive impact on the labour market. Whereas, social dialogue has improved with the adoption of the law on strikes. Although limited, progress has been achieved in terms of harmonization with European standards in the field of health and work safety.

Despite the progress achieved, the remaining challenge in the employment sector is the review of the draft document of the White Paper for Social Policy as well as the establishment of a funding formula for funding social and family services. In order for the relevant legislation to be implemented, capacity building of the Labour Inspectorate remains a challenge, including the new municipalities. In the field of equal opportunities and equal rights to work, the implementation of the law needs to be advanced furthermore. Representation of women in decision-making remains a challenge, there is need for progress in the field of social inclusion and anti-discrimination. Social protection remains a challenge because of the lack of a social security law. Overall, administrative capacity building and improvement of an adequate legal framework remain key challenges. Employment policies require more commitment and dedication on the part of the government.

In order to address the challenges in the sector of employment and social issues, EPAP provides for measures to be undertaken for the coming year. Improving the legal framework and the policy in the field of social protection and employment remains a priority, as does the increase of the level of services and institutional capacities in the field of provision of services. While the main objectives of the Government of Kosovo for

this year in the area of health are institutional capacity building as well as the improvement of the legal framework and policies in the field of health services.

Obligations arising from the 2011 EPAP in the field of employment and social issues will be related to drafting secondary legislation in order for adopted laws to become functional and in order for their implementation to be achieved (for more details see the matrix of actions, Priorities 63-66)

h. Education and research

In 2010, education has been among the main priorities of the government, aiming at a more comprehensive, high quality and equal education for all.

In 2010, MEST has continued with the development of an adequate school infrastructure. Education reforms have continued through the revision of the Kosovo Curriculum Framework, which has gone through the process of public discussion in the municipalities. Kosovo has developed and adopted its first curriculum on the Roma language, history and culture for primary schools. Primary and secondary legislation has been strengthened through the adoption of laws and strategic documents.¹⁴ Science and research have become a priority for MEST, which has developed the National Program of Science and has allocated a special fund for science in the amount of EUR 1 million. The National Qualifications Authority has been established and the Council for Education and Vocational Training has been operationalized.

Despite the progress achieved in 2010, education and research continues to face challenges. Although capital investments during 2010 were given a particular attention, the 2010 Progress Report represents the issue of multiple shifts per day as a challenge for education. The Council for Education and Training is operational, however there is a lack of adequate resources in order for this council to become fully operational. Training of teachers in accordance with the new curriculum developed in 2010 is another challenge identified in the Progress Report. Despite the fact that the National Qualifications Authority was established, there is lack of human resources at the municipal level. Still, in the field of scientific research, university and research institute capacities should be developed.

The European Partnership Action Plan of 2011 addresses the key challenges facing the education sector. The construction of infrastructure will continue in 2011, thus addressing the problem of multiple shifts in schools. Training of teachers will be continued in order to address the lack of capacities of the Vocational Education Council. Moreover, the legal framework will continue to be improved through drafting new administrative guidelines. In addition, during 2011 there are plans to increase the number of beneficiaries of different programs for higher education and various scientific projects through the CEEPUS, TEMPUS, and ERASMUS programs. In order to improve the quality of education, the establishment of the Curriculum, Standards and

¹⁴ Including the Law on Pre-University Education, Kosovo Strategic Education Plan 2011-2016, National Research Program, the Strategic Plan for Inclusion of Children with special needs in pre-university education 2010-2015, Individual Education Plan etc.

Assessment Agency is envisaged (for more details see the matrix of actions, Priorities 67-71, 132, 135).

3.3.2 SECTORAL POLICIES

a. Industry and SMEs

In order to improve the business environment, the Law on Business Organisations has been approved, and the registration of businesses *online* has been made possible. The inauguration of two business parks has also been conducted and work was done on other parks. The implementation of the Internal Industry Strategy 2009-2013 was continued. The Kosovo Agency for Investment Promotion has managed to increase its human capacities. It is also creating a database in order to identify the properties that can be offered to foreign investors.

SMEs still do not possess a medium-term strategy, therefore, it is envisaged that it will be drafted during 2011 and will be related to other strategies of the field. The finalization of business parks will also be conducted this year. The plan to create a database for online businesses is of particular significance. Some of the industry efforts of the past that have continued in the same manner is the current database of industrial companies is the completion of the laboratory for the improvement of the quality of products, the drafting of the curriculum for the training of managers in relation to the improvement of product quality and implementation of the regulation for the authorization of Conformity Assessment Bodies.

