



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

**National Programme for Implementation of the Stabilisation  
and Association Agreement (NPISAA) 2021 - 2025**

**October 2021**  
**Prishtina**

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**Republika e Kosovës**  
**Republika Kosova – Republic of Kosovo**  
*Kuvendi – Skupština – Assembly*

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Legislature VII  
*Autumn Session*

Pursuant to Article 65(1) of the Constitution of the Republic of Kosovo, the Assembly of the Republic of Kosovo, in its Plenary Session held on 4 October 2021, following its review of the National Programme for Implementation of the Stabilisation and Association Agreement (NPISAA) 2021 – 2025, took the following:

**DECISION**

The National Programme for Implementation of the Stabilisation and Association Agreement (NPISAA) 2021 – 2025 is hereby adopted.

No. 08-V-078  
Prishtina, 04.10.2021

President of the Assembly

\_\_\_\_\_  
(signed)  
**Glauk KONJUFCA**

The present decision is submitted to:

- Government of the Republic of Kosovo,
- Assembly committees, and
- Archive of the Assembly.



**Republika e Kosovës**  
**Republika Kosovo - Republic of Kosovo**  
*Kuvendi - Skupština - Assembly*

REPUBLIKA E KOSOVËS - REPUBLIKA KOSOVA - REPUBLIC OF KOSOVA QEVERIA E KOSOVËS - VLADA KOSOVA - GOVERNMENT OF KOSOVA ZYRA E KRYEMINISTRIUT - URA E PREMTERIA - OFFICE OF THE PRIME MINISTER SEKTORI I ARKIVËS - SEKTOR ARCHIVE - ARCHIVE SECTOR			
Niveli Ora: Orë/Unit	02-1-a	Nr. Proc Proc No:	1681/7
Nr. i fletëve No. sheets	-2-	Data: Date:	06 / 10 / 20 21
Prishtinë/a			

Legjislatura VIII  
Sesioni vjeshtor

Kuvendi i Republikës së Kosovës, në mbështetje të nenit 65 (1) të Kushtetutës së Republikës së Kosovës, në Seancën plenare të mbajtur më 4 tetor 2021, pasi e shqyrtoi Programin Kombëtar për Zbatimin e Marrëveshjes së Stabilizim-Asociimit (PKZMSA) 2021 – 2025, mori këtë:

V E N D I M

Miratohet Programi Kombëtar për Zbatimin e Marrëveshjes së Stabilizim-Asociimit (PKZMSA) 2021 – 2025.

Nr. 08-V-079

Prishtinë, 04.10.2021

Glauk KONJUFCA  
  
Kryetar i Kuvendit

Vendimi u dërgohet:

- Qeverisë së Republikës së Kosovës,
- Komisioneve parlamentare dhe
- Arkivit të Kuvendit.



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

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**No. 06/19**

**Date: 14.07.2021**

Pursuant to Article 92, Paragraph 4, and Article 93, Paragraph (4), of the Constitution of the Republic of Kosovo, as well as Article 4 of the Regulation No. 02/2021 on the Scope of Administrative Responsibilities of the Office of the Prime Minister and Ministries, and in accordance with Article 19 of the Rules of the Rules of Procedure (No. 09/2011) of the Government of the Republic of Kosovo, the Government of the Republic of Kosovo, in its session held on 14 July 2021, adopts the following:

**DECISION**

1. The National Programme for Implementation of the Stabilisation and Association Agreement (NPISAA) 2021 – 2025 is hereby approved.
2. The budget for implementation of the present Programme shall be kept within limits of budget allocations to budget organisations for 2021 and in line with the Medium Term Expenditure Framework.
3. Implementation of the present Decision is an obligation of the Office of the Prime Minister and other responsible institutions, as per the Programme.
4. The General Secretary of the Office of the Prime Minister is obliged to submit the present Programme to the Assembly of the Republic of Kosovo for final adoption.
5. The present Decision enters into force on the date of its signing.

**Albin KURTI**

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(signed, for)

Prime Minister of Kosovo

Submitted to:

- Deputy Prime Ministers
- All ministries (Ministers)
- General Secretary of the OPM
- Government archive





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

Nr. 06/19  
Datë: 14.07.2021

Në mbështetje të nenit 92 paragrafi 4. dhe të nenit 93 paragrafi (4) të Kushtetutës së Republikës së Kosovës, duke u bazuar në nenin 4 të Rregullores Nr. 02/2021 për Fushat e Përgjegjësisë Administrative të Zyrës së Kryeministrit dhe Ministrive, në pajtim me nenin 19 të Rregullores së Punës së Qeverisë së Republikës së Kosovës Nr. 09/2011, Qeveria e Republikës së Kosovës, në mbledhjen e mbajtur më 14 korrik 2021, merr këtë:

**V E N D I M**

1. Aprovohet Programi Kombëtar për Zbatimin e Marrëveshjes së Stabilizim-Asociimit (PKZMSA) 2021-2025.
2. Buxheti për zbatimin e këtij Programi mbetet brenda ndarjeve buxhetore të organizatave buxhetore për vitin 2021 dhe në pajtim me Kornizën Afatmesme të Shpenzimeve.
3. Për zbatimin e këtij vendimi obligohet Zyra e Kryeministrit dhe institucionet e tjera përgjegjëse, sipas Programit.
4. Obligohet Sekretari i Përgjithshëm i Zyrës së Kryeministrit që të përçjellë këtë Program për miratim në Kuvendin e Republikës së Kosovës.
5. Vendimi hyn në fuqi ditën e publikimit në Gazetën Zyrtare të Republikës së Kosovës.

**Albin KURTI**  
*Përcjell*  
Kryeministër i Republikës së Kosovës

**Iu dërgohet:**

- Zëvendëskryeministrave
- Të gjitha ministrive (ministrave)
- Sekretarit të Përgjithshëm të ZKM-ës
- Arkivit të Qeverisë

## List of Abbreviations

AI	Administrative Instruction
AIP	Agency of Information and Privacy
AoJ	Academy of Justice
CAA	Civil Aviation Authority
CBK	Central Bank of the Republic of Kosovo
CoE	Council of Europe
CEC	Central Election Commission
CEFTA	Central European Free Trade Agreement
CSO	Civil society organisation
DEI	Departments responsible for European Integration
DEIPC	Department for European Integration and Policy Coordination
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECAP	Election Complaints and Appeals Panel
ECT	Energy Community Treaty
EIB	European Investment Bank
ERA	European Reform Agenda
ERO	Energy Regulatory Office
ERP	Economic Reform Programme
EU	European Union
EUO	European Union Office
FDI	Foreign Direct Investments
FIU	Financial Intelligence Unit
FVA	Food and Veterinary Agency
GDP	Gross Domestic Product
GP	Government Programme
IBM	Integrated Border Management
IMC	Independent Media Commission
IMF	International Monetary Fund
IPA	Instrument for Pre-Accession Assistance
IT	Information technology
KACA	Kosovo Anti-Corruption Agency
KARPNS	Kosovo Agency for Radiation Protection and Nuclear Safety
KC	Kosovo Customs
KCA	Kosovo Competition Authority
KfW	German Development Bank
KIA	Kosovo Intelligence Agency
KIESA	Kosovo Investment and Enterprise Support Agency
KIPA	Kosovo Institute for Public Administration
KJC	Kosovo Judicial Council
KOSTT	Kosovo Operator System, Transmission and Trade
KP	Kosovo Police

KPA	Kosovo Privatisation Agency
KPC	Kosovo Prosecutorial Council
KPCVA	Kosovo Property Comparison and Verification Agency
KPST	Kosovo Pension Savings Trust
KSA	Kosovo Statistics Agency
LD	Legal Department
LP	Government Legislative Programme
MAFRD	Ministry of Agriculture, Forestry and Rural Development
MCR	Ministry of Communities and Returns
MCYS	Ministry of Culture, Youth and Sports
MFAD	Ministry of Foreign Affairs and Diaspora
MESPI	Ministry of Environment, Spatial Planning and Infrastructure
MESTI	Ministry of Education, Science, Technology and Innovation
MFLT	Ministry of Finance, Labour and Transfers
MIA	Ministry of Internal Affairs
MIET	Ministry of Industry, Entrepreneurship and Trade
MLGA	Ministry of Local Government Administration
MoD	Ministry of Defence
MoE	Ministry of Economy
MoH	Ministry of Health
MoJ	Ministry of Justice
MRD	Ministry of Regional Development
MTEF	Medium Term Expenditure Framework
NAO	National Audit Office
NDS	National Development Strategy
NPISAA	National Programme for Implementation of the Stabilisation and Association Agreement
OG	Official Gazette
OI	Ombudsperson Institution
OPM	Office of the Prime Minister
PAR	Public Administration Reform
POE	Public Owned Enterprise
PPRC	Public Procurement Regulatory Commission
PRB	Procurement Review Body
RAEPC	Regulatory Authority for Electronic and Postal Communications
RYCO	Regional Office of Youth Cooperation
RCC	Regional Cooperation Council
ReSPA	Regional School of Public Administration
RRA	Railways Regulatory Authority
SAA	Stabilisation and Association Agreement
SAC	Stabilisation and Association Council
SAD	State Aid Department
SAP	Stabilisation and Association Process
SAPC	Stabilisation and Association Parliamentary Committee
SDGs	Sustainable Development Goals
SEE	South East Europe
SEECF	South-East European Cooperation Process
SGPAR	Special Group for Public Administration Reform
SIDA	Swedish International Development Agency
SIGMA/OECD	<i>Support for Improving Governance and Management</i> (a facility of the Organisation for Economic Cooperation and Development)
SME	Small and medium-sized enterprise

SOP	Strategic Operational Plan
SPRK	Special Prosecution Office of the Republic of Kosovo
TAK	Tax Administration of Kosovo
UNDP	United Nations Development Program
USA	United States of America
WB	World Bank
WBIF	Western Balkans Investment Framework
WTO	World Trade Organisation
WWRO	Water and Wastewater Regulatory Office

## INTRODUCTION

The National Program for the Implementation of the Stabilisation and Association Agreement (NPISAA) 2021-2025 is the sixth program in a row for the implementation of the SAA between the European Union (EU) and the Republic of Kosovo.<sup>1</sup> It is the main national policy and planning document for the implementation of reforms for the adoption of the entire EU acquis in national legislation. It is implemented in conjunction with, and related to, the second phase of the European Reform Agenda (ERA II), which sets out policy priorities and reforms to meet them. ERA II will be implemented within two years of its adoption, through an action plan (AP ERA II), also approved by the Government of the Republic of Kosovo and adopted by the Assembly of the Republic of Kosovo.

The regular annual revision of NPISAA started in October 2020 and the document was finalized by mid-December 2020, while public consultations took place in January 2021. Subsequently, due to the formation of the new Government emerging from the 14 February elections, the document had to be modified in order to be aligned with the Government Programme 2021-2025 and the Strategic Operational Plans (SOPs) of OPM and ministries, as well as with ERA II AP. NPISAA 2021-2025 was approved by the Government of the Republic of Kosovo on 14 July 2021 and adopted by the Assembly of the Republic of Kosovo on 4 October 2021.

Pursuant to the Government Decision No. 06/22<sup>2</sup>, this process is led by the departments for European integration within the Office of the Prime Minister (OPM/DIE), as the main coordinating institution, in cooperation with the ministries and other institutions responsible for each chapter. The work at the level of line institutions is coordinated by the Departments for Policy Coordination and European Integration (DIEKPs) and equivalent structures, also with the involvement of Legal Departments (DLs) and other line structures within them mandated for development and implementation of policies in relevant areas. OPM/DIE have also been an active part of the work throughout the revision process.

Regarding the division of responsibilities, OPM / DIE have proposed short-term measures, based on the reforms agreed at the EU-Kosovo Stabilisation and Association Meetings held during 2020 and the findings of the EC Report on Kosovo - 2020. After that, the proposed measures, in cooperation with the line institutions, were further developed, in relation to their implementation (based on available capacities, time required, etc.), were related to sectorial policy documents, and are costed (based on the detailed methodology for this purpose) confirmed by the line institutions.

In terms of its content, NPISAA 2021-2025 is comprehensive in its scope. It contains short-term reforms for 2021 and medium-term priority objectives (for the period until the end of 2025) to meet the obligations of the SAA, through the alignment of national legislation with the EU acquis and the implementation of approximated legislation. Based on the structure of the Copenhagen Criteria, it is divided into three blocks: Political Criteria, Economic Criteria, and European Standards - the approximation of Kosovo legislation with the EU acquis.

**Block 1: Political** criteria covers the areas of legislation, constitution, electoral system reform, public administration, regional cooperation. This block is related to chapters 23 and 24 of the acquis (of the third block), and contains five chapters: the Constitution, the Parliament and the electoral system; Public administration; The People's Advocate; Civilian oversight of security forces; and Regional cooperation and international obligations.

**Block 2: Economic Criteria** is harmonized with the Economic Reform Program (ERP). It also reflects priorities and activities arising from other mechanisms of dialogue with the EU, such as annual priorities, conclusions of SAA structures, or from multilateral mechanisms, such as agreements with the IMF, etc.

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<sup>1</sup> *Stabilisation and Association Agreement*, available at [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22016A0316\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22016A0316(01)&from=EN); *Law No. 05/L-069 on Ratification of SAA*, available at <https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=11239>.

<sup>2</sup> *Government Decision No. 06/22*, available at [http://www.kryeministri-ks.net/repository/docs/Vendimet\\_e\\_mbledhjes\\_se\\_22\\_te\\_Qeverise\\_2015\\_.pdf](http://www.kryeministri-ks.net/repository/docs/Vendimet_e_mbledhjes_se_22_te_Qeverise_2015_.pdf), pg. 6.

This block contains two chapters: the existence of a functioning market economy, and the capacity to cope with competitive pressure and market forces within the Union.

**Block 3: European standards - alignment of Kosovo legislation with the EU acquis** covers all areas of the EU acquis and requires reform of the whole governance through the adoption of the acquis in national legislation and its implementation, which also requires administrative capacity. This block contains 33 chapters of the acquis and a chapter on the legal framework for the approximation of domestic legislation with the acquis.

Each chapter is divided into two parts: the narrative part and the matrix of short-term measures. The narrative section summarizes the obligations of the SAA and obligations from other EU accession mechanisms, the current situation (legislative framework, including the level of approximation of domestic legislation with the acquis, policy and institutional framework, and external assistance), and medium-term priority objectives. The matrix of short-term measures contains concrete measures for the implementation of reforms, namely legislative measures (further divided into measures of framework legislation and bylaws and other regulatory acts) and implementing measures (further divided into policy framework measures, institutional reforms and institutional capacity building, and those for implementation in practice).

Responsible for the implementation of the Programme and for monitoring its implementation will be the relevant state administration bodies, within the scope of their powers. As the central governing mechanism in the country for the fulfilment of the SAA obligations, the Government, each of its members and the heads of other institutions of the state administration are responsible for this, at the highest level. Formal Stabilisation-association structures will also play a key role in this process. The overall coordination will be carried out by the OPM/DEI, in cooperation with the relevant line institutions, including through regular implementation monitoring and regular reporting on its implementation. Measures that foresee approval of draft-laws are considered implemented with the approval of relevant draft-laws by the Government.

Furthermore, the Assembly will be one of the main institutional pillars in the implementation of this programme, in particular the adoption of legislation, including through the Committee for European Integration and the Stabilisation and Association Parliamentary Committee (SAPC).

On behalf of the EU, the European Commission and the EU Office (EUO) in Kosovo will play an important role in fulfilling the obligations of the SAA, and consequently in the implementation of NPISAA.

Civil society and other stakeholders also have a role to play in implementing the Programme. The OPM/DEI, as responsible institutions of the Government for European Integration, will cooperate with stakeholders outside public institutions in the implementation of this Programme, including through a consultation mechanism with CSOs and other actors within the joint EU-Kosovo Stabilisation and Association bodies.

## Relations between the Republic of Kosovo and the European Union

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

Regarding Kosovo, in April 2005 the European Commission (EC) published the communication “*A European Future for Kosovo*”, and in 2006 the Council adopted the first European Partnership for Kosovo and the second one was adopted in 2008. In response to the European Partnership, the Government adopted and implemented the European Partnership Action Plan (EPAP) during 2008 -2012, and then the SAA Action Plan (SAAAP) during 2013 - 2015, and the Action Plan for the purpose of addressing the recommendations of the Progress Report (APRP).

On 17 February 2008, the Assembly of Kosovo declared Kosovo an independent and sovereign country. The Republic of Kosovo is now recognized by one-hundred and sixteen (117) states,<sup>3</sup> out of which 22 are EU member states.

Until the end of 2009, the reform dialog between Kosovo and EU was taking place within the Stabilisation and Association process Tracking Mechanism (SATM). Afterwards, in October 2009, EC published the communication *Kosovo – Fulfilling its European Perspective*, whereby the reform dialogue advanced to the Stabilisation and Association Process Dialogue (SAPD), whereas, among others was also proposed to initiate the process for Kosovo’s participation in EU Programmes.

The process towards SAA commenced in October 2011 when EC, through the Progress Report, recommended the initiation of the *Feasibility Study for Stabilisation and Association Agreement between European Union and Kosovo*, a study that in October 2012 concluded that Kosovo was ready to commence negotiations for SAA. The negotiations commenced in October 2013 and were concluded in July 2014. This was followed by the adoption of this agreement by the Governments of the Member States, and its signature on 27 October 2015. Finally, the SAA was approved by the Government of Kosovo on 30 October 2015, and ratified by the Assembly on 2 November 2015, and entered into force on 1 April 2016. During 2016, were functionalised the joint Kosovo-EU bodies established within SAA for overseeing its implementation: the Stabilisation and Association Council (SAC), the Committee, subcommittees and special groups, and the Stabilisation and Association Parliamentary Committee. During 2020, these bodies were assembled in the fifth round.

Another important development is launching of the second phase of implementation of the policy priorities for the implementation of SAA - European Reform Agenda (ERA II) in October 2020, namely of 15 priorities. ERA II will be implemented by the end of 2022, aiming to fulfil the SAA obligations, focusing on key economic reforms, strengthening of the rule of law and consolidation of good governance.

Following the dissolution of the Ministry of European Integration, the transfer of its structures to the Office of the Prime Minister (OPM) was completed in mid-November

Regarding the *visa liberalization* process, the EC issued a recommendation for lifting the visa regime with Kosovo on 18 July 2018. Thereafter, the European Parliament's Committee on Civil Liberties, Justice and Home Affairs (LIBE) adopted this recommendation on 30 August. This recommendation is pending final adoption by the EU Council.

In terms of participation in EU Programs, Kosovo currently benefits from six (6) of them: *Europe for Citizens*, *Creative Europe*, *COSME*, *ERASMUS+*, *Customs 2020* and *Fiscalis*.

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<sup>3</sup> MFAD, *International Recognitions of the Republic of Kosovo*, <http://www.mfa-ks.net/en/politika/483/njohjet-ndrkombtare-t-republiks-s-kosovs/483>.

**1. BLOCK 1: POLITICAL CRITERIA**  
**1.1. Democracy and Rule of Law**  
**1.1.1. Constitution, Parliament and Electoral System**

**Constitution**

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

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

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

**Parliament**

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

*SAA Requirements*

SAA, in Article 132, foresees the functioning of the Parliamentary Stabilisation and Association Committee (PSAC) as a joint forum of MEPs and Assembly Members of the Republic of Kosovo to exchange views on implementation of the SAA. The Assembly of Kosovo, pursuant to Article 132 of the SAA on 18 March 2016, established the Stabilisation and Association Parliamentary Commission. The Assembly in the V legislature, on May 16-17, 2016, held the first meeting of the EU-Kosovo Stabilisation and Association Parliamentary Committee, where was adopted the Regulation on Rules of Procedure of this Committee. During the VI legislature, were held joint meetings of both delegations, which marked the establishment of cooperation of the Assembly of Kosovo with the European Parliament at a higher level. The Stabilisation and Association Parliamentary Committee meets twice a year, at agreed time intervals.

*Requirements deriving from other EU accession mechanisms*

In the light of Stabilisation and Association Subcommittees, it is required from Assembly to ensure the appointment of the members of the boards of independent institutions which fall under the competence of the Assembly. This should be done based on the principle of meritocracy and professionalism, avoiding politicization for these appointments. The Assembly, based on the Memorandum of Understanding with the United Kingdom, will be committed to ensuring the appointment of members of the boards of



independent institutions that are within the competence of the Assembly through a transparent and merit-based process. This priority continues to be one of the most important for the Government of Kosovo, therefore it is reflected in all major planning documents of the Government, including the action plan for ERA 2021-2023 and NPISAA 2021 among others.

With the aim of addressing the requirements of the EC Kosovo 2020 Report, the Assembly of the Republic of Kosovo will continue to empower the exercise of the oversight function over the executive, and parliamentary commissions will continue to exercise parliamentary oversight. Committee for the Oversight of Public Finance, which prepares recommendations adopted by the Assembly, will hold more hearings for ministers. Meanwhile, the role of parliamentary oversight of the Kosovo Security Forces and the Kosovo Intelligence Agency needs to be increased. In addition, the administration of the Assembly will create specialized expertise to provide more effective support to MPs and committees of the Assembly.

Also, as required by the EC's Kosovo 2020 Report, the Assembly and the Government should implement the agency's assessment of independence in order to rationalize the number and agency reporting to the Assembly.

As regards the requirement for the administration of the Assembly to create specialized expertise to provide more effective support to MPs and committees of Assembly, the Directorate of Legal and Procedural Affairs has already recruited staff in accordance with the Regulation on the Responsibilities and Organisation of the Administration of the Assembly. In this regard, the Assembly will strengthen the legislative procedure in order to ensure cross-sectorial expertise and compliance with the *acquis*.

Also, as a requirement, was highlighted the need to ensure the stable majority at the Assembly in order to avoid the delays in decision-making process.

### ***State of Play***

#### *Legislative Framework*

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

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

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

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

One of key roles of the Assembly, in addition to approximation of national legislation with the EU *acquis*, is to review and verify this alignment. The structure in charge of approximation of legislation with the *acquis* consists of the Directorate of Legal Services and Approximation of Legislation and the Assembly Committee on European Integration, the latter reviewing alignment with the *acquis* of each law adopted by the Assembly. This Directorate and the Committee review not only the texts of draft-laws, but also amendments made by the functional committees, or by MPs, ensuring their alignment with EU legal acts.

Kosovo is a voluntary country in adopting the Resolution No. 06-R-001 on Sustainable Development Goals (SDGs) and also on the establishment of the Council for Sustainable Development. The 2030 Agenda for

Sustainable Development and the National Development Strategy 2016-2021 provide the main framework for the Council's activities. The Council aims to bring together parliamentarians and other institutional representatives, international organisations and civil society organisations, to coordinate for common action in achieving, implementing and monitoring the Sustainable Development Goals. The Council is composed of MPs, representatives from the administration, civil society, OPM, KAS and representatives of international organisations.

Within the administration, the Directorate of Legal Standardization, Approximation and Alignment verifies the opinions of the MEI on the approximation of draft-laws with the EU *acquis*, as well as overseeing the approximation of the legislation with it and with the international standards applicable in Kosovo for all draft-laws proposed to the Assembly for consideration. Furthermore, the Directorate for Protocol and International Relations, namely the International Relations Unit, is engaged in the meetings of the EU - Kosovo Stabilisation and Association Parliamentary Committee, specifically in drafting the topics of discussion as well as in resolutions issued by joint meetings and on the progress of the activity.

In order to improve parliamentary oversight of the executive over budgetary and financial matters, the Budget and Finance Analysis Unit within the Directorate for Research, Library and Archives was made operational in July 2019. This unit prepares reports and analyses for MTEF, state draft-budget, annual budget expenditure reports, analyses, General Audit reports, informs the committees on the areas they cover and prepares comparative analyses between the current and previous budget years for institutions and agencies, based on key data.

The International Relations Unit also assisted in the developing the discussion topics for MPs and provided further details on the progress of the meeting.

#### *Policy Framework*

The Assembly exercises its activity as a legislative and oversight body based on the following documents:

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

The dynamics of the work programme are implemented in two (2) parts: the spring session and the autumn session, which include the work of the Presidency of the Assembly, parliamentary committees and the plenary session. The Assembly of the Republic of Kosovo, for the purpose of enhancing the professional capacities of its administration, regularly holds continuous training, depending on the needs of the administration.

#### *Institutional Framework*

For its functioning, the Assembly elects the Presidency (the President and Vice Presidents of the Assembly) among its own members and appoints standing and functional parliamentary committees, as well as *ad-hoc* parliamentary committees. Functioning of the Assembly of Kosovo is explicitly regulated with the Article 65 of the Constitution of the Republic of Kosovo. One of the main functions of the Assembly is the legislative function, and in addition to this function, the Assembly exercises an oversight function. In order to maintain the accountability, the Assembly oversees the work of the institutions and bodies which are elected by the Assembly. In addition to this, the Assembly, mainly through the parliamentary committees, oversees the implementation of laws by recommending measures in case of non-implementation or inadequate implementation of the overseen laws.

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

Regarding the coordination of the administration of the Assembly with the Government, the communication is carried out at the level of directors. The Proposals and Submissions Unit coordinates with the Government Liaison Officer for proceeding of draft-laws, reports, proposals for the appointment of board members and other issues. Also, through the Proposals and Submissions Office, the Assembly proceeds to the Government and other institutions decisions, letters, parliamentary questions, requests for interpellations, etc. This office sends the Laws adopted by the Assembly for decree to the Office of the President, and also submits the decreed Laws to the Official Gazette for Publication. The Government of the Republic of Kosovo has established a consolidated mechanism and system for the coordination of work with the Kosovo Assembly.

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

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

The Assembly has institutionalized the partnerships with civil society through common responsibilities at every step of the political and decision-making process in drafting and overseeing the implementation of laws and policies, taking into account the Declaration on Partnership between the Assembly and Civil Society. However, according to the CSOs dealing with the framework of the institutionalized cooperation between the Assembly and civil society, this cooperation remains limited, since many CSOs have stated that they have very limited contact with the Assembly. Therefore, greater commitment is required for formal, structured cooperation, and one that is based on mandatory criteria between the Assembly and civil society; as well as to enable civil society transparent communication and genuine and substantive participation, beyond formal aspects.

Pursuant to the principles of the Assembly's Strategy for Information and Public Relations, the Presidency of the Assembly through a decision has established a Forum for Parliamentary Transparency composed of MPs, representatives of the administration and representatives of civil society. This Forum is called to advance and secure greater civic engagement by promoting parliamentary culture through information, access to information and work of Parliament as well as empowering citizens in the legislative process and increasing accountability.

The Presidency of the Assembly has adopted the Communication and Information Strategy, with particular emphasis on communicating the European integration process. In this strategy, approved in 2019, the Assembly has added a new chapter dedicated to the communication process for European integration. The working group has also finalized the Assembly's Vision for Information Technology, Regulation on IT services, and Handbook on MPs and Employees on Technology Services according to standards and Information Technology Strategy, in line with IPU standards 2020-2025.

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

***Medium-term Priority Objectives:***

- Adoption of the new Rules of Procedure of the Assembly;
- Building the legislative capacity of the Assembly, in particular capacities of the Directory for Legal and Procedural Affairs;
- Improving the oversight of the executive, including the security sector, by reviewing the legislation and monitoring the implementation of policies and laws;
- Responsible bodies of the Assembly will ensure a strong oversight over the spending of the parliament budget during the financial year, including the analysis, implementation and monitoring the gender responsive budgeting;
- Parliamentary Committee for European Integration and International Relations will be specially emphasized given their role in the integration process;

- The Assembly will develop professional capacities of its administration through cooperation with parliaments of other countries, through priorities deriving from the Strategy for International Cooperation and Inter-Parliamentary Relations.

### **Electoral System Reform**

One of the main priorities of the Assembly of the Republic of Kosovo is to amend the relevant legislation enabling an adequate electoral reform, in line with acceptable European standards. This would ensure effective addressing of the weaknesses identified over the years which continue to have a negative impact throughout the electoral cycle. Many of the recommendations made following the EU election observation missions in 2014, 2017 and 2019 have not yet been addressed. On the other hand, after receiving each report of EU election observation missions, the CEC drafts its own action plan to address recommendations that do not require amendments to laws.

The revised legislative framework for financing political parties and campaigns should be in line with the recommendations of the Venice Commission. In addition, the CEC, in particular its Political Party Registration and Certification Office, will increase its capacities in order to ensure effective enforcement of rules on financing of political parties and political campaigns. This is intended to be achieved in the medium term by addressing recommendations of the Venice Commission and made specific by reaching a consensus between political parties represented in the Assembly of the Republic of Kosovo.

The respective parliamentary committee to be engaged with electoral reform is expected to address key processes in the electoral system in order to detail these elements in the laws, so as to increase legal certainty, as well as in order to increase the credibility in the electoral processes, in line with the most democratic European standards and practices. In addition to increasing the financial control of political entities, the following aspects should be addressed by the electoral reform: a) extending the deadlines (deadlines for: organisation of early elections, deadlines for filing complaints, confirmation and challenge of the voter list, application for voting outside Kosovo), b) addressing the shortcomings of voting by mail, and c) gender equality. The leaders of the parliamentary groups of the Assembly of Kosovo have taken in April 2019 a joint initiative to improve and strengthen the electoral process by establishing an *ad hoc* parliamentary committee, involving local and international experts, as well as stakeholders. This committee has failed to complete the work commenced amending the Law on General Elections.

In the context of electoral reform and with the view to fulfil the obligations deriving from the EU reports for Kosovo, Kosovo needs to address the recommendations of the EU Monitoring Mission for 2014, 2017 and 2019. Also, Kosovo should amend the Law on General Elections and the Law on Financing of Political Parties, and ensure consistency of content between these two laws. More specifically, the Assembly of Republic of Kosovo will be engaged in establishing an *ad-hoc* Committee for Electoral Reform, to which it will provide budget, in order to meet obligations stemming from this process. Whereas, in order to implement the Law on Financing of Political Parties, the Assembly of the Republic of Kosovo will engage to ensure that the redistribution of political entities' financial control functions be accompanied by: a) strengthening the Office for Political Parties Registration and Certification, which will enjoy a higher degree of independence than the current Office<sup>4</sup>, or b) establishing a new independent authority within any other independent institution.

### ***State of Play***

#### *Legislative Framework*

The electoral reform in the Republic of Kosovo is regulated based on:

- Law No. 03/L-073 on General Elections;
- Law on Local Elections in the Republic of Kosovo, amended on November 2010;
- Law No. 03/L-174 on Financing of Political Entities.

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<sup>4</sup> Adapted phrasing of the Opinion of the Venice Commission, point 26, page 9, [https://www.venice.coe.int/webforms/documents/default.aspx?pdffile=CDL-AD\(2018\)016-e](https://www.venice.coe.int/webforms/documents/default.aspx?pdffile=CDL-AD(2018)016-e).