Moreover, in the future it is planned to address the outcomes emerging from assessment made by OECD and WB in order to create the preconditions for a better investment climate. Despite efforts, the drafting of the Investment Promotion Strategy in Kosovo 2010 - 2013 and the Strategy for Export Promotion in Kosovo have still not been completed. IPAK has envisaged working on drafting the documents to be presented as recommendations to the Government of Kosovo for assistance in creating a better investment climate.

In terms of business registration, work is ongoing in improving the legal infrastructure that would allow for the reduction of funds and means for business registration. In order to facilitate the registration of businesses in Kosovo, 'one stop shop' registration centres will be established in 8 municipalities. In order to realize this project, an adequate IT system will be setup (for more details see the matrix of actions, Priorities 55, 72, and 125).

b. Agriculture and fisheries

Agriculture is an important sector of economic development in Kosovo, which generates a significant amount of production and employment. During 2010, MAFRD has fulfilled the primary legal framework through the adoption of three basic laws; the law on Kosovo forests, irrigation of agricultural lands and the law on livestock. Moreover, the secondary legislation has been completed on the implementation of the Law on Agriculture and Rural Development through the approval of 10 administrative

instructions¹⁵. In accordance with the draft, law for the amendment of the Law on Forests a memorandum of understanding has been signed for the decentralization of responsibilities on the protection and licensing of forests in 37 municipalities.

The increase of productivity in the agricultural sector is made through the management of water resources for agriculture, overall investment in irrigation systems (primary and secondary level) as well as on the farm level. Processing and marketing of agricultural products has been improved, promoting high value products that meet international standards of hygiene, safety and food quality for consumers. Moreover, the management of forest resources has been improved through the forestation of low value forest/agricultural lands and of existing forestlands. In addition, the plan on Agriculture and Rural Development 2007-2013 has been achieved and support schemes have been implemented, through direct payments/subsidies to livestock and horticulture farmers and the capacities of farmers to use plant protection products and chemicals has been developed. Moreover, a register of vineyards for the entire wine growing region of Kosovo has been developed.

Despite progress in the field of forestry, there are still difficulties in implementing the new Law on Forests, especially in terms of applying punitive measures that also depend on the efficiency of police, the judiciary and prosecution. A challenge in the field of agriculture and forestry remains the protection of farmland and forestland from changing the purpose of its utilization contrary to the legal provisions, moreover, the use of quarries and gravel is not consistent with the applicable legislation, a consequence of improper coordination between central institutions/local government and courts.

The main target in this area will be the fulfilment of the primary legal framework and approximation of legislation with the *Acquis*, as well as completion of secondary legislation in line with EU regulations in the field of plant production, rural development and promotion of agricultural products. Policies for sustainable land reform will also be developed by adopting a strategy for regulation of land, establishment of an information system for contaminated land, simplified information system as well as the establishment of the legal infrastructure for sustainable land reform. Furthermore, it is planned to establish a farm registry that would enable the allocation of grants and subsidies to holders of real property. This plan also provides capacity building for a Land Parcel Information System (LPIS) and for models of spatial planning (GIS pilot project). An inventory, assessment, monitoring and creation of a database of contaminated land in Kosovo will also be conducted.

In implementing the process of decentralization of competencies of forest management, forests and forestlands will be managed through the development and strengthening of a supportive institutional and regulatory framework regardless of ownership, based on the principles of protection and prevention of illegal logging, biological conservation

¹⁵ AI on the establishment of the payment unit; AI on the measures and criteria for support in agriculture and rural development; AI on direct payments; AI on the protection of forests; AI on the establishment, responsibilities, functions and organisation of KFA; AI on the methods and procedures of the sale of forest logs; AI on the procedures for the issuance of cutting permits etc.

and sustainable ecologic development. This will be achieved through the adoption of the new Law on Forests and bylaws. The forestation of barren forest areas will be continued and preventive measures will be undertaken on the destruction of forests from illegal logging and exploitation of gravel quarries without any criteria. Particular significance will be given to the hunting development program and strategy for the development of ecotourism in Kosovo.