The Constitution and the Law no. 03/L-256 on amendment of Law General Elections of Republic of Kosovo regulate the electoral system in Kosovo. According to the Constitution and the Law, Kosovo is considered a multi-candidate constituency. While exercising his/her right to vote, a voter shall vote for one (1) certified Political Party and may vote up to five (5) candidates from the list of candidates of the same party. Assembly of the Republic of Kosovo has one hundred and twenty (120) deputies elected by secret ballot based on open lists. Seats in the Assembly are distributed amongst all parties, coalitions and citizens' initiatives and independent candidates in proportion to the number of valid votes received by them in the elections for the Assembly. In the framework of this distribution, twenty (20) out of one hundred and twenty (120) seats are guaranteed for representation of non-majority communities in Kosovo. Kosovo's electoral legislation also guarantees gender equality in the electoral system, under Article 7.2 of the Constitution of the Republic of Kosovo and articles 6, 2 and 4.4 of the law on Gender.

This legislation provides a sufficient basis for democratic elections in accordance with international instruments to which Kosovo is committed in its Constitution. The legislative framework that has regulated the earlier parliamentary elections and local elections despite the shortcomings, however, ensured a normal operation and performance of the overall flow of the electoral process in the parliamentary and local elections of 2017 and parliamentary elections of 2019. The elections were generally held in a peaceful atmosphere and without any major incidents. However, the elections in the northern part of the country have been characterized by pressure on candidates outside the Srpska Lista. Also challenging was the vote counting process and complaints management

Within the electoral reform and with the aim at fulfilling the obligations arising from the EU reports on Kosovo regarding the financing of political parties and campaigns, the Government has approved the draft-law on the Financing of Political Entities. On September 30, 2020 this law was adopted in principle by the Assembly, while in the meantime it is expected to formally be adopted. The purpose of this draft-law was to amend the Law on Financing Political Parties, as amended by the Law No. 04/L-058 and Law No. 04/L-122<sup>5</sup> and the Law on General Elections, with a particular focus on financial control, publishing the prior year's annual financial report and the pre-election campaign financial statement report, punitive provisions, as well as other provisions related to the Law on General Elections.

Despite the efforts to reform the electoral system in Kosovo before the local elections of 2017, before the parliamentary elections of 11 June 2017 and those of 6 October 2019, or at the initiative of the Assembly of Kosovo, in April 2019, the reform did not happen. A number of shortcomings have followed these election processes, which have also been identified by the EC Kosovo 2020 Report, as well as by the preliminary Statement of the EU Monitoring Mission. However, serious concern is a number of intimidations in the ranks of the Serb community, in which case the candidates who are not members of the Srpska Lista party were specifically targeted. A number of long-term weaknesses, especially the financing of political entities, the lack of reporting on the funding of gender-disaggregated candidates for election campaigns, equal participation of women in electoral lists, mechanisms of electoral disputes, inaccurate voter lists, and the system largely deficient in voting for Kosovo citizens living abroad remains to be addressed. These challenges need to be addressed as a matter of priority, guided by the recommendations of European election observation missions.

The reform of the electoral system should also address the non-compliance of Law No. 03/L-073 on General Elections and Law No. 03/L-072 on Local Elections with the Law No. 05/L-020 on Gender Equality. Currently, the laws concerning the elections provide for a gender quota of at least 30% representation in the voting ballots of political parties, whereas the Law on Gender Equality provides for a quota of 50%. Political parties are obliged to implement, through their internal acts, measures to promote equal participation of women and men in the authorities and bodies of the parties, in accordance with the provisions of Article 6 of this law. These discrepancies would have to be addressed through the expected election reform.

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<sup>5</sup> [https://eeas.europa.eu/headquarters/headquarters-homepage/64291/statement-head-eu-officeusr-and-heads-eu-missions-kosovo-draft-law-financing-political\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/64291/statement-head-eu-officeusr-and-heads-eu-missions-kosovo-draft-law-financing-political_en).

*Medium-term priority objectives:*

- Implement the recommendations of the EU Election Observation Mission;
- Adoption and implementation of new legislation on the financing of political entities, in accordance with the opinion of the Venice Commission;
- Adoption of the law on elections;
- Establishment of an ad-hoc Committee and Advisory Group in the framework of Electoral Reform;
- Interconnection of the address system with the central civil status registry system in the framework of the specification of the voters' list.

**1.1.2. Public Administration**

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

*SAA Requirements*

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

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

*Requirements from other EU accession mechanisms*

At the fourth meeting of the Stabilisation and Association Committee, held virtually in October 2020, the EC emphasised that the implementation of public administration reform should be an effort of the entire Government. Concerns about political appointments in public administration were also emphasised. As a result, Kosovo will ensure that all recruitments, especially in senior management positions, take place in line with the principles of merit, transparency and fair and equal representation. It was also urged for a general revitalization of the reform process, both in the area of rule of law and in economic reform and public administration.

Managerial responsibilities will be implemented across the Government by the former Ministry of Public Administration (now MIA), the Ministry of Finance and the Office of the Prime Minister in a coordinated manner. The EC also called on Kosovo to implement the Action Plan for the Rationalization of Agencies in a comprehensive and transparent manner. This is planned to happen in the medium term, starting in 2021 with the first wave of rationalization.

Concerning the findings of the *EC 2020 Kosovo Report*, among the main challenges identified are: the political influence on recruiting senior management positions in the civil service and non-merit based recruitment; delays in adopting specific laws in accordance with the Law on General Administrative Procedure (LGAP); improper performance appraisals, which continue to have little impact on career development for civil servants.

Regarding the recommendations, the bylaws of the Legal Package should be adopted and their implementation commenced as soon as possible; accountability in institutions, in particular at the managerial level, needs to be increased; legislation should be aligned with the LGAP; principles and the removal of policy influence on the administration should be respected during the recruitment; new human resource management units should be created according to the Legal Package and better services should be provided to citizens through the digitalization of services (e-Kosovo Portal). The capacity to collect, control and store data should also be increased. In this regard, it is foreseen development of an online platform for monitoring the New PAR Strategy, which is reflected in the Government documents and work plans, as one of the key priorities, such as: NPISAA 2021-2025, GWP 2020-2023 and ERA 2021-2022, which would affect the strengthening and better preparation of contact points, their professionalism, and would increase the quality. It is also important to make better linkages between strategic priorities and government budgeting to improve implementation and monitoring of the strategic framework in PAR. Furthermore, the human resource management system needs to be improved and interoperability with the payroll system ensured.

According to the *Conclusions of the SGPAR meeting in 2020*, planning in the area of public administration should be more strategic and related to Government priorities, sector strategies, mid-term expenditure framework and budget available. In order for this process to be completed successfully, the Assembly of Kosovo must approve the new Law on Wages, which in 2019 by decision of the Constitutional Court was declared invalid in its entirety. Thus, during 2021 it is planned that the new Law on Wages be rewritten and processed again for approval in the Assembly. Thus, during 2021 it is planned that the new Law on Wages be rewritten in cooperation with the European Commission, SIGMA and other relevant donors. This would enable the consolidation of the legal framework for PAR.

In March 2017 the Assembly and the Government signed a Memorandum of Cooperation on rationalization of state agencies and the working group established by the MPA (now MIA, pursuant to Art. 19 (6.2) of the Rules of Procedure of the Government No. 09/2011 (OG, No. 15/2011, dated 12 September 2011) and Regulation (GRK) No. 07/2020 amending the Regulation (GRK) No. 06/2020 on Areas of Administrative Responsibilities of the office of the Prime Minister and Ministries), finalized the Concept-document on the First Wave of Rationalization and Establishment of Clear Accountability Lines for Agencies under the Assembly of Kosovo, which was adopted by the Government on 9 October 2018. The Law related to the First Wave of Rationalization and Establishment of Clear Accountability Lines of Independent Agencies functioning in the Kosovo Assembly is planned to be signed during the first part of 2021, although judging by the current situation of the COVID-19 pandemic, the time for the implementation of measures foreseen by NPISAA should be reconsidered again.

With regards to the public services and human resources management, the authorities are committed to making the necessary legislative amendments to the Law on Public Officials, in line with the decision of the Constitutional Court, finalizing and approving the remaining secondary legislation and starting the implementation of the law. Authorities will finalize the establishment of the Department for the Management of Public Officials and will send to the European Commission the staffing plan and a summary of the Department's internal organization. Measures will be taken to further improve the process of appointments and dismissals of senior public officials, as required by relevant legislation and in line with the principles of merit and transparency. Also, the escalation of previously concluded temporary contracts and implementation of the provisions of the Law on Public Officials in this regard will be closely monitored. Also, authorities will take steps to further improve data collection mechanisms related to human resource management.

Some of the other obligations arising from the meeting of SGPAR 2020 are related to the approval and implementation of the Programme for reducing the administrative burden, coordinated by the Office of the Prime Minister, with a focus on concrete measures to improve service delivery in the short and long term, in particular through increased digitalization and simplification, mergers and revocations of licenses and permits. Through this exercise, authorities will pay special attention to the measures needed to accelerate the harmonization of specific conflicting laws with the Law on General Administrative

Procedures. The responsibility for harmonizing the laws, bylaws and administrative instructions with the Law on General Administrative Procedures belongs to the relevant line ministry. The government will appoint a central coordinator for the harmonization process and will set a binding deadline for the process throughout the ministries.

Kosovo, under the PAR, will develop a comprehensive document of public financial control policy, with a focus on defining and implementing managerial accountability and public internal financial control in the public sector. The government shall ensure a better linking between MTEF 2021-2023 and budget execution, and consequently have more realistic planning of investment projects. The authorities in this regard are also committed to ensuring close harmonization of the new National Development Strategy with EU reforms.

*According to the conclusions of the SGPAR meeting of 2021*, Kosovo Government institutions will focus on completing the legal framework in this area by adopting the Law on Public Officials and drafting the new Law on Salaries in accordance with the decision of the Constitutional Court (CC). Also, the sub-legal acts for the implementation of the 3 basic laws on PAR will be adopted based on the findings of the decision of the CC. Special priority in this area has also been given to completing the legal framework for the rationalization of independent agencies and institutions. Only during 2021, 2 laws for the 2 respective waves for rationalization of agencies are planned to be adopted. While the laws for waves 3 and 4 of this process are foreseen to be implemented during 2022-3. The strategic framework on PAR will be advanced, thus combining 3 strategies in this field in a Sectorial Strategy for Public Administration Reform which will be approved at the end of 2021 and will serve as a roadmap for the next 5 years.

Another finding within the conclusions is the reduction of the administrative burden, in which case only during 2021 at least 20% of the existing draft laws, draft laws, bylaws and administrative instructions that contain special administrative procedures are expected to be harmonized with the LPPA. part of the legislative program, until at least 8% of licenses and licenses for economic operators will be merged or revoked. Finally, the government authorities have set as a high priority the system for human resource management, in which case the advancement in the system through the creation of new modules and their integration in the system is being done with the broader objective of improving and increase efficiency in civil service recruitment procedures, at all levels and in accordance with applicable legislation.

As other obligations that came up at the SGPAR meeting in May, and in order to ensure more effective implementation of public administration reform and ensure that the necessary financial and human resources are allocated to this role, the professional development of civil servants will be significantly improved and the quality and number of training provided by KIPA will be improved.

### ***State of Play***

#### *Legislative Framework*

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

The basic laws based on which the public administration functions include:

- Law No. 06/L-11 on Organisation and Functioning of State Administration and Independent Agencies;
- Law No. 06/L-13 on Salaries in Public Sector. This law has been repealed by the Constitutional Court through its 30 June 2020 judgment. Consequently, the Law No. 03/L-47 on Salaries of Civil Servants is back in force until the new Law on Wages in the Public Sector is drafted.
- Law No. 06/L-114 on Public Officials.
- Law No. 05/L-031 on General Administrative Procedure;
- Law No. 04/L-145 on Government's Information Society Bodies.

#### *Policy Framework*



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

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

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

- Pillar I: policy development and coordination, under the responsibility of the Office of Prime Minister,
- Pillar II: civil service, human resources, accountability and service delivery, under the responsibility the Ministry of Internal Affairs; and
- Pillar III: public finance management, under the responsibility of the Ministry of Finance.

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

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

- National Strategy Framework for Planning and Strategic Management;
- Strategy for Planning and Policy Coordination and Better Regulation 2021-2026.

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

- The Strategy for Modernisation of Public Administration 2021-2026; and
- E-Governance Strategy.

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

- Public Internal Financial Control Strategy; and
- Strategy on Public Finance Management.

In addition, the Government has also adopted the new *Government Strategy for Cooperation with Civil Society 2019 - 2023*, which aims at improving participation of civil society in the design and implementation of policies and legislation; building a public service delivery system through CSOs; building a system based on criteria set for financial support for CSOs; and fostering an integrated approach to the development of volunteering.

#### *Institutional Framework*

Within the former Ministry of Public Administration, now the Ministry of Internal Affairs (MIA), the institutional framework in the area of public administration consists of the Information Society Agency (ISA) and the Kosovo Institute for Public Administration (KIPA).

The former MPA, now MIA, has now built an advanced infrastructure for the delivery of electronic services through the National Network which covers all the offices of central and local administration and the Centre of the State Data. This infrastructure serves all institutions of central and local level. The current architecture of the infrastructure has a strong basis for providing electronic services to citizens and for

modernization of public administration. Further modernization of public administration requires constant maintenance and investment services in accordance with the increase of electronic services, trends of technological developments and increased security.

The Regulation no. 05/2016 on *Minimum Standards for the Public Consultations Process* was approved in April 2016 and started to be implemented since January 2017. According to this Regulation, the Office for Good Governance (OGG/OPM) is the body responsible for coordinating consultations that are conducted through the *Online Platform for Public Consultation*. The Regulation also provides other forms of public consultation to ensure the involvement of stakeholders in policy-making. They should be appropriate and accessible to the citizens of Kosovo depending on the topic being addressed and the specifics of sensitivity. In addition to this mechanism, a consultation mechanism between the Government and the CSOs and other stakeholders in the framework of the joint EU – Kosovo institutional structures established by the SAA is also in place. Regulated by the respective guideline adopted by the Ministry of European Integration in 2018, this mechanism is an appropriate forum that contributes to the shaping of policy-making and the implementation of the SAA, and as such should be made use of by the Government and civil society.

Since 2017, following adoption of the Regulation MoF-No. 04/2017, Kosovo has built a system of unified rules regarding public financing of NGOs, which set the minimum criteria related to public financing. Furthermore, on 2 April 2019, by Decision No. 05/96, the Government established the mechanisms for cooperation of the Government with civil society, namely the Council for Cooperation of the Government with Civil Society. It is the main and permanent advisory mechanism that coordinates and improves the whole process of government cooperation with civil society, with the OGG serving as the Secretariat. The Council is co-chaired by Secretary-General of the OPM and Executive Director of the CiviKos Platform. This council consists of 29 members: 15 from NGOs and 14 from institutions.

### ***Donor Support***

With regard to the donors in the area of public administration, currently the support is being provided through projects that are focused on building capacities of human resources in administration, provision of better services for citizens and functional review of administration, with a special emphasis on independent and executive agencies. These projects are as follows:

- *Further strengthening of the training skills of the Kosovo Institute for Public Administration (KIPA), with implementation period 2019-2020, supported by the German Government; KIPA is discussing the extension of this project for another year as some activities have been postponed as a result of Covid-19.*
- *Support to the Office of Strategic Planning of the Office of the Prime Minister, supported by the EU (IPA); with completion period in May 2021;*
- *Support for the Office of Strategic Planning of the Office of the Prime Minister, provided by the EU (IPA); with an implementation period in May 2021;*
- *EU Scheme for Young Professionals, for capacity building in the civil service, supported by the EU (IPA) on an annual basis;*
- *Support for the sectorial reform in the area of public administration (IPA), with an implementation period of 4 years;*
- *Support to Implementation of the Government Strategy for Cooperation with Civil Society. This project is funded under the Instrument for Pre-Accession Assistance (IPA II) 2014-2020 for the Office of Good Governance/Office of the Prime Minister.*

### ***Medium-term Priority Objectives:***

- *Creating an apolitical, professional, merit-based and well-managed civil service through reorganisation of ministries and their subordinate bodies, finalization of the process of job classification, implementation of a new system of salaries and promotions;*
- *Implementation of the plan for rationalization of independent agencies and institutions starting with the approval of the first wave and drafting of the Law on the Second Wave of Rationalization during 2021, then continuing with the last two waves during 2022 and 2023;*

- Administrative burden reduction through harmonization with LGAP of special laws, sub-legal acts and administrative instructions containing special administrative procedures;
- Improvement of the human resource management system by interconnecting it with the payroll system, after the finalization of the job classification process according to the new legislation;
- Capacity building of civil servants coming from non-majority groups in the administration, based on current applicable legislation, by 10% at the central level (from 8.75% currently) and proportional to the population within the relevant municipality at the local level;
- Further strengthen the administration through capacity development for policy planning, analysis, development, and implementation, in order to create substantive, economically efficient and financially affordable policies;
- Completing legal and operational framework of PAR and finalizing costing reforms will form the basis for determining the scope of the general and financial sectorial budgetary support;
- Providing sufficient funds for the Implementation of the Legal Package on PAR;
- Advancing electronic governance in order to increase the effectiveness of services and transparency to the public. ISA/former MPA (now MIA) aims at modernizing and increasing the quality of electronic services delivery which will increase transparency;
- Development of the state portal of online services, its functioning and the beginning of the provision of online services to citizens, businesses and public servants through this single window, as well as integration of as many services as possible provided by the institutions within the portal;
- Enhancement of the Online Interoperability Platform and inclusion of as many systems as possible within this platform.
- Increasing transparency to the public through advancing the portal for data opening, where data will be published by central and local level institutions.

### **Local self-government**

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

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

With regard to gender equality, although compliance with the principle of gender equality in local self-government is a legal obligation, municipal gender equality officials face insufficient political will to involve them in policy processes, which contributes to the lack of of gender perspective in local legislation and policies. Moreover, some of such officials have poor capacities for gender analysis and other policy processes, thus preventing them from fulfilling their responsibilities, while lack of executive powers, insufficient funds and political party agendas also undermine their work. These and other obligations are requirements arising from the EU Gender Action Plan.

EC’s *Kosovo 2020 Report* states that the level of representation of women in leadership positions at the local level remains a matter to be addressed with higher priority, although progress has been made in this regard. The quality of public consultation at the local level should also be increased. The capacity of human and financial resources should be increased in order to increase the quality of municipal services. Also, the need to further depoliticize local administration and improve the oversight of Municipal Assemblies as well as oversight of local administrations is emphasized. The political influence over the local administration, which is already considered excessive and weakens it, should also be reduced.

### 1.1.3. Ombudsperson<sup>6</sup>

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

#### *Requirements of SAA*

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

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

- Article 3: *"Respect for the democratic principles and human rights as proclaimed in the United Nations Universal Declaration of Human Rights of 1948 and as defined in the Convention for the Protection of Human Rights and Fundamental Freedoms of 1950, in the Helsinki Final Act and the Charter of Paris for a New Europe, respect for international law principles, including full cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) and its residual mechanism, the International Criminal Court, and respect for the rule of law as well as the principles of market economy as reflected in the Document of the Bonn Conference on Economic Cooperation of the Conference on Security Cooperation in Europe, shall form the basis of the policies of the EU and of Kosovo and constitute essential elements of this Agreement."*
- Article 4: *"Kosovo commits to abide by international law and instruments, in particular, but not only, related to the protection of human and fundamental rights, to the protection of persons belonging to minorities, and without discrimination on any ground."*
- Article 7: *"The developments of regional cooperation and good neighbourly relations as well as respect for human rights, including the rights of persons belonging to minorities, are central to the SAP. The conclusion and the implementation of this Agreement takes place within the framework of the SAP and are based on Kosovo's own merits".*

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

#### *Requirements from other EU accession mechanisms*

The conclusions of the most recent meeting of the *Subcommittee on Justice, Freedom and Security*, as well as the EC Kosovo 2020 Report emphasize the urge to ensure proper follow-up of the implementation of the Ombudsperson's recommendations. Furthermore, according to indicators 7.3.1 and 7.3.2 of the Sectorial Budget Contract for Public Administration Reform between the Government of Kosovo and the EC, by 2021 the level of implementation of the OIK recommendations for public authorities should be at least 70%.

In general, the Republic of Kosovo should improve the conditions for the functioning of the Ombudsperson Institution, both in terms of implementing the legislative framework, ensuring sustainable financial, organisational and functional independence, and adequately addressing and monitoring the implementation of recommendations issued by the OI.

#### **State of Play**

##### *Legislative Framework*

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

- Constitution of the Republic of Kosovo;

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<sup>6</sup> This chapter is related to the Acquis Chapter 23: *Judiciary and Fundamental Rights*.

- Law on Ombudsperson;
- Law on Protection from Discrimination;
- Law on Gender Equality;
- Law on Access to Public Documents.

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

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

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

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

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

Regarding the transposition of the *acquis* in the national legislation of this area, a *considerable* (partial) transposition has been achieved so far, namely the Law on Protection from Discrimination and the Law on Gender Equality.

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

According to the annual report of the Ombudsperson, there is a progressive increase from year to year of the number of recommendations addressed to the responsible institutions as well as a positive trend of their implementation, which had an impact on increasing citizen trust to the institution and on increasing

accountability by public authorities in terms of meeting their constitutional and legal obligations in terms of service provision to the citizens.

### ***Donor Support***

The OIK, as a national institution for the protection and promotion of human rights, has been continuously supported by various international actors. Projects from which this institution has benefited are focused on staff capacity building in the effective and efficient performance of duties and responsibilities according to the constitutional and legal mandate, as well as on promoting the work and raising citizens' awareness of the role of the institution and their rights. Current projects are as follows:

- *Strengthening of Kosovo Institutions in the Fight against Torture, Ill-Treatment and other Degrading Treatment*: with implementation period July 2020 - December 2021, supported by the Kingdom of Norway and the Council of Europe;
- *Support for the Ombudsperson Institution of Kosovo*: with implementation period March 2019 - September 2020, supported by the EU (IPA);
- *Project on Technical Assistance for European Integration of Kosovo*: with implementation period May 2018 - April 2022 supported by the Government of Luxembourg and the Kingdom of Norway;
- *Promotion of Equality and Diversity in Kosovo*: with implementation period May 2019 - May 2022, supported by the EU and the Council of Europe;
- *Strengthening of the National Prevention Mechanism in Kosovo*: with implementation period May 2017 - April 2019, supported by the Council of Europe, the Kingdom of Norway and the Government of Switzerland;
- *Support to the Implementation of European Human Rights Standards in Kosovo and the Reform of the Ombudsman Institution*: with implementation period March 2015 - February 2017, supported by the Council of Europe, the Government of Switzerland and the Kingdom of Norway;
- *Advancing Access to Justice and Rule of Law in Kosovo*: implementation period October 2014 - December 2020, supported by UNDP and the Government of the Kingdom of Norway;
- *Advancing Protection of Human Rights in Kosovo*: with implementation period February 2012 - February 2014, supported by the EU and the Council of Europe.

### ***Medium-term Priority Objectives***

Based on the OI's mandate and mission, the basic aim and objective of the OI's work is to achieve investigation of cases of complaints submitted by men and women, so that the protection and promotion of human rights and fundamental freedoms is provided with due responsibly, professionally and on time.

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

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

#### **1.1.4. Civilian Oversight of Security Forces**

This chapter covers the democratic civil oversight of security institutions, which refers to the exercise of civilian control by the Assembly of the Republic of Kosovo, namely through the respective Assembly

committees (Committee on Kosovo Security Force Affairs, Committee on Oversight of the Kosovo Intelligence Agency), the President, Prime Minister and the Minister of Defence.

The SAA contains no specific provision related to this area, but Kosovo implements related requirements deriving from other EU accession mechanisms.

#### Requirements from other EU accession mechanisms

Security clearance of the members of the Parliamentary Committee for the Oversight of Kosovo Intelligence Agency (KIA) is found by the Progress Report to be unprofessional and partisan of the security and that the Assembly should increase its capacity and improve its expertise to oversee this area and it remains Kosovo's obligation to amend the Law on Classified Information and Security Clearances and through this to establish the Agency for the Security of Classified Information as a National Security Authority, and, in close cooperation with other mechanisms in the Republic of Kosovo, to include in the decision making processes also security clearances and also the minimum security standards for the protection of classified information that are administered by the relevant institutions of the Republic of Kosovo.

The relevant parliamentary committee for security will be the oversight mechanism for the agency and the same shall not be subject to security clearance. EC's *Kosovo 2020 Report* re-emphasizes that parliamentary oversight of the Kosovo Security Forces and the Kosovo Intelligence Agency continues to be insufficient. Also, the *EC Kosovo 2020 Report* in this area, emphasizes the need to address the findings of the report of the Parliamentary Inquiry Committee, approved in June 2019, on the case of deportation of 6 (six) Turkish citizens.

#### **State of Play**

##### *Legislative Framework*

The field of democratic civilian oversight in the Republic of Kosovo is regulated by:

- Constitution of the Republic of Kosovo - Article 65, paragraph 12;
- Law on Ministry of Defence;
- Law on Kosovo Security Force;
- Law on Service in the Kosovo Security Force;
- Law on Classification of Information and Security Clearances;
- Law on Kosovo Intelligence Agency.

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

##### *Policy Framework*

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

National Security interests and objectives define the basis for the mission and the current and future tasks of institutions in general and security institutions in particular. In the context of national security and interests from the analysis of SSSR, the scope of this strategy relates to the integration of RKS in the EU and NATO, thus regional stability and membership in international organisations. At the same time, civilian

oversight of the security forces must be fully in line with United Nations Security Council Resolution 1325 on Women, Peace and Security, and the current governmental strategies.

#### *Institutional Framework*

Based on relevant legislation, the chain of democratic civil control begins with the Assembly (through relevant parliamentary committees), the President of Kosovo, as Supreme Commander of the KSF, the Prime Minister and Minister of Defence, whose powers are exercised by calling to report, appointment, promotion and oversight of finances.

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

- President of the Republic of Kosovo;
- Assembly of the Republic of Kosovo;
- Oversight Committee;
- Government;
- Prime Minister;
- Minister of Defence.

### **1.2. Regional Cooperation and International Obligations<sup>7</sup>**

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

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

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

The Republic of Kosovo, as a fully-fledged member of regional organisation in the South-Eastern Europe – Regional Cooperation Council (RCC), participates in the annual meetings, board meetings, meetings of the national coordinators and sector meetings of the RCC. Kosovo institutions, in accordance with the requirements of the Law on Gender Equality, ensure that at all gatherings, meetings, seminars and conferences there is equal representation of men and women.

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

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<sup>7</sup> This chapter is related to the chapter 3.32. *Chapter 31 of the acquis: Foreign, Security and Defence Policy.*



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

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

According to the *EC Kosovo 2020 Report*, in the area of missing persons, inter-institutional cooperation in the area of missing persons should be increased and the positions between the Kosovo Committee on File Holder of the Missing Persons Case in the OPM and Kosovo representatives in the Prishtina-Belgrade Working Group should be unified. The Missing Persons Case Management System should also be developed and functionalized, and inter-institutional cooperation should be strengthened. High priority will be given to the adoption of secondary legislation in order to support the implementation of the Law on Missing Persons. Capacities to perform sustainable forensic practices, including forensic anthropology and archaeology, will also be increased.

### ***State of Play***

#### *Legislative Framework*

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

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

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

#### *Institutional Framework and Agreements*

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

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

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

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

The National Coordinator represents Kosovo at Board meetings and annual meetings of Regional Cooperation Council in Sarajevo. Office of the Regional Cooperation Council is committed to inter-ministerial cooperation with the aim of meeting commitments within the RCC agenda.

The Government Commission on Missing Persons operating within the Office of the Prime Minister, is a government body that manages, oversees, and coordinates activities with local institutions, cooperates with international institutions and organisations and other stakeholders regarding the fate of missing persons in the aftermath of the 1998-1999 war, regardless of ethnicity, religion or military or civilian status.

The Government Commission on Missing Persons has a mandate and aims to protect the rights and interests of missing persons and their families, in particular the right of family members to know the fate of missing persons, who disappeared during the period 1 January 1998 - 31 December 2000, in the aftermath of the 1998-1999 war in Kosovo.

With regard to the relations with the international community, Kosovo is a member of the International Monetary Fund, World Bank and the European Bank for Reconstruction and Development. In addition, Kosovo participates in regular CEFTA meetings, but continues to face obstacles created by Serbia where the CEFTA Secretariat requires UNMIK to sign on behalf of Kosovo, which is a violation of the agreement for Regional Cooperation reached in Brussels on 24 February 2012 (for more, see chapter 31).

The Republic of Kosovo is a member to the following regional and international political initiatives:

- South-East Europe Cooperation Process (SEECF);
- Migration, Asylum, Refugees Regional Initiative (MARRI);
- Regional Cooperation Council (RCC);
- Venice Commission;
- Centre for Security Cooperation (RACVIAC);
- International Organization of La Francophonie;
- Central European Free Trade Agreement (CEFTA);
- Vienna Economic Forum (VEF);
- Brdo Process (BP);
- Western Balkans Investment Framework (WBIF);
- Energy Community (EnC);
- South East Europe Investment Committee (SEEIC);
- Regional Rural Development Standing Working Group (SWG);
- South East European Trade Union Forum (SEETUF);
- Electronic South Eastern Europe (eSEE);
- EETO - South East Europe Transport Observatory;
- Network of Associations of Local Authorities of South East Europe (NALAS);
- South East European Public Private Partnership Network (SEPPPN);
- USA - Adriatic Charter (A-5);
- Education Reform Initiative of South Eastern Europe (ERI SEE);
- Regional Environmental Centre (REC);
- Regional School of Public Administration (ReSPA);
- Regional Environmental Network for Accession (RENA);
- South East European Centre for Entrepreneurial Learning (SEECCEL);
- Task Force Fostering and Building Human Capital (TF FBHC);
- International Organisation of Pension Supervisors (IOPS);
- International Road Transport Union in Geneva (IRU);
- World Bank (WB);
- European Bank for Reconstruction and Development (EBRD);
- International Monetary Fund (IMF);
- International Bar Association (IBA);
- International Social Security Association (ISSA);

- Regional Rural Development Standing Working Group (RRDWSG);
- Visegrad Group (VG);
- Human Dynamics (HD);
- Implementation of the Single European Sky in South East Europe Programme (ISIS ECAA);
- Investment Compact for SEE (ICSEE);
- European Film Promotion (EFP);
- European Network of the Heads of Environment Protection Agencies (EPA);
- European Investment Bank (EIB);
- Council of Europe Development Bank (CEB);
- Independent Regulators' Group – Rail (IRG – Rail);
- NATO Parliamentary Assembly (NATO PA);
- European Geological Surveys (EGS);
- International Organization of La Francophonie (OIF);
- International Amateur Radio Union (IARU);
- Western Balkans Research and Innovation Centre (WISE);
- Western Balkans Fund (WBF);
- Millennium Challenge Corporation (MCC);
- Bureau of International Exhibitions (BIE);
- Regional Youth Cooperation Office (RYCO);
- European Telecommunications Standards Institute (ETSI);
- Permanent Court of Arbitration (PCA);
- Apostille Convention (AC);
- World Dental Federation (WDF);
- International Federation of Library Associations and Institutions (IFLA);
- International Council of Museums (ICOM);
- Egmont Group of Financial Intelligence Units (EGFIU);
- Transport Community Treaty (TCT);
- International Federation of Arts Councils and Culture Agencies (IFACCA);
- World Customs Organization (WCO);
- International Council of Monuments and Sites (ICOMOS);
- South Eastern Europe Cinema Network (SEE Cinema Network);
- European Film Academy (EFA);
- South East European Regional Council – International Council on Large Electric Systems (SEERC CIGRE);
- World Water Council (WWC);
- Parliamentary Assembly of Francophonie (APF);
- International Union for Conservation of Nature (IUCN)
- International Organization of Supreme Audit Institutions (INTOSAI);
- Réseau international francophone de formation policière (FRANCOPOL);
- International Committee for Animal Recording (ICAR).