In the context of promoting local products and good agricultural practices, as well as the increase of public awareness on forest protection, training is envisaged for farmers and sellers of chemicals in relation to their application and utilization (for more details see the matrix of actions, Priorities 136, 138, 139)

Food safety and veterinary

In the area of food safety, competencies between the central and local levels during 2010 have been clarified by signing of a Memorandum of Understanding between the relevant actors in the field¹⁶ with regards to the transfer of municipal inspectors (veterinary, phytosanitary and sanitary) within the framework of KFVA. In addition, the Government of Kosovo has improved the legal framework for the functioning of KFVA through the adoption of three regulations¹⁷. Moreover, KFVA has organized an information campaign of print and electronic media, including minority media, for informing the population on the update of data in relation to the livestock fund as well as the re-registration of farms in the Inter Trace system.

Concerning the identification, registration and control of animal movement (small ruminants) the data has been updated for several farms, while in 2011 it is planned to provide a new operating system that will identify the animal registration system by means of GIS. It was also managed to operationalize the Food laboratory that will have a positive impact in terms of food safety.

Based on the 2010 EC Progress Report, there are remaining challenges that need to be addressed in the future. The main challenges facing the field is the operationalization of the information technology infrastructure, transfer of municipal inspectors under KFVA, the uncontrolled slaughter and smuggling of animals, lack of facilities for the recycling of animal carcasses and transposing of regulations of the Food Hygienic Package.

In order to address the challenges in the area of food safety, KFVA has planned several actions with the aim to improve the situation of this sector. Actions in the field of food safety within the framework of the 2011 EPAP include drafting and adoption of laws for additives in food, borderline and domestic control of food of plant origin. The Plan further provides for the registration, identification and ear tagging of animals in the entire territory of Kosovo and updating of data in the central database. In addition, the transposition of the Food Hygienic Package is also envisaged as well as the further

¹⁶ OPM, MAFRD, KFVA, MH and MLGA

¹⁷ Regulation on the Organisation of the Food and Veterinary Agency; Regulation on the establishment of the management board; and Regulation on the organization and scope of the KFVA scientific council.

strengthening and improvement of agro-food enterprises (for more details see the matrix of actions, Priorities 74, 75 and 137).

c. Environment

The environmental sector has continued to complete its legal basis, achieving substantial progress in the field of horizontal legislation. The adoption of laws such as the Law on Environmental Impact Assessment; Strategic Environmental Assessment Law, Law on Protection of Air from pollution, and Implementation of measures for monitoring the discharge of gases from mobile sources as well as the adoption of the Law on Nature Protection, Law on Integrated Prevention and Control of Pollution, allow for further approximation of national legislation with the environmental chapter of the *Acquis communautaire*. Thus, progress has also been achieved in strengthening institutions by establishing the Environmental Protection Advisory Board, which is responsible for the provision of advice to the Assembly and MESP on environmental issues. Within the process of review and improvement of secondary legislation in the field of environment and environmental protection, progress has been achieved through the approval of a number of administrative instructions¹⁸.

Moreover, communication and cooperation with civil society has been intensified furthermore. Over 20% of the projects envisaged in the action plan for the environment have been realized with the participation of the civil society. The Implementation of the Regional Project 'Green Package' marks progress by improving cooperation with the civil society and the relevant institutions for addressing long-term challenges in the field of education in the environment sector. In contrast, during 2010 progress was achieved in capacity building by filling up 20 positions and by providing professional training for the responsible staff.

Despite the achieved progress, the environmental sector is facing challenges, especially on the issue of implementation and enforcement of environmental legislation that remains problematic. Further efforts are needed to establish an effective administrative and institutional infrastructure and improve channels of coordination between institutions with environmental responsibilities at all levels and with the civil society. Moreover, capacity building remains a challenge for addressing environmental problems. In addition, the rate of billing and collection for water and waste services remains a challenge that needs to be addressed by several responsible institutions.

In an attempt to address these challenges, this plan provides for measures to improve the legislative framework in the field of environment, development of policies/strategies in line with national priorities and European standards through capacity building. The plan also addresses the strengthening of the inspectorate in order

¹⁸ Administrative Instruction on Biodegradable Waste Management; Administrative Instruction on the Conditions of Permits for Specific Types of Operations and Plants; Administrative Instruction on the criteria for determining the air quality monitoring points, Number and frequency of measurements and classification of pollutants that are monitored, methodology of work, form and time of data reporting; Administrative Instruction on the contents of non-profit rent housing contracts; Administrative Instruction on the contents of the housing bonus; Administrative Instruction on the Professional Examination and Licensing in the field of Spatial and Urban Planning, etc.