Kosovo has also become a member of the following sporting organisations:

- International Basketball Federation;
- International Swimming Federation;
- International Olympic Committee;
- International Handball Federation;
- World Taekwondo Federation;
- International Wrestling Federation;
- International Table Tennis Federation (ITTF);
- International Federation of Associated Wrestling Styles (FILA);

- International Archery Federation (FITA);
- International Weightlifting Federation (IWF);
- International Soccer Federation (ISF);
- International Judo Federation (IJF);
- European Minigolf Sport Federation (EMF);
- International Sailing Federation (ISAF);
- World Curling Federation (WCF);
- International Modern Pentathlon Union (UIPM);
- International Gymnastics Federation (FIG);
- European Olympic Committee (WB);
- International Boxing Association (Amateur) (AIBA);
- International Kickboxing Federation (IKF);
- World Chess Federation (FIDE);
- International Shooting Sports Federation (ISSF);
- International Volleyball Federation (FIVB);
- International Association of Athletics Federations (IAAF);
- International Cyclist Union (UCI);
- International Aeronautical Federation (FAI);
- International Tennis Federation (ITF);
- European Athletics Association (EAA);
- International Ski Federation (FIS);
- International Automobile Federation (FIA);
- Union of European Football Associations (UEFA);
- International Federation of Football Associations (FIFA);
- United World Wrestling (UWW);
- World Karate Federation (WKF).

Regarding regional cooperation, Kosovo continues to have satisfactory cooperation with neighbouring countries.

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

During the last joint meeting of the two governments alone, numerous agreements were signed, such as:

- Agreement on the abolition of prices of roaming services for public communications networks between the ministries in charge of electronic communications of the Republic of Albania and Republic of Kosovo, on 26.11.2018;
- Protocol on the conduct of joint customs control activities at the joint border crossing point Morine-Vërmicë "between the Ministry of Finance of the Republic of Kosovo and the Ministry of Finance and Economy of the Republic of Albania, on 26.11.2018;
- Agreement on cooperation in the area of public debt, foreign financing and relations with international financial institutions, on 26.11.2018;
- Memorandum of Understanding between the Agency for Industrial Property of RKS and the General Directorate of Industrial Property of the Republic of Albania on 26.11.2018;
- Protocol between the Ministry of Agriculture and Rural Development of the Republic of Albania and the Ministry of Agriculture, Forestry and Rural Development of the Republic of Kosovo for the bilateral recognition and unification of models of health, veterinary and sanitary certificates which will accompany the shipments of live stocks, products of animal origin and vegetable products during import, export and transit between the Republic of Albania and the Republic of Kosovo, on 26.11.2018;
- Agreement on Cooperation in the Area of Youth;

- Agreement between the Council of Ministers of the Republic of Albania and the Government of the Republic of Kosovo for cooperation, promotion of business and diaspora information, on 26.11.2018;
- Agreement between the Council of Ministers of the Republic of Albania and the Government of the Republic of Kosovo for the mutual recognition of driving licenses, on 26.11.2018;
- Agreement of Cooperation in the area of health between the Ministry of Health and Social Protection of the Republic of Albania and the Ministry of Health of the Republic of Kosovo, on 26.11.2018.

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

With Montenegro recently the Republic of Kosovo had signed the agreement on the State Border with Montenegro on August 26, 2015, which was ratified by the Kosovo Assembly on March 21, 2018. During the last three years, several important agreements have been signed, including:

- Agreement on “Road transport of passengers and goods” signed between the Government of the Republic of Kosovo and Government of Montenegro on 01 August 2018. This Agreement entered into force on 10 January 2020.
- Cooperation Agreement in the area of culture signed on 28 April 2017 and this Agreement entered into force on 21 November 2017.
- Agreement concerning the Cross-Border Cooperation Programme between Montenegro and Kosovo within the framework of IPA II (2014-2020) signed on 20 February 2017 and ratified with the decree of the President and published in the Official Gazette on 24 April 2017.
- On 5 April 2018, “Tripartite Financing Agreement was signed between EU, Kosovo and Montenegro for Cross-Border Cooperation Programme IPA II” between Kosovo, represented by the Ministry of European Integration and Montenegro. It has been published on 26 December 2018.
- After the exchange of notifications, the IPA II Agreement for the years 2018-2020 for "Cross-border Cooperation" between the Republic of Kosovo and the Republic of Montenegro is ratified and enters into force on 31 December 2019.

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

Within the framework of strategic and neighbourly cooperation, in the last two years a series of memorandums and agreements have been signed, and there are initiatives that are expected to be signed in the near future:

- On 01.12.2017, an authorization has been issued for signing the “Agreement for Readmission of persons residing without authorization and its implementing protocol” between the Government of the Republic of Kosovo and Government of the Republic of North Macedonia;
- Agreement between the Republic of North Macedonia and Republic of Kosovo on “the fight against trafficking in human beings” signed on 16 March 2018. After the exchange of notification, the agreement was ratified and entered into force on 20 January 2020.
- On 20.10.2017, an authorization was issued to sign the “Trilateral Financing Agreement for 2016 for Cross-Border Cooperation Programme IPA II (2014-2020) between Kosovo and North Macedonia” between Kosovo, represented by MEI, EU, represented by EC, and North Macedonia, represented by the Office of the Prime Minister.
- Agreement on “Mutual Recognition of Driving Licences” between the Republic of Kosovo and North Macedonia, signed on 01.08.2018. Entered into force on 9 January 2020.

- Law no. 05/1-149 on ratification of the Agreement regarding the establishment of the Regional Youth Cooperation Office between Kosovo, Albania, Bosnia and Herzegovina, Montenegro, Macedonia and Serbia (Published on: 21.04.2017);
- On 12.07.2018, an authorization has been issued to sign the “Tripartite Financing Agreement between the EU, Kosovo and North Macedonia for 2017, for Cross-Border Cooperation Programme IPA II between Kosovo and North Macedonia” between Kosovo, represented by the Ministry of European Integration, EU, represented by the EC, and North Macedonia represented by the Office of the Prime Minister.
- On August 16, 2017 in Prishtina, a protocol was signed between the Government of the Republic of Kosovo and the Government of the Republic of North Macedonia on the manner of preparation of urban planning and technical documentation of the final project, general cost sharing and maintenance for joint facilities and for the way of carrying out border controls at the Joint Border Crossing Points for International Road Traffic between the Republic of Kosovo and the Republic of North Macedonia "Stanqic - Belanoc".

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

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

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

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

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

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

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

Regarding Integrated Border Management (IBM), the Kosovo side is fully implementing this agreement, including the IBM<sup>1</sup> permanent facilities: the construction of the border crossing point in Merdare, which had started on 16 February 2017, has been completed, while the Kosovo side has completed all procedures regarding the construction of the border crossing point in Mutivoda. The Serbian side is using only partially-completed construction (as they are using control booths only on one side of the facilities). On the other hand, in the BCP in Mutivoda, the Serbian side is not using the facilities at all. Furthermore, Serbia has not yet made any progress in the construction of the other 3 crossing points, namely in: Jarinje, Muqibabe and Dheu i Bardhe.

Regarding **telecommunications**, this agreement is generally being implemented, and the Government of Kosovo is ready to take all actions with a view to its full implementation while ensuring progress on the more problematic issues such as cross-border frequency coordination, interconnection and roaming between operators.

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

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

The Republic of Kosovo on 31 March 2020 based on decision No. 01/20 removed the 100% tariff on the import of goods originating from the Republic of Serbia and the Republic of Bosnia and Herzegovina. It should be noted that the tariff was imposed by the previous Government in response to Serbia's economic and political approach towards Kosovo, its ongoing campaign to reduce the number of countries that have recognized the independence of Kosovo and the campaign of preventing Kosovo's membership in international organizations. The above decision emphasizes the fact that despite the entry into force of CEFTA, Serbia has nevertheless continued introducing a number of non-tariff trade barriers to the Republic of Kosovo, including transit, technical and political barriers, thus causing Kosovo a large trade deficit for republic of Kosovo.

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

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

Despite the achievements in international relations, there are many remaining challenges undermining Kosovo's position in the international arena. Non-recognition by 5 EU member states is a challenge to Kosovo's path towards European integration. Also, lack of sufficient recognitions hinders Kosovo's

membership in other international mechanisms such as the UN, OSCE or Council of Europe, and, as a result, Kosovo is not able to have full benefits of the evaluation mechanisms of relevant conventions.

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

In Poznan summit, held in July 2019, progress has been reviewed in these areas of regional cooperation: economy, inter-connectivity, good neighbourly relations, reconciliation and open bilateral issues and security. The initiative of Kosovo and BiH to host the preparatory meetings within the Berlin Process during 2020 has been welcomed. During the Summit, in particular was agreed upon the future investment package for improving the connectivity between the Western Balkan and EU countries. Out of 8 projects approved, Kosovo benefits from the project intended for the development of Railway 10, i.e. Orient/East-Med corridor. It should be noted that the EU will invest with a grant of EUR 180 million, out of EUR 728.2 million as planned to be the investment of 8 projects for the advancement of road, railway and energy transport. The rest of the investment will be covered by the Western Balkans budget and loans from the European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD) and German Development Bank (KfW).

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

#### ***Medium-term Priority Objectives***

- Further expanding the diplomatic network in countries with regional and global powers with the aim of consolidating Kosovo's international subjectivity and membership in international organisations;
- Resolving the fate of missing persons, with an emphasis on identifying mortal remains and respecting the claims and rights of missing persons' families;
- Consolidating the legal basis, including adoption of bylaws, and amending the Law on Missing Persons;
- Regulating the area of Forensic Medicine by consolidating the legislative framework and creating a central and case closure register;
- Building sustainable forensic capacities.



## 2. BLOCK 2: ECONOMIC CRITERIA

The fulfilment of the economic criteria for membership is based on the requirements arising from the 1993 European Council conclusions referred to as the Copenhagen Criteria. Functional market economy is the first Copenhagen economic criterion, which includes:

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

The Maastricht Criteria, or convergence economic criteria, deal with the monetary integration in the Euro Area, while countries aiming to adopt the Euro need to fulfil numerous economic indicators, measuring:

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

Based on the 2018 Conclusions of the General Affairs Council, the EC has started a new approach in the last three years to promote the economic and political development in Kosovo, similar to instruments and mechanisms used in member states. In such a context, the Enlargement Strategy for Kosovo (and the Western Balkans in general) is based on three pillars, one of whom is economic governance. One of the main instruments to strengthen the economic governance is the dialogue with the EU, including preparing the Economic Reform Programme. Hence, the progress assessment in fulfilling the economic criteria is closely linked to improving economic governance and implementing the economic reform programme.

As a result, the priority objectives and measures within the economic criteria aim at reflecting the substance of structural reforms as contained in the Economic Reforms Programme. They are certainly closely linked to strategic documents such as: Government Programme, sectorial strategies, and National Development Strategy. The document also incorporates measures deriving from the EC Country Report for Kosovo, and the Subcommittee on Economic and Financial Issues and Statistics.

In terms of progress with regard to fulfilling the accession economic criteria, Kosovo needs to continue its efforts in creating a functional market economy, capable to cope with competition, by directing the budget towards growth generating investments, and by strengthening the competitiveness, which in turn would positively affect in reducing the external misbalance. Kosovo needs to continue privatization and work towards increasing internal taxation. Clarifying the bankruptcy procedures would also positively affect the economy. Similarly, Kosovo needs to develop the human capital to reduce the high rate of unemployment of men and women, as well as it needs to fight informal economy and address the legal and institutional factors undermining businesses' access to finance, and advancement of fiscal stability towards improving the efficiency of public spending. According to findings of CSOs dealing with issues of gender equality, statistical data on gender implications of informality in the economy are missing. In addition, the KAS Labour Force Survey lacks data on gender pay gap and informal economy disaggregated by gender, ethnic affiliation and the relevant sector. In order to increase the competitiveness capability, there is a need for considerable reforms, including in the energy sector and development of the education system.

Requirements from other EU accession mechanisms

According to the *EC Kosovo 2020 Report*, Kosovo has made good progress and is at an early stage of developing a functioning market economy. Economic growth continued in 2019, but the difficult labour market situation and lack of economic diversification remain a challenge. While the government has adhered to the fiscal rule in 2019, the composition of public spending has deteriorated further. Reducing capital expenditures, increasing pressures related to non-poverty-targeted social benefits, and increasing public employees' wages pose risks to public finances and hinder private sector development. The business environment marked limited improvements. Private sector development remains limited due to the high informal economy, sluggish and inefficient judiciary, high prevalence of corruption, and weak overall rule of law. Kosovo's economic perspective began to deteriorate rapidly in the spring of 2020, as the COVID-19 crisis disrupted financial flows with the diaspora.

According to this Report, in order to improve the functioning of a market economy, Kosovo should pay particular attention to:

- Ensuring fiscal space to support post-crisis recovery by adhering to wage rules and respecting war veterans' spending limits;
- Improving the financial oversight and accountability of publicly owned enterprises;
- Implementing relevant business environment measures, in particular simplification, merger and revocation of licenses and permits;
- Implementing active labour market measures to support employment, increase labour force participation and increase formality.

The conclusions deriving from the 2020 subcommittee seek to ensure macroeconomic stability by adhering to expenditure limits and fiscal deficit, as well as implementing the recently adopted Joint Conclusions on the 2020 Economic Reform Programme, which address structural challenges exacerbated by the COVID-19 pandemic and aim to stimulate economic recovery in the short and medium term and implement the SAA. According to the EC, all public expenditures, including procurement, disbursements for the recovery programme or state aid, must be made in accordance with the principles of transparency and oversight of public expenditure.

## 2.1. Existence of a Functioning Market Economy

### Economic Governance

The Government has a special programme for economic recovery, because, in addition to the impact on public health and the lives of citizens, Covid-19 will cause an economic shock, negatively affecting production, employment, income and exports. For this reason, the Government of Kosovo will take measures for economic recovery which will be based on a general analysis of the economic impact of Covid-19. These measures will be summarized in the framework of the "Economic Recovery Programme after the Covid-19 Pandemic". Programme measures are expected to result in increased economic activity, especially in the manufacturing, processing and services industries, supporting the expansion of exports, reduction of imports, and consequently improving the country's trade balance. In parallel, the Government will focus its resources on the implementation of major development projects, which will be financed through various public-private modalities. Implementation of these projects, in addition to the medium-term stimulation, will affect the long-term transformation of the economic structure and reduce unemployment.

Throughout the mandate, programmatic development targets will be translated into annual growth targets through the Medium Term Expenditure Framework, Government Work Plan and annual budgets.

Regarding the **policy framework**, the National Development Strategy 2016-2021 is one of the key policy documents in the medium term. The financing of these priority policies and objectives is then concretized into indicative allocation of funds to the relevant sectors in the Medium Term Expenditure Framework. The programme focuses on five key priority pillars: i) the rule of law, ii) economic development and employment, iii) foreign policy and Euro-Atlantic integration (foreign policy, dialogue with Serbia, EU integration, contribution to security), and iv) sectorial development (Education, Health, Infrastructure, Social Welfare, Culture, Youth and Sport, and Environment and Spatial Planning).

An integral part of the strengthened institutional cooperation between Kosovo and the EU is the participation in the structured dialogue on economic governance which takes place between the candidate countries on the one hand, and the EU institutions, in particular the Council and the Commission, on the other. In the framework of this dialogue, the Republic of Kosovo has also prepared the next **Economic Reform Programme (ERP) 2020-2022**. ERP is a tool intended to improve economic governance by providing a clear framework in implementing reforms. The document consists of a macroeconomic and fiscal analysis, as well as the overall framework of priority structural reforms for certain sectors. This document is directly related to the National Development Strategy, other strategic documents on structural reforms and management of public finances in the medium term.

### **Macroeconomic Stability**

Recent years, Kosovo marked the average GDP growth rate among the highest in the region. According to official data from the Kosovo Agency of Statistics (KAS), economic activity during 2019, measured by GDP, there was a growth of 4.2%, in real terms, and 5.3%, in nominal terms, compared to the previous year. While on the first six months of 2020, preliminary data from KAS show a decline of GDP by 4.1% (1.3% in the Q1 and -9.3% in Q2) compared to the same period of 2019.

In recent years, Kosovo has recorded average GDP growth rates among the highest in the region. According to data from the Kosovo Agency of Statistics (KAS), GDP in Q4 2020 marked a real growth of 0.72%, compared to the same quarter of the previous year (Q4 2019). The economic activities that had growth in this quarter were: extractive industry, processing industry, electricity, and water supply (8.37%); information and communication (9.01%); real estate activities (1.60%); arts, entertainment and leisure, and other service activities (4.89%); public administration, education and health (7.75%); professional and administrative activities (6.17%); trade, transport, accommodation and food services (1.92%); financial and insurance activities (25.26%). Meanwhile, economic activities that marked a decline in this quarter were: construction (-16.05%); and agriculture, forestry and fisheries (-0.31%). The components of GDP according to the expenditure method that declined were: gross capital formation (-10.94%); export of services (-2.79%); and import of services (-3.58%). Meanwhile, the sectors that marked an increase in this quarter were: export of goods (49.44%); import of goods (5.11%); final consumption expenditures of households and NPISH (3.80%); and final consumption expenditures of the Government (3.12%).

Table 2.1 Quarterly Gross Domestic Product (million EUR)

	2019				2020			
	I	II	III	IV	I	II	III	IV
<b>Nominal GDP</b>	1,421	1,824	1,967	1,877	1,438	1,636	1,828	1,902
<b>Reale GDP</b>	1,404	1,790	1,952	1,860	1,440	1,655	1,825	1,890
<b>Real GDP % grow</b>	4.24	4.13	4.38	3.94	1.31	(9.28)	(7.25)	0.72

Source: KAS

Economic growth in Kosovo is driven mainly by private consumption. The high contribution of private consumption to GDP is as a result of available income, such as the increase in domestic compensation, compensation of employees abroad, remittances and favourable conditions of consumer loans that affect the growth of consumer loans, making private consumption an important factor of economic growth. Public and private investments also play a significant role in GDP growth. The increase in investment over the years is a result of the continuous improvement of loan conditions, also due to the recovery of foreign direct investment and the increase in the capital of the Kosovo Credit Guarantee Fund which facilitated access to finance for SMEs. The increase in public investments is related to the increase in investments financed from liquidation proceeds as well as the high rate of execution of projects from these funds. The negative trade balance of goods continues to be a challenge for Kosovo's economy. Given that metals account for about 35% of all exports of goods, the importance of higher diversification of Kosovo's export goods has increased. Net exports of services is a category where exports of travel services account for about 80% of the total. This line mainly measures the expenditures of the Kosovo diaspora during their stay in Kosovo (deducting the expenditures of Kosovar residents abroad for holidays and other purposes), the

expenditures of foreign tourists, as well as the export of information technology services, financial services and transport services provided by Kosovo companies.

Investments during 2020 have declined due to the political stalemate at the beginning of the year and growing uncertainty in the country following restrictive measures to prevent the spread of COVID-19. The slowdown in public investment compared to recent years came as a result of the situation created by COVID-19, which then created the need to make fiscal space in order to meet the necessary and essential costs. On the other hand, consumption contributed positively, with a higher contribution of private consumption, mainly due to higher remittances, withdrawal of pension savings (10%), fiscal stimulus and increased exports of goods. Exports of goods marked a positive performance during the pandemic, while imports of goods declined. Exports and imports of services marked a significant decline, driven mainly by the sharp decline in exports of travel and transport services as a result of measures for travel restrictions.

The average annual inflation rate in 2020 was 0.2%. The overall harmonized index of consumer prices in the country in 2020 was higher at an average of 0.2%, compared to 2019. This is mainly explained by the increase in consumer prices in the COICOP subgroups: bread and cereals (2.3%); meat (1.8%), where each of these subgroups contributed with 0.2 per cent to the HICP; milk, cheese and eggs (1.8%); fruits (5.0%); coffee, tea and cocoa (5.4%); water, soft drinks, fruit and vegetable juices (1.7%); medical products, apparatus and equipment (4.4%); telephone and fax services (2.2%); hotel services (2.3%); insurance (15.7%), where each subgroup contributed with 0.1 per cent to the HICP; sugar and cakes (3.4%); tobacco (1.3%); household appliances (1.0%); outpatient services (5.8%); personal care (1.3%); personal belongings (3.2%), with a combined contribution of these subgroups with 0.2 per cent to the HICP. Whereas, a decrease in prices is observed in the COICOP subgroups: use of personal transport means (-12.0%) - "decrease in oil and gasoline prices", with a contribution of -0.9% to the HICP; vegetables (-5.6%), with a contribution of -0.2% to the HICP; clothing (-1.2%); audio-visual, photographic and information processing equipment (-1.8%), with a joint contribution of these subgroups of -0.1% to the HICP.

Regarding the data for 2021, the overall producer price index in Kosovo increased by 1.5%, when comparing between Q1 2021 and Q4 2020. Larger increases by branches of economic activities are observed in: metal ore extraction (23.3%); manufacture of metal (5.8%); electricity, gas, steam and air conditioning supply (2.9%); manufacture of fabricated metal products, except machinery and equipment (2.4%); manufacture of electrical equipment (1.9%); manufacture of rubber and plastic products (1.2%); manufacture of paper and paper products (0.6%); manufacture of non-metallic mineral products (0.5%); and manufacture of machinery and equipment n.e.c. (0.4%). The increase was neutralized by the decrease in prices of: manufacture of furniture (-4.6%); manufacture of chemical products (-2.3%); manufacture of leather and leather products (-0.5%); processing of food products (-0.3%); water collection, treatment and supply (-0.1%); and other ores and quarries (-0.1%). Producer prices in Kosovo rose by an average of 2.0% between Q1 2021 and Q1 2020.

The current account balance over the last 5 years continues to be negative and is estimated to be around 7% of GDP at the end of 2020. While the trade deficit of goods and services in recent years has been about 27% of GDP by 2020 where it grew to 32% of GDP.

One of the main reasons we have such a high current account deficit in the last five years is because the value of imports of goods is very high and has continued to grow over the years. Although in 2020 there was a decline in imports due to the pandemic, marking a decline of 9% compared to last year. The value of imports at the end of 2019 reached 40% of GDP while in 2020 there was a decrease to 38% of GDP. While exports of goods which have a direct impact on reducing the trade deficit and consequently the current account deficit has had an upward trend especially during 2020 where they reached the value of 475.1 million Euros, which is the highest during these years, namely 7% of GDP. The export of services has also shown a positive upward trend in recent years, which has increased over the last five years, with the exception of 2020 where it suffered a sharp decline. The value of exports of services at the end of 2020 reached about 15% of GDP, while in 2019 the value of exports of services was about 24% of GDP.

Specifically, the decline in exports of services is attributed to the decline in travel services due to border closures. This is because travel services account for the largest share of exports of services in Kosovo.

Another component that is important in the external sector and that affects the reduction of the current account deficit are remittances that have had an upward trend over the last 5 years. In 2020 remittances increased slightly and were around 14% of GDP.

As regards **public debt**, the primary legislative framework for state debt management is the Law No. 03/L-175 on Public Debt, adopted in the Assembly of the Republic of Kosovo on 29 December 2009. The purpose of this law is to provide the Republic of Kosovo the authority “to borrow money; to make loan guarantees, to pay expenses for debt issuance and to pay the principal and interest on its State Debt”. Moreover, according to the Law, the outstanding amount of the total debt shall in no case exceed 40% of Gross Domestic Product (GDP). An amendment has been added to the Law on Public Financial Management and Accountability (LPFMA), which limits the annual budget deficit to no more than 2 per cent of projected GDP. As a result of the COVID-19 pandemic, the Government decided to change the fiscal rules: fiscal deficit as a percentage of GDP was changed from 2% to 6.5%, and the bank balance as a percentage of GDP was changed from 4.5% to 3%.

**Current State Debt Portfolio:** The total debt portfolio currently consists of the state debt of the Republic of Kosovo, which further consists of domestic debt and international debt. According to the table below, the state debt until 31 September 2020 amounted to EUR 1,341.17 million, representing 19.87% of GDP (including government guarantees). Of the total amount of total state debt, EUR 429.61 million are international debt.

According to the table below, the state debt until 30 September 2020 amounted to EUR 1,341.71 million, representing 19.87% of GDP (including government guarantees). Of the total amount of total state debt, EUR 429.61 million are international debt.

Table 2.1: Total government debt (in EUR millions and as a percentage of GDP)

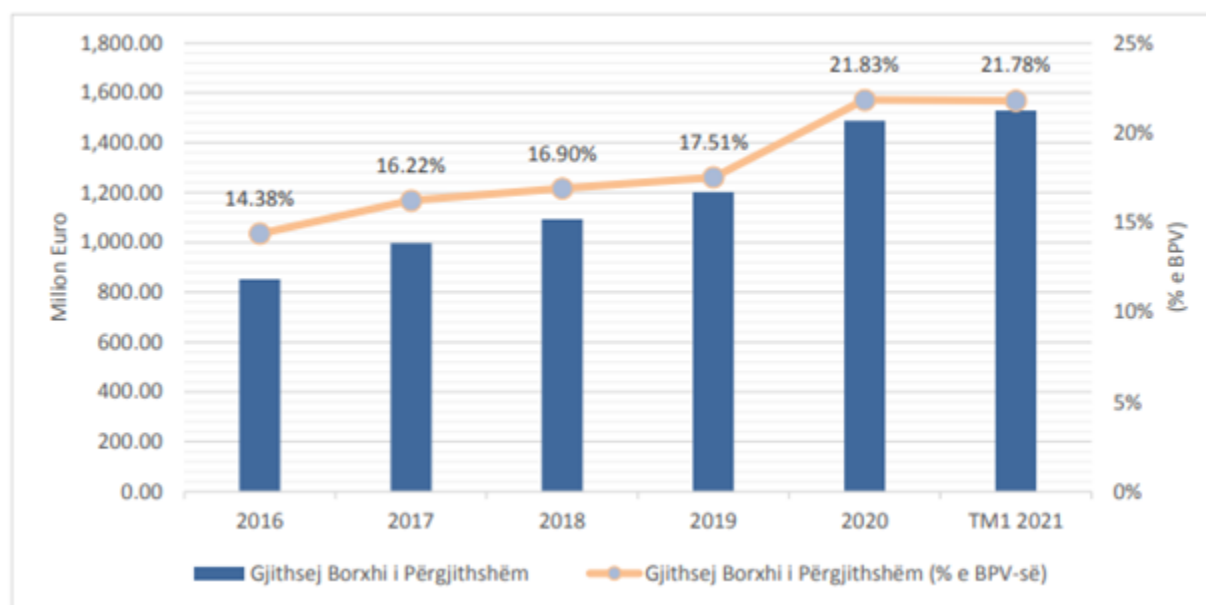
	2016	2017	2018	2019	2020	2021 (TM1)
International Debt	373.77	422.15	416.43	409.10	525.80	516.75
Domestic Debt	478.97	574.27	676.62	791.94	961.90	1,011.72
Total Debt	852.74	996.42	1,093.05	1,201.05	1,487.69	1,528.48
Total Debt (% of GDP)	14.38%	16.22%	16.90%	17.51%	21.83%	21.78%

- It includes the amount of state guarantees.

At the end of 2020, the total debt reached the value of 1,487.69 billion Euros, which, compared to the previous year, marked an increase of about 23.87%. The high increase is due to disbursements of 215.33 million Euros during 2020 (of which 177.41 million Euros for the management of the Covid-19 pandemic) as well as new issues of Securities under Domestic Debt of 169.95 million Euros. It is worth noting that during the last two years, the debt/GDP ratio has increased as at the end of 2019 it was 17.51% while at the end of 2020 it was 21.83%. On the other hand, the debt service was 88.71 million Euros.

During 2020, the International Debt increased by 28.52% compared to the previous year, due to the fact that the amount of international debt settlement/service during 2020 was 88.71 million Euros, while the amount of withdrawals was 215.33 million Euros. During 2020, the withdrawals in the highest amounts were made by the creditor IDA, IMF, EU, and smaller parts by CEB, UniCredit and IsDB, as can be seen in Annex 3. International debt at the end of 2020 amounted to 525.80 million Euros, which represents about 35% of the total State Debt or 7.55% of GDP. The majority or about 70% of the International Debt portfolio is owed to the IDA, IBRD and the IMF.

Figure 1. General Debt Trend 2016 - Q1 2021



In terms of fiscal policy, the total amount of revenue of the General Government in Q4 2020 was 703.2 million Euros. Most of the income is taxes on products that represent 52.2% of total income, while the rest is attributed to other income categories.

The amount of General Government expenditures in Q4 2020 was 817.1 million Euros. Most expenditures consist of social contributions and benefits (21.3%); employee compensation (20.9%); gross capital formation (16.6%); and intermediate consumption (10.8%), while the rest of the expenditures are distributed in other categories of expenditures.

The Government decision to temporarily exceed the budget deficit ceiling to -6.5% of GDP and reduce the usable bank balance ceiling to 3% of GDP was approved, due to the deterioration of macro-fiscal parameters caused from the global situation of the COVID-19 pandemic. The bank balance was at EUR 234.4 million by the end of 2020, while the fiscal deficit was 5.2%.

### **Impact of the Covid-19 pandemic in Kosovo's economy**

In a relatively short period, the economic situation and outlook in Kosovo has changed dramatically as a result of the impact of the pandemic on all areas of the economy, in some of them more and in some less. Measures or decisions taken by the Government following the occurrence of the first cases (restriction of movement and travel of people, closure of a number of business activities, closure of schools, etc.) in order to prevent further spread of Covid-19, have had a significant negative impact on key economic indicators.

On 30 March 2020 the Government of the Republic of Kosovo adopted the Decision on the Fiscal Emergency Package, aiming to address the socio-economic problems caused by the Covid-19 pandemic. This package consisted of 15 measures in total, which were aimed at providing immediate assistance to citizens or those businesses that have been most affected by the restrictions imposed by the Government regarding restriction of the exercise of economic activity for some sectors and of movement of citizens. The purpose of these measures was not to compensate for all the negative effects but rather oriented towards minimizing the damage caused by this emergency public health situation. This package was worth EUR 180 million.