to achieve concrete results through the implementation of laws. As a result, this Plan is expected to strengthen the role of institutions responsible for the most efficient implementation of environmental legislation through a closer institutional cooperation to address challenges in the environmental sector as well as alignment with the *Acquis communautaire* (for more details see the matrix of actions, Priorities 53, 78, 79, 140, 141, and 142).

d. Transport policies

One of the most important priorities for the Government of Kosovo remains the transport sector, road transport in particular. Over the past year, in the field of road transport, one of the most important national projects R7 has been commenced and is being carried out according to the envisaged dynamics, with aspirations to join the regional road network. In addition, work is ongoing in the improvement of the overall road infrastructure and maintenance of the existing road infrastructure. In the wake of efforts to improve road safety, a multi-year plan has been developed and campaigns were organized in order to increase the awareness of drivers and students on road safety, moreover, the process of re-licensing of examiners in the field has been completed. On the issue of international cooperation, in the field of passenger and freight transport, agreements have been signed by the MTC with Turkey and Belgium.

In the area of railway transport, positive results have been achieved because of the increase of trade exchange by the largest exporter of nickel in Kosovo, Ferronikeli, and because of strict cost management and improvements in freight traffic. The institutional framework was also improved with the establishment of the RRA Board and the appointment of the RRA Director.

Significant progress has also been achieved in the field of air transport concerning undertaking all steps by the CAA to implement the first stage of the transitional agreement for the European Common Aviation Area (ECAA). The national legislation was aligned largely to EU legislation in the field of air traffic management. Within the framework of general objectives of the government to privatize public enterprises, it is worth noting that the Prishtina International Airport has been given under concession for 20 years as a public-private partnership. Meanwhile, because of liberal policies of the Government of Kosovo on the entry into the market of airlines, during the period of January to December 2010 the turnover of passengers at Prishtina International Airport has increased by 9.5% compared to the same period of last year.

Despite positive developments realized in the transport sector during 2010, it is clear that a challenge for the Government of Kosovo will be finding alternative financial resources for the continuation of construction of R7 that will not affect the reduction of investments in other areas of economic development, including the maintenance of existing roads. Steps must be accelerated towards the establishment of regulatory agencies in order to accelerate the pace of implementation of EU standards by Kosovo. Furthermore, special attention should be paid to developing transport strategies and policies and taking concrete steps to improve road safety. Air transport in Kosovo continues to face the need to strengthen institutional capacities and attract more

professionals in the regulation of air transport aviation standards in accordance with the requirements of the ECAA. Moreover, Kosovo railways still face the need for technical and managerial capacity building as well as growth of managerial independence.

However, this plan provides concrete activities to address the aforementioned challenges. The Kosovo government will continue with the R7¹⁹ project and overall improvement and maintenance of the road infrastructure. In the framework of regional cooperation in the field of transport of goods and passengers, it is planned to sign agreements with Albania and Montenegro as well as other bilateral agreements with countries in the region and beyond. As for the improved management of Kosovo railways, the plan envisages adoption of a general law in line with European directives and the finalization of the process of separation of Kosovo Railways into INFRAKOS (infrastructure) and TRAINKOS (train operations). However, with the approval of the law on state aid, it will be possible to implement the initial transitional stage of the European Agreement on a Common Aviation Area (ECAA). (For details, see activities under priorities of EP no. 49, 53, 81-84, 86, 89 and 143-145).

e. Energy

For an improved development of the energy sector, the Government of Kosovo has further completed the energy legislation and strategy 2009-2018 approved by the Assembly by defining the development projects of the sector. This strategy and these laws are aimed at developing the sector, a commitment that is always made in accordance with the EU *Acquis*, respectively the criteria issued by the Energy Community Treaty (ECT). Therefore, such a synergy has resulted in the adoption of a set of rules such as on energy, energy regulator, electrical energy, mining and minerals, the law on central heating and the law on natural gas. Further completion of legislation has been made through its harmonization with certain guidelines, thus fulfilling the Roadmap's implementation requirements and guidelines for terminal users of energy services²⁰, energy performance in buildings²¹ as well as the one on labelling of electrical equipment.²²

Furthermore, the Government remains committed to addressing one of the biggest challenges, uninterrupted power supply, followed by segments such as billing and collection of consumed electricity. In the latter case, compared to 2009, there was an increase on admission of electrical energy last year (in MW) by 5.3%, billing (in MW) of energy received about 9.87% or 2.07% in EUR, collection by 10.96% and an increase in the number of transactions by 24.78%.

However, despite the work and continuous efforts, unsatisfactory payment of expended energy (no return costs and fees) and losses of energy, technical and commercial ones, transform the Kosovo Energy Corporation (KEK) into one of the biggest burdens both for the sector as well as the budget of the Republic of Kosovo. Moreover, these issues

¹⁹ During 2011 it is expected that works will be concluded in segments 1-3 (Vermicë-Suharekë 34 km)

²⁰ Directive 2006/32/EC

²¹ Directive 2002/91/EC

²² Directive 92/75/EEC

result in an uncontrolled and unsustainable growth for energy demand, and as a result, power cuts are applied. In order for these issues to be eliminated in the near future, the Kosovo Government is working towards building new generation capacities, respectively the New Kosova Power Plant and Hydro-power plant Zhur which is currently at the stage of concessioning, such capacities are sufficient not only for the domestic market but also for the regional market. While this is carried out, the Government of Kosovo has undertaken steps/measures in relation to the currently available energy, measures that now and in the future will serve energy saving and energy efficiency. Such steps were undertaken in all fields and in all methods, both for public awareness as well as for the establishment of physical measures.

Besides the abovementioned issues, an ongoing challenge for Kosovo, particularly for the System, Market and Transmission Operator is the direct obstruction made by the Serbian Transmission Operator (EMS). More precisely, this operator excludes the Kosovo Operator from European associations and regional mechanisms, by presenting the Kosovo transmission assets as its own, and thus illegally benefitting from the transfer of electricity through the transmission network of Kosovo and from the allocation of interconnection capacities of Kosovo. For this reason, and based on the rules for the resolution of the dispute within the framework of the ECT, KOSTT has raised a complaint against the Republic of Serbia for the violation of the Energy Community Treaty. The EC Secretariat sent to the Republic of Serbia an open letter expressing the view that the Republic of Serbia has violated the provisions of the Treaty. It is up to the ECS to continue with further engagement in resolving the dispute. Thus, while such discrimination exists, the resulting compensation and losses are applied to the consumers.

It is recognized that Kosovo is a member of the ECT, and is committed to fulfilling all obligations arising from the ECT, by harmonizing its objectives with the requirements of this Treaty, which is represented in the Energy Strategy of the Republic of Kosovo 2009 - 2018. As part of the European integration process, the European Partnership Action Plan (EPAP) is in accordance with the obligations and strategic objectives of the Government. These objectives are: (i) ensuring a stable power supply, (ii) integration into the regional market, and (iii) timely installation of new capacities or efficient use of available energy. In order to achieve these objectives, a series of measurable actions have been put in place in order to reflect the commitment of relevant institutions in ensuring the production of energy, increase billing and collection, development of infrastructure and legislation for the new capacities in the future as well as existing ones; development of the energy market; establishment, expansion and development of transmission capacities at all levels (for more details see the matrix of actions, Priorities 87, 88, 146 and 147).

f. Information society and media

With regards to progress in the telecommunications sector, namely in the field of primary legislation, the law on the prevention and combating of cyber crime and the law on the protection of personal data was approved during last year, defining the rights, responsibilities, policies and measures concerning the protection of personal data.

Positive steps undertaken by the TRA during 2010 are also the adoption of the decision on the establishment of the Internet Exchange Point - IXP, and the issuance of a directive on the establishment of additional conditions on licenses and authorizations for internet service providers.

The 2010 Progress Report on Kosovo considers that there has been substantial progress in the audiovisual and media policies, mainly in the field of improving financial and administrative capacities for the Independent Media Commission (IMC). Moreover, the IMC has completed the process of re-licensing broadcasters by fulfilling the legal obligation, which at the same time has enabled the expansion of the coverage area for broadcasters, namely expansion of the audience. The functioning of the Kosovo Association of Independent Broadcast Media, which includes all broadcast media, of both Albanians and Kosovo Serbs has been seen as an example of constructive cooperation between the communities.

Because of lack of human resources, experts and due to financial constraints, the TRA faces substantial restrictions in drafting and enforcing legislation, which makes it impossible to carry out its duties as a fully independent regulatory authority. Meanwhile, the suspension of payment of RTK fees by the public has prevented the public broadcaster from providing 5% of this payment for the support fund for minority media, multi-ethnic and other special media, as required by law.

However, significant steps are expected to be undertaken to address the challenges in the information society and media during 2011. In the field of primary legislation, it is expected to have the adoption of the Law on Electronic Communications, the amendment of the Law on the IMC, whereas with regards to the clarification of penal provisions against defamation, through the amendment of the Criminal Code of Kosovo existing legal inconsistencies will be resolved between the law on defamation and slur and the Penal Code.