The package was later expanded as part of the Economic Reform Program and, by the end of October, a total of around 210 million Euros had been disbursed in connection with mitigating the effects of the pandemic. Another factor that has contributed to additional budget revenue due to COVID-19 is an additional grant from the European Union. However, the crisis has brought the need for additional

funding. The Government has received additional funding in the amount of 207 million Euros in 2020, and this has contributed to an increase in public debt, as seen in the graph above. Although restrictive measures were relieved in June 2020, assessing the impact of the pandemic on Kosovo's economy continues to be challenging as there are a number of major uncertainties regarding developments in the foreign economy and especially in neighbouring countries, the fiscal stimulus undertaken by the relevant authorities (such as the case with the Fiscal Emergency Package and the Economic Recovery Program) etc.

Taking into account all the circumstances, real economic activity for 2020 is estimated to be negative, around 6.7%, with the largest shock reflected in the second and third quarters. The decline of 6.7% of real GDP during 2020 is mainly attributed to the decline of private investment (with a negative contribution of about 4.1 p.p.) and the decline of exports of goods and services (with a negative contribution of about 4.9 p.p.). One of the main channels of transmitting the crisis is the sharp decline in exports of services, especially of travel exports. Private consumption is also estimated to have a negative contribution to real economic growth, by about 0.3 p.p., as a result of lower available income, preliminary savings due to increased consumer uncertainty about the future and the nature of restrictive measures to prevent the spread of COVID-19. The contribution of public consumption is expected to be slightly more positive (by about 0.18 p.p.). Public investment is expected to slow down compared to last year (with a negative contribution to economic growth of about 1.7 p.p.), as a result of the situation created by COVID-19 and as a result of the previous year characterized by political stalemate, which led in delays in the adoption of the Law on Budget for 2020.

Despite the increase in the number of infections and the reinstatement of restrictive measures in the last quarter of the year, indirect indicators for private consumption (remittances, new consumer loans, VAT collection) show a significant improvement in Q4. Such an expectation is also supported by the significant withdrawal (10%) of pension savings in December, which was made possible by the adoption of the Law on Economic Recovery.

The Consumer Price Index is expected to fluctuate around the rate of 0.2% during 2020, remaining significantly below the rate recorded in 2019 (2.7%). Inflationary pressures in the category of food and alcoholic beverages that may come from distortions in the food chain are expected to be dominated by disinflationary pressures that may come from the abolition of the 100% tariff on products from Serbia and Bosnia and Herzegovina, as well as the drastic fall in prices of basic goods (oil, base metals, etc.) in international markets.

### ***Macroeconomic forecasts for the period 2021-2023***

During 2021 Kosovo's economy is expected to grow at a real rate above its historical trend, by about 5.4%, while in 2022 - 2023 economic growth will fluctuate around the 4.6% rate. Remittances are expected to continue a downward trend in 2021, given the delayed response of remittances to economic developments, while their performance is expected to stabilize in 2022.

The main contribution to economic growth in 2021 comes mainly from exports, especially exports of services (with an increase of 20%), private investment (with an increase of 10.4%), and private consumption (with an increase of 1.4%). During 2021, a faster dynamics of public investment execution is also expected, with an increase of about 33.7%. However, the longer the period of social distancing or isolation lasts, the less likely the economy is to recover.

During 2021 inflation is expected to be around 1.8%, while in the period 2022-2023, inflation is expected to fluctuate around the level of 1%.

### **Functioning of the product market**

#### ***Business environment***

The Law No. 06/L-016 on Business Organisations entered into force in May 2018, and aims at defining the types of business organisations through which economic activities in Kosovo can be developed; other entities required to register with the Kosovo Business Registration Agency; the organisation, powers and

functions of the Kosovo Business Registration Agency; the requirements, conditions and procedures for registration and deregistration for each type of business organisation; organisation of business organisations; and the rights and obligations of shareholders, authorized representatives, owners, directors, managers, and third parties with respect to Business Organisations.

The institution in charge of the **institutional framework** is the Kosovo Business Registration Agency (KBRA) at the Ministry of Trade and Industry. It registers all domestic and foreign business organisations in accordance with Law No. 06/L-016 on Business Organisations. The Agency provides information and cooperates with the Office of Statistics, Tax Administration, Customs, Police Service and other agencies. It also registers all new businesses, business data modifications, business closures, issuance of registration certificate with fiscal number, value-added tax certificate, import-export certificate, as well as providing free of charge information and forms.

As regards the **administrative capacities** of KBRA, the agency consists of the directorate for administrative affairs and business registration and 3 sectors (approvers, data processing and collateral). In addition, it has opened 29 one-stop-shop municipal business centres.

Regarding policies and reforms, Kosovo has made progress in facilitating business start-ups and facilitating service delivery through the one-stop-shop concept. The procedures for opening a business have been simplified and shortened, and that can be done at any KBRA municipal centre depending on the location of the application entity's placement activity. For individual businesses and partnerships, registration takes place within 1 (one) day. For joint-stock and limited liability companies (LLC), the registration takes place within 2-3 days. This is also evidenced in the latest Doing Business Report 2019 of the World Bank, where Kosovo has made progress in terms of starting a business, ranking 12<sup>th</sup>.

In the overall rating of "Doing Business 2019" Kosovo has improved its ranking by scoring 71 points in 2019, while it is expected to score 73.2 points in 2020. Kosovo is 48<sup>th</sup> in terms of tax payments, and 31<sup>st</sup> in cross-border trade. However, the main difficulties for businesses remain access to finance; especially for businesses run by women, effective dispute resolution in the judicial system, electricity supply and contract enforcement. One of the issues that hamper business development is the degree of informality in the economy.

### ***Business environment, judicial system and administrative capacity***

**The judicial system** is a very important factor for the economic development of the country and plays a key role in facilitating investment, adequately protecting the contractual rights of businesses, and enhancing the private sector. This system is regulated by the Constitution of the Republic of Kosovo, Law on Courts, Law on Kosovo Judicial Council. The Law on Courts has defined 7 Basic Courts of First Instance in the territory of the Republic of Kosovo. The Basic Courts are divided into the following regions: Basic Court of Prishtina, Basic Court of Gjilan, Basic Court of Prizren, Basic Court of Gjakova, Basic Court of Peja, Basic Court of Ferizaj, and Basic Court of Mitrovica.

The Law on Courts defines the Internal Organisation of the Basic Court as follows:

- Department of Economic Affairs operating in the Basic Court in Prishtina, for the entire territory of the Republic of Kosovo;
- Department of Administrative Affairs operating at the Basic Court in Prishtina, for the entire territory of the Republic of Kosovo;
- Department of Serious Crimes operating at the headquarters of each Basic Court;
- The General Department operating at the headquarters of each Basic Court, as well as at each branch of the Basic Court;
- Department of Juveniles, operating within the Basic Courts.

The Law on Courts has designated the Court of Appeal as a court of the second instance, with territorial jurisdiction throughout the Republic of Kosovo which has in its organisational structure the Department of Economic Affairs. The Supreme Court of Kosovo is the highest judicial instance in Kosovo. Supreme Court includes Appellate Panel of the Kosovo Property Agency, as well as the Special Chamber of the



Supreme Court. Regarding **property right**, Article 119, point 1 of the Constitution of the Republic of Kosovo provides a legal environment conducive to market economy, freedom of economic activity and security of the public and private property. Thus, the form of public property and private property is recognized as a constitutional category. The Constitution guarantees the right to property and offers guarantees that exclude the possibility of arbitrary deprivation of property. Once the types of property are determined by the Constitution, the regulation of their content is delegated to the legislature. The Legislature has issued the Law No. 03/L-154 on Property and Other Real Rights, which governs the creation, content, transfer, protection, and termination of real rights as well as regulates ownership and, as limited real rights, possession, real security rights and real rights of use, while there is still no law regulating public property in general. Different research shows that women and girls have more limited access to the property.

The laws on inheritance and notary were adopted during 2018. Additionally, AI No. 10/19 for Cadastral Measurements for Cadastre Registration, AI No. 09/19 for Division of Cadastral Zones were approved in November 2019. In order to simplify the registration procedures and reduce relevant costs, AI No. 08/2019 on Fees for Products and Services of Kosovo Cadastral Agency was approved in 2019.

Putting in place an effective property rights system will create legal certainty for investors and will consequently increase investment opportunities, while giving citizens more opportunities to use the property as collateral and therefore ensure an improved access to finance. In general, the impact also includes the improvement of World Bank business environment indicators, such as: lowering the cost of property registration, reducing the overall number of legal procedures for property registration, the number of days required for registration property, improving the land administration index (infrastructure reliability, information transparency, geographical coverage and land dispute resolution).

In the framework of the justice system reform, in order to increase the efficiency of the judiciary, the National Economic Reform Programme 2021-2023 and the Legislative Program for 2021 foresee the establishment and functioning of the Commercial Court, where the main goal is to increase the efficiency of commercial disputes resolution, as the only address for resolving all commercial disputes of foreign businesses and investors.

The legislative framework for the **area of mediation** is regulated by *Law No. 06/L-009 on Mediation*. The current practice of implementing alternative forms of dispute resolution has proved very useful. However, the analysis and recommendations suggested in practice have shown that there should be better coordination between the mediation centre and the Court or Prosecution Office and that the role and importance of the mediation centre, administration fees of the case in a mediation at the mediation centre, and financial cost covered from the budget of the Republic of Kosovo need to be further clarified.

One of the innovations of the **enforcement procedure**, which affects the enforceability of decisions, has been achieved by Law No. 05/L-118 amending the Law No. 04/L-139 on Enforcement Procedure, which shifted enforcement from courts to private enforcement agents appointed by the Ministry of Justice to perform entrusted public authorizations, excluding the power to decide on enforcement procedure and to apply enforcement in all matters related to family law and the reinstatement of workers and civil servants and other remuneration.

The Kosovo Property Comparison and Verification Agency (KPCVA) was established with the approval by the Assembly of the Republic of Kosovo on 9 June 2016 of the Law 05/L-010 on Kosovo Property Comparison and Verification Agency, which entered into force on November 2016. The KPCVA is an independent Agency, established under the Article 142 of the Constitution of the Republic of Kosovo, which is mandated to receive, compare and through the Property Verification and Adjudication Commission (PVAC) resolve gaps and discrepancies between the original pre June 1999 cadastral documents that were taken from Kosovo by the Serbian authorities and the current cadastral documents in the Republic of Kosovo relating to private property, commercial private property and private property of religious communities.

With the establishment of KPCVA, the Kosovo Property Agency (KPA) ceased to exist. According to the Law on KCPVA, in addition to the new mandate given, the Agency will be transferred all competencies of the KPA, including the budget, contractual obligations and physical assets. According to Law no. 05/L-010, KCPVA will inherit the mandate of KPA. Consequently, KPCVA will be mandated through the Property Claims Commission (PCC) to resolve ownership claims and user rights related claims (subject to the right of appeal to the Supreme Court of Kosovo) in respect of private immovable property, including agricultural and commercial property (claims related to the war in Kosovo including circumstances that are directly related to or as a result of it between the period of 27 February 1998 and 20 June 1999) that were previously submitted to KPA. The mandate inherited from the KPA includes also the executive authority to implement KPA decisions and in this respect, in addition to adjudication, the KPCVA in its mandate will have the executive authority to implement KPA and the Housing and Property Directorate.

The main challenges of the judicial system in Kosovo according to international reports including the Country Report consist in the effective implementation of the judicial framework, the strengthening of capacities for effective functioning and the resolution of a large number of backlog cases. This would contribute to improving the environment for doing business.

Regarding **the right to register property through the cadastral system**, the register of immovable property rights is regulated by the following legislation:

- Law No. 2002/4 on Mortgages;
- Law No. 2002/5 on the Establishment of the Immovable Property Rights Register;
- Law No. 04/L-013 on Cadastre;
- Law No. 04/L-009 amending the Law No. 2002/5 on the Establishment of the Register of Immovable Property Rights;
- Law No. 04/L-071 on Address System;
- Law amending the Law on RIPR 2003/13.

At the request of civil society organisations dealing with gender equality, this regulation should ensure that all cadastral system data are gender-disaggregated.

The implementing legislation consists of about 15 AIs. Property rights are registered based on the provisions of Law No. 04/L-009 on the Immovable Property Right Register, according to which they are registered on the basis of:

- Final court decision;
- Decision of the state administrative body;
- Contract for transfer of immovable property right certified by the authority in charge;
- Privatization decision or contract issued by the Privatization Agency of Kosovo;
- Commission decision on cadastre reconstruction;
- Decision of the Land Regulation Commission; and
- Other document that provides for the registration of property rights by special laws.

The cadastral register is maintained electronically at the country rate, while the entire cadastral documentation is maintained at the municipal rate and services are provided to citizens in close proximity to the settlement, i.e. in each municipality.

Immovable property rights include ownership, mortgages, servitudes, as well as rights to use municipal, public, social and state-owned property; and property liens and charges.

The **Kosovo Cadastral Agency (KCA)** is a public institution for the registration, maintenance and updating of owners' rights over immovable property. The Agency is the central authority for the maintenance of the cadastral database, property registers, mapping and GIS. It is also the central authority for geospatial data infrastructure. The agency is in charge of certifying persons in the Municipal Cadastral Offices and licensing companies and surveyors for conducting cadastral surveying. Organisation is at the national rate, and some rights and obligations are delegated, under the cadastre law, to the local government, namely to

the Municipal Cadastral Offices. The activities of the municipal offices are linked and reflected in the central database of the Agency.

With assistance of the Norwegian government, a geoportal – a web portal that shows unified geographical information from different sources– has been put in place. Its main purpose is to provide online services enabling access to spatial data for those interested. These cadastral system developments contribute to the facilitation of the business environment by providing better services for property registration and management, spatial planning, tax system assistance and public policy design in many areas. It will also enable the judicial system to apply the principle of legality and property rights more effectively.

Property rights are registered at the Municipal Cadastral Offices (MCOs), which records are monitored on a daily basis and are published on KCA website<sup>8</sup> on daily basis. The legal deadline to apply to the cadastral offices for transactions of sale, inheritance, and lien is 30 days. But based on the latest data from the cadastral offices this process is carried out for 10 days on average.

Kosovo's registering property rank is 37 in the World Bank's Doing Business Report 2019<sup>9</sup>. The time required to register an immovable property is 32 days (according to the World Bank Doing Business Report 2019). While only 6 property registration procedures are required, the difference is relatively small compared to the number of procedures throughout the Europe and Central Asia region.

### **Price liberalization**

The law defines the functions and duties of the Energy Regulatory Office, including the conditions for issuing licenses to carry out energy activities, certification of transmission system operators, procedures for granting authorizations for the construction of new generating capacity, the creation and efficient functioning of competitive energy markets, and the criteria for regulating tariffs and the conditions of energy supply. Pursuant to this law, the regulator has the authority and responsibility to approve the tariff methodologies developed by the Transmission System Operator, Market Operator and Distribution System Operator for the tariffs set for their regulated energy services and to ensure that they are proportionate and non-discriminatory. Tariffs for the end consumer will fully reflect the cost from the energy company.

Regarding **public water and wastewater tariffs**, based on Law 05/L-042, tariffs are set by the water and waste regulator based on the demand and feasibility of providing water and waste services and taking into account price stability from a consumer perspective. Law No. 05/L -042 on Water Services Regulation is drafted for this area and approved by the Assembly of Kosovo, published on 14 January 2016. The methodology for setting tariffs is regulated by the Rule for Service Tariffs Setting for Water and Wastewater Services and Bulk Water Services (R-02/U & K).

WWRO applies three-year tariffs which can be reconfigured when necessary. The regulator monitors the operational and financial efficiency to ensure that the tariffs meet the relevant standards of service provision. The regulator has drafted a Consumer Charter that foresees the development of legal contractual relationships between service providers and consumers both women and men. Hence, the Charter sets out the legal obligations and rights of the participants. To ensure water quality, the regulation obliges each service provider to be equipped with a testing laboratory for water quality control.