In order to expand the professional capacities of TRA, new staff is expected to be recruited to strengthen the operational independence of the regulator. On the other hand, the Law on RTK is expected to be adopted in order to strengthen the independence of public broadcasting and eventually solve its financial viability. While in the framework of the process of privatization of public enterprises of national interest, the PTK privatization process has commenced and is expected to be completed within 2011 (for more details see the matrix of actions, Priorities 37, 89 and 148).

g. Financial control

During 2010, the Government of Kosovo continued to reinforce institutional and legal mechanisms in order to strengthen financial control. In the area of Public internal financial control (PIFC), work was done on completing the secondary legislation to support the implementation of the Law on Internal Audit. Also in terms of policy drafting, a series of procedures have been approved that facilitate improved control of the FMC under the decentralization of financial management responsibilities in budget organizations. 54 internal auditors are being trained under the TIAPS program (Program

for International Training and Certification of Internal Auditors) implemented by CIPFA – UK and CEF – Slovenia, financed by the EU. Training has also been organised for the development of technical skills and reporting of internal auditors to the rest of the auditors.

In the context of external audit, the country's institutions have adopted new operational tools with the aim of establishing improved dialogue with auditing bodies. During the 2010/2011 audit year, the Office of the Auditor General (OAG) has conducted 90 audits, compared to the 2009/2010 audit year this marks a 57% increase. The implementation of reports and external audit recommendations by budget organizations has improved, partly due to improved cooperation with the Parliamentary Committee for the oversight of management of public finances and cooperation with the Office of the Auditor General.

Although a considerable number of measures have been undertaken, a remaining challenge for this sector is the development of systems of financial management and control, by increasing awareness on its policies to the PIFC and starting the improvement of the quality of internal audits as an advisory and useful tool for management. Referring to the 2010 Progress Report, the development of external audit is on track, the financial independence of the Office of the Auditor General remains a source of concern.

In order to address these remaining challenges, the current Plan envisages further steps in improving and harmonizing primary and secondary legislation, as in the field of internal audit of public finances in the field of external audit. Moreover, efforts will be made to develop and implement principles of decentralized management responsibility and functionality, independent internal audit in accordance with international standards and best practices of the EU. Moreover, capacity building in the area of internal audit through training of trainers in order to resume the program on certification, organization of training for the second part of internal auditor's training on the Programme for international certification, organization of pilot audits and preparation of the "2010 Annual Report on the functioning of internal audit in the public sector" for the Kosovo Government, Assembly and the Office of the Auditor General.

Furthermore, in order to encourage foreign investments and improve asset management, of a particular focus in 2011 will be the establishment of better opportunities for public-private partnerships by ensuring compatibility with the EU legislative framework on concessions.

The plan of this year envisages the strengthening of operational capacities as well as financial and operational independence of the OAG by developing the administrative capacities and human resources as well as strengthening legislation and enabling cooperation with other international organizations (for more details see the matrix of actions, Priorities 83, 92, 149,150,).

h. Statistics

A significant level of progress was marked in the completion of the legal framework with the adoption of the Law on the Census of the population, households and dwellings. This law defines the methods of organization and development of the population, household and dwelling census in Kosovo. Professional and technical groups of local as well as international experts have been set up concerning the population, household and dwelling census with the support of the International Monitoring Mission and Eurostat for the implementation of the Census Plan.

Considerable progress has also been achieved in the field of statistical infrastructure, whereby cooperation has been improved with producers and users of certain statistics and concurrently an MoU has been signed with the Ministry of Agriculture. The Central Bank has commenced the publishing of the balance of payments on a quarterly basis, which provides information that is more thorough and improved monitoring of payments in Kosovo. Regarding macroeconomic statistics, significant progress has been marked by making it possible for the consumer price index to be updated.

Although a series of important measures were undertaken in this sector, remaining challenges in the sector are the improvement of human and financial resources of SOK, human capacity building in the department of IT, increase of the level of progress in classifications and records. Whereas, customs authorities should significantly improve the quality of foreign trade data.

In order to address these remaining challenges, the current plan of the European Partnership envisions a further set of measures. SOK envisages the strengthening of business and macroeconomic statistics, application of NACE Rev. 2 and standardization of statistical data according to Eurostat (for more details see the matrix of actions, Priority 94).

3.3.3. JUSTICE, FREEDOM AND SECURITY

a. Visas, borders, asylum and migration²³

With the entry into force of key laws and a series of sub-legal acts, the framework and enforcement legislation in these areas has been completed and continues to advance. In relation to the development of a policy and institutional framework, with the approval of the Strategy and Action Plan for Reintegration of Repatriated Persons the framework has been completed, and in the context of reforming the internal structure of MIA and KP, responsibilities between these two institutions have been precisely clarified and divided. Moreover, with the approval of the MIA Development Plan, on one hand, a solid foundation has now been set up for institutional development, and on the other hand, development, implementation and monitoring of policies in these areas.

²³ A complete picture of the legislative and institutional framework in the sector of Justice, Freedom and Security is provided by the *2009 Action plan on the implementation of the European Partnership for Kosovo*, pg. 122 – 129

However, it is necessary to continue with further approximation of legislation with the *Acquis*, in particular in the context of addressing the priorities of the Government for meeting the technical criteria to begin dialogue on visa liberalization. This includes the harmonization of enforcement legislation with the revised framework legislation and reflection of the need to complete the framework of policies and their implementation by means of adequate legislation. Regarding the latter, the lack of a visa regime, the complete responsibility of local authorities for border control, an address system, and also challenges in terms of local ownership in strategic policy making, institutional reform and development of institutional capacity, as well as implementation in complete compliance with European standards, remain among the priority issues to be addressed.

Based on the level of development and in order to address these challenges as well as other challenges during the forthcoming period, authorities will continue to approximate the framework and enforcement legislation with the *Acquis* and European standards. Measures at this level will focus on border issues, document security and implementation of a visa policy, which also will be decided during the year. Even the level of meeting the policy framework and institutional development requires strategic interventions. This is conducted in order to address these challenges, and because of the increasing volume of responsibilities that are being transferred to the local authorities and the need for the advancement of cooperation with authorities in neighbouring states. In this context, EPAP 2011 requires strategic interventions at the level of policy documents and operational plans. In addition, adequate measures are also aimed at building institutional capacity through capital investments, additional recruitment (including internal transfers) of training, with the priority to repatriate and reintegrate repatriated persons, border issues and security of documents (for more details see the matrix of actions, Priorities 95 to 98 and 152)

b. Money Laundering

With regards to the prevention and combating of money laundering, until now the relevant framework law has been passed, and the transfer of responsibilities for policy making from EULEX to the forthcoming Financial Intelligence Unit is ongoing, based on the respective Memorandum from which a roadmap was derived that envisages the conclusion of this process within the year. Moreover, the Agency for the Administration of Confiscated and Seized Assets has been operationalized. At the level of enforcement, the KP has made considerable progress in the investigation of these types of crimes. Besides investigative operations, in cooperation with the relevant *Task Force* of the Special Prosecutor and EULEX, progress has also been made in developing institutional capacities and improving inter-institutional cooperation. In this context, after the centralization of responsibilities from the regional level within the framework of its Directorate for the Fight Against Organized Crime and Corruption and the increase of the number of staff, the KP, with the assistance of EULEX and the EC, has been developed and started the implementation of the Intelligence-led Policing (ILP) Strategy.

Despite the abovementioned achievements, two responsible executive institutions are yet to become operational, while the capacity of existing institutions remains limited, particularly in terms of criminal prosecution. Besides, there are problems in terms of

international cooperation, whereas with regards to enforcement, there is still lack of a comprehensive system of monitoring banking transactions of natural and legal entities both public and private (including NGOs), which has a crucial significance especially for the prevention and investigation of these types of crimes.

In order to address these challenges, EPAP 2011 provides a range of strategic interventions that reflect the priority that local authorities give to the completion and further advancement of the legal, regulatory and policy framework. Furthermore, with the increase of the number of judges and prosecutors, it has become possible for the judiciary to focus on the specialization of several such judges in this area. On the other hand, with regards to the executive, the relevant law enforcement agencies have envisaged their institutional capacity building through recruitment, training, and advancement of the necessary technical infrastructure, such measures are expected to significantly contribute to the improvement of planning, implementation and monitoring as well as assessment of implementation of legislation and relevant policies (for more details see the matrix of actions, Priority 99)

c. Drugs

Concerning the fight against narcotics, after institutional reforms, namely the centralization of responsibilities from the regional to the central level, and development of institutional capacity building for investigation, the Police has demonstrated significant results through operations against trafficking in these substances. On the other hand, concerning treatment against drugs, cooperation has been commenced with the European Centre for Monitoring of Drugs and Drug Dependence. Similarly, challenges remain to be addressed also in this area of combating money laundering, with priority being given to aspects of investigation, international cooperation, criminal prosecution and statistical reports, which demonstrates that there is still a low level of implementation of strategic policies developed until now.

In this area as well, the 2011 EPAP provides strategic interventions to advance the legal framework and further develop the institutional capacities to combat drugs, with a focus on combating their trafficking, through recruitment, training, and advancement of the necessary technical infrastructure, both of executive agencies of law enforcement and judicial institutions (for more details see the matrix of actions, Priority 99).

d. Police

During 2010, there has been progress in completing the legal framework for police, through the adoption of a series of administrative instructions that derive from the Law on Police. Moreover, the strategic framework has been advanced furthermore for the police through the adoption of the Strategic Development Plan 2010-2015. Moreover, the contribution of police is appreciated in the drafting of strategies covering the fields of crime prevention, community policing and intelligence-led policing, as well as the strategy that covers the collection of small arms. In addition, the internal capacity has been improved through the adoption of the new structure of PK.

The Police have undertaken responsibility for the supervision of some of the cultural heritage objects as well as control of the borderline with Albania. On the other hand, the flow of information within KP has improved, through the establishment of centralized regional entities. Moreover, cooperation has been improved with foreign police services by signing a series of agreements with different countries.

Despite the progress achieved, a series of challenges remain, especially in terms of further improving the capacity of KP to combat organized crime based on the concept of 'intelligence-led policing', as well as playing a more proactive role against crime. Moreover, a series of challenges remain within the framework of internal administrative capacities and in terms of managing the challenging process of restructuring. An additional problem for the KP is the political situation that obstructs cooperation with international agencies directly without relying on EULEX.

In order to address these challenges, the Action Plan envisages the steps towards the membership of Kosovo Police into Interpol, and for advancing the fight against organized crime through capacity building of KP in order to implement intelligence-based policing, as well as measures that enable KP more adequate communication by means of connection of various databases. Moreover, the plan envisages a series of further measures that will assist KP in addressing the remaining challenges (for more details see the matrix of actions, Priorities 101 to 102, and 154).

e. Combating crime and organized crime

The field of combating organized crime in Kosovo also continues to face challenges. Advances are mainly related to further development of the legal basis of policies and capacity building of law enforcement agencies and judicial institutions. On the other hand, implementation remains challenging, and this is due to, inter alia, a considerable number of structural challenges and problems faced by the relevant institutions. Among the most important is the lack of a regulatory framework, the necessary policies and technical infrastructure, namely a comprehensive system to support investigations, which would ensure protection of witnesses and informants, but also effective investigations in accordance with the applicable human rights standards. This also involves serious challenges in terms of institutional capacities, inter-institutional and international cooperation, and other challenges related to the prosecution of suspects and the treatment of victims of crime.

The Action Plan envisages a series of strategic interventions aimed at addressing these challenges. These interventions focus on advancing the policy framework and institutional capacity to implement the legal and policy framework and periodic monitoring and evaluation of their implementation, giving priority to prevention, investigation and prosecution. They affect all categories of organized crime and all aspects of prevention, investigation and prosecution: legal and institutional framework, public awareness, intelligence-led policing, judicial aspects of the investigation, public and community safety, international cooperation, and technical aspects of infrastructure (for more details see the matrix of actions, Priorities 103-107, and 153-155).

f. Protection of personal data

During 2010, progress has been marked in advancing the legal framework for protection of personal data, through the adoption of the relevant law. Moreover, efforts were made to establish the National Agency for the Protection of Personal Data, through proposal by the Government made to the Assembly on the senior officials of this institution.

A challenge in the improvement of the situation of personal data protection in Kosovo remains the non-establishment of NAPPD, as well as general analysis of relevant legislation to look into the possibility of revision in order to harmonize the Law on Protection of Personal Data. Moreover, the problem of the low level of awareness of citizens on their rights regarding personal data protection remains.

By means of the action plan herein, it is planned to address these challenges through measures for the establishment and functioning of NAPPD, the analysis and eventual revision of legislation in order to harmonize it with the Law on Protection of Personal Data, and through measures for further increase of awareness of citizens on their rights to protect personal data (for more details see the matrix of actions, Priorities 108 and 157)

4. MATRIX OF ACTIONS OF THE 2011 EUROPEAN PARTNERSHIP ACTION PLAN