According to Law No. 04/L-109 on **Electronic Communications** (LEC), RAEPC has the right to impose price control and cost accounting obligation to entrepreneurs with significant market power under the provisions of Article 35 of the Law. Pursuant to Article 40, the regulator may impose on entrepreneurs having SMP on relevant market obligations relating to cost recovery and price controls, including obligations for cost orientation of prices and obligations concerning cost accounting systems, for the provision of specific types of interconnection and/or access, in situations where a market analysis indicates that a lack of effective competition means that the operator concerned may sustain prices at an excessively high rate, or may apply a price squeeze, to the detriment of end-users. In case of dispute resolution between

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<sup>8</sup> Updated data are available at: <http://akk-statistics.rks-gov.net/>

<sup>9</sup> <http://www.doingbusiness.org/data/exploreeconomies/kosovo/#registering-property>.

the operators regarding interconnection, the regulator shall also decide on the interconnection prices when resolving the dispute.

According to Law No. 06/L - 038 on **Postal Services**, adopted in January 2019, drafts and approves the terms and general terms of universal postal service delivery; regulates and approves universal postal service tariffs and other specific services defined by this Law.

Pursuant to the Law No. 04/L-063, the POE Trainkos J.S.C. has the option of **setting tariffs for Kosovo railways**.

In the **area of education**, the fees of private education institutions are independently set by those institutions providing education services. Whereas according to the Law on Higher Education, the Ministry of Education, Science and Innovation through bylaws sets the maximum fees to be paid for students in public providers. The rates depend on the student's residential status (Kosovo or non-Kosovo), the nature and cost of the study programme. Fees payable in higher education include admission fee, annual fee, re-entry fee for exams, and student card payment. These fees are approved by the respective education institutions and confirmed by the MESTI.

Prices for private sector **health services** are set and regulated by AI No. 02/2019 - Regulation of Price of Medicinal Products and Medical Devices, while prices for health services provided by the public sector are uniform across Kosovo. They are set by the Ministry of Health based on material cost and labour cost analysis. Price regulation of medicinal products and setting of margins for medicinal products and medical devices is done by the Agency for Medicinal Products and Equipment and the Ministry of Health in cooperation with other government institutions based on Law No. 2013/04-L-190 on Medicinal Products and Equipment.

#### **State influence on the product market**

The Ministry of Economy has initiated amendment of the legal basis for Publicly Owned Enterprises in 2017. However, for objective reasons, the draft-law on publicly-owned enterprises submitted to the Government for approval in 2018, has been returned for review.

Currently, the Ministry of Economy has established a working group on 26 August 2020, and with the assistance of the EBRD and Deloitte is in the phase of reviewing the draft-law on Publicly Owned Enterprises, which is envisaged in the Legislative Programme of the Government of the Republic of Kosovo for 2020. Due to the circumstances created in the country by the global pandemic COVID-19, the draft-law is expected to be postponed for implementation during the first half of 2021.

This draft-law on Publicly Owned Enterprises envisages: setting of a new standard in the form of the supervisory structure of the Shareholder towards the Central Publicly Owned Enterprises, at the same time Local Publicly Owned Enterprises; standardization of accountability of Publicly Owned Enterprises; drafting a clear and comprehensive strategy on Publicly Owned Enterprises; defining the duties and responsibilities of the Board of Directors and senior officials; imposing sanctions on members of the Board of Directors and senior officials; review of procedures for the selection of the Board of Directors and senior officials; new form of financial and operational reporting, with special emphasis on risk management; restructuring, as a mandatory process in a certain period of time; compensation and bonuses of BoD and Senior Officials.

Upon the approval of the new draft-law on Publicly Owned Enterprises by the Government, other procedures for entry into force by the Assembly of the Republic of Kosovo will follow, which is expected to take place during 2021. The new Law on Publicly Owned Enterprises envisages also drafting of bylaws, which will regulate and bring a different approach of Publicly Owned Enterprises in relation to Shareholder and the public.

There are currently 17 Public-Owned Enterprises in Kosovo in which the Government of the Republic of Kosovo is a shareholder. The New Kosovo Energy Corporation JSC (NKEC) was established on 24.05.2018 and is registered as a central-level POE, yet this enterprise has no operational and financial business.

Upon the entry into force of the Law No. 05/L-120 on Trepça, it is transformed into Trepça JSC, with 80% of shares owned by the Government of the Republic of Kosovo and employees owning 20% of the shares.

POEs that have benefited from the budget allocation for subsidies and capital investments in 2020 are the following:

- Transport sector (Trainkos and Infrakos) – EUR 996,779.24;
- Waste sector (KMDK) – EUR 800,000;

On **state aid**, the new Law No. 05/L-100 on State Aid, adopted in 2016, sets the basis for the development of the state aid system, the principles and procedures for granting it. It sets basic definitions, including state aid, and the mechanism and framework for state aid control, and the basis for establishing the comprehensive inventory and reporting system. Acquis rules in this area are transposed through bylaws. For more on measures in this area, please see Chapter 8 Competition Policies.

### **Privatization and restructuring**

The Privatization Agency of Kosovo (PAK) is established as an independent public body that exercises its functions and responsibilities with full autonomy under the Assembly of Kosovo according to the Law No. 04/L-034 on the PAK, as amended in May 2018 by Law No. 06/L-023 on the PAK for the purpose of allowing the investment of privatization funds in securities, with a view to regulating the treatment of “residual funds”, the treatment of “temporary funds” as proceeds to the Consolidated Fund of the Republic of Kosovo and regulating the Agency's operational processes.

PAK's mandate is to administer, sell, transfer and/or execute liquidation of socially-owned enterprises and their assets. To fulfil this mission, the Agency holds and manages each enterprise (under its mandate), in good faith and for the benefit of its owners and creditors, and sells or liquidates the enterprises and assets in accordance with the law. PAK is the successor of the Kosovo Trust Agency (KTA) and all of the latter's assets and liabilities were transferred as assets and liabilities of the PAK.

Pursuant to the Law No. 04/L-034, privatization takes place through two main methods: the Spin Off method and the Liquidation method or the so called Asset Sale. In accordance with the request of the Government of the Republic of Kosovo and the situation with the pandemic, Privatization Agency of Kosovo (PAK), in March 2020, has suspended all sales.

In response to the aggravated economic situation as a result of the pandemic and while going along with the decisions of central and local institutions to support businesses, the PAK has issued a decision on exemption from lease obligations for economic operators, socially-owned enterprises' lease holders. 100% exemption from payments for tenants with a ban on operating in accordance with government decisions, while 70% exemption from payments for tenants with limited ability to operate.

Table 2.2: Summary of financial results of funds kept in trust until 31 October 2020

Description	Amount
Sales revenue	772,453,198
Rent revenue and commercialisation	48,961,713
Fees and confiscation fees for participation in sale bids	8,879,064
Interest gained	34,844,700
Other revenues	7,464,334
Agency's stock capital	1,013,200
<b>Total of receipts</b>	<b>873,616,208</b>
Transfer of 20% of employees in BSPK	
Professional services providers (Liquidation authority)	151,372,509
Goods and services	16,701,407
Public services	20,636,176
Taxes	2,879,633
Court/enforcement agent's decisions (deposits and taxes)	8,026,352
Transfer of funds 5% for covering PAK activities	3,020,911
Other expenses	45,777,947
Payments to creditors of SOEs	854,389
Funds transferred to the Kosovo Budget	35,706,841
<b>Total payments/allocations</b>	<b>398,195,186</b>
	<b>683,171,351</b>
<b>Bank balance</b>	<b>190,444,857.05</b>

### The liquidation process

Until the end of October 2019, the liquidation process commenced for 567 Socially Owned Enterprises/ Assets. Since the beginning of the liquidation process, the Agency Board has so far approved 191 Early/Final Distribution Reports for 191 Socially Owned Enterprises in liquidation. The amount of funds approved to date by the Agency Board for distribution to legal creditors since the beginning of the liquidation process has reached the value of EUR 33,527,435.00. About 16,000 various creditors have benefited from these distributions so far. Out of 91,349 various credit claims filed with the Agency so far, the Liquidation Authorities have issued 91,100 decisions on various claimants. The Special Chamber of the Supreme Court of Kosovo has issued Decisions to allow the liquidation process to be completed for 32 socially owned enterprises.

The Privatization Agency of Kosovo (PAK) is the body in charge of the privatization process, including the distribution of 20% to former employees of socially owned enterprises. Out of the 20% proceeds until October 2020 the Agency has distributed EUR 151,372,509 million.

Regarding privatization and restructuring, based on the conclusions of the 2020 sub-committee, Kosovo needs to adopt a new Law on Publicly Owned Enterprises and increase their oversight. Kosovo should also consult with relevant stakeholders in a transparent manner before making any strategic decision on the future ownership of Telecom of Kosovo.

### Functioning of the financial market

This section will mainly focus on the stability and development of the financial sector from the perspective of the structure, size and efficiency of financial intermediation. Aspects of the legislative nature and requirements arising from the SAA will be elaborated in more detail in other relevant chapters such as the chapter on free movement of capital and that of financial services.

The sole supervisory and regulatory authority of financial institutions in Kosovo is the Central Bank of the Republic of Kosovo (CBK) established by Law No. 03/L-209 on CBK. CBK's primary objective is to promote and maintain a sound financial system including a secure and efficient payment system. Since its establishment, it has developed and implemented supervisory policies and practices based on the best

international standards for the regulation and supervision of financial institutions aimed at ensuring financial stability in Kosovo, mainly based on EU Directives and standards issued by internationally recognized mechanisms for the preparation and alignment of standards in the area of banking, insurance and pension supervision, such as BCBS, IAIS and IOPS.

The financial system consists of the banking sector, with 10 commercial banks (8 of them foreign-owned ones), accounting for 65% of the total of assets of the financial sector, the insurance sector, with 13 insurance companies (7 of them foreign-owned), pension funds (2 funds), financial auxiliaries (51), the microfinance sector, with 20 MFIs (12 of them foreign-owned), and the securities market. The financial system has continued to expand continuously during 2019, reaching the rate of financial intermediation at 101.2% of GDP. Banks are the main financial intermediaries of the financial sector, followed by pension funds and the insurance sector.

CBK, being the sole responsible authority for the licensing, regulation and supervision of financial institutions, has established the following departments and divisions for the supervision of financial institutions: Banking Supervision Department, Insurance Supervision Department, Licensing and Standardization, Division for Supervision of Pension Funds and Securities Market and Division for Prevention of Money Laundering and Prevention of Terrorist Financing, which are embedded in the section of Financial Supervision.

### **Financial market developments**

Kosovo's financial system in 2020 was sound and stable despite facing an unprecedented and unexpected risk as a result of Covid-19. Although risk indicators generally showed an upward trend compared to previous years, the banks and financial institutions managed to be profitable, liquid and well-capitalized. Moreover, lending activity in the banking sector continued to grow, although at a slower pace than in previous years and stable sources of funding, such as deposits, which also increased during 2020, despite the lockdown in March-May 2020 and other restrictions in the coming months.

The banking sector, despite the Covid-19 pandemic, has a high level of liquidity. The ratio of liquid (broad) assets to short-term liabilities in December 2020 increased by 2.3 percentage points compared to the previous year, namely to 39.8%, which is significantly above the recommended minimum level (25.0%). The increase in the liquidity of the banking sector was also driven by the withdrawal of 10% savings from the Kosovo Pension Savings Trust, thus increasing household deposits and, on the other hand, increasing cash for the banking sector.

The banking sector recorded a net profit of 79.9 million Euros (significantly higher than the historical average), compared to the previous period, the sector recorded a decrease in profit by 7.4% (decrease by 6.4 million Euros). This decrease was due to the higher growth of expenditures (12.7%) compared to the slower growth of revenues (of 6.1%). The slowdown in income growth was due to the slowdown in interest income, especially income from interest on loans. While, the increase in expenditures was mainly influenced by the increase in non-interest expenditures, in particular the expenditures for credit losses. As a result of the lower profit generated in 2020, it also affected profit indicators such as ROA and ROE, with ROA at 1.6% in 2020 (2.2% in 2019) and ROE at 14.0% in 2020 (18.9% in 2019).

The banking sector continues to be well capitalized, standing well above the required minimum regulatory level of 12%, namely at 16.5% in 2020 (15.8% in 2019). Thus, the level of capitalization is higher by 0.7 percentage points compared to a year ago. Compared to the previous period, the level of capital has marked an annual increase of 7.2%, while the level of risk-weighted assets increased by 2.6%. The increase in the level of capitalization is a result of the profit realized during 2020 and the non-distribution of dividends since the beginning of the pandemic, while the slower growth of risk-weighted assets is a result of the slower growth of lending activity compared to the previous years.

Non-performing loans to total loans continue to be at a lower level compared to the level of NPLs in the region. As of December 2020, the banking sector had an NPL level of 2.7% (2.0% in 2019). The increase was a result of the 39.8% increase in NPL value, for the first time in six years; while lending activity increased

by 7.1% in the respective period, which is at a lower rate compared to the trend of the last two years. Non-performing loans continue to be well-provisioned, standing at 141.4% until December 2020. As a result of an increase in the level of NPLs, the cost of loan loss provisions increased, affecting banks' profits (decrease by 7.4%). If the situation with the COVID-19 pandemic does not improve in 2021 we may face further constraints on the economy, which would harm businesses and households. Thus, we can expect a further increase in the level of NPLs, affecting net income due to the possible increase in loan loss provisions and the decline in interest income.

Regarding the other sector of the financial system, the pension sector marked a slower growth of activity in 2020 as a result of the negative impact of the pandemic on the economy as well as the withdrawal of 10% of trust funds by contributors. The sector grew by only 1.2% in 2020 despite all developments in the sector as a result of the return on investment of 72.3 million Euros and stable income from contributions.

The insurance sector in 2020 was characterized by an expansion of assets, maintaining the level of premiums collected from last year, as well as reducing the level of claims paid. The spread of the COVID-19 pandemic had a greater impact on the level of paid claims (decreased as a result of restricted movement and business activity), so the sector operated profitably in 2020.

The microfinance sector marked a significant slowdown in activity growth compared to previous years, which was reflected in lending and leasing activity. However, the sector continues to have a relatively low level of NPLs, which are well secured.

### *Medium-term Priority Objectives*

In the medium term, the main priorities foreseen to be achieved are:

- Maintaining the share of capital expenditure in the budget;
- Continuing with reforms that are important in the context of macroeconomic stability and the financial sector, including the implementation of the fiscal rule for the budget deficit;
- Adoption and implementation of the new Law on Public-Owned Enterprises and its bylaws;
- Implementation of the new Law on Public Owned Enterprises
- Privatization and liquidation of socially owned enterprises;
- Ensuring property rights by addressing informality in the real estate sector;
- Increasing judicial efficiency in order to reach 0% of backlog cases by 2022;
- Improving access to finance for SMEs by increasing the Kosovo Credit Guarantee Fund;
- Continuous improvement of the regulatory framework for the banking system in line with international standards and EU legislation;
- Further approximation of insurance regulations in Kosovo with relevant European Directives. Subject to changes to EU legal requirements and international standards, existing regulations will be subject to amendment in order to be in full compliance with these requirements.

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

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

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



Priorities of the Government remain oriented in the development of physical capital, through the development of infrastructure, development of human capital through education reforms and measures for supporting the private sector. The strategic framework setting measures and priority objectives consists of the Government Programme 2020-2023, and sectorial strategic documents, including the Strategy for Development in Private Sector 2018-2022, the Kosovo Education Strategic Plan 2017-2021. Development of economically significant sectors such as energy, infrastructure, agriculture, telecommunication and information society and tourism are priority objectives.

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

According to the EC's *Kosovo 2020 Report*, Kosovo has made a limited progress and is at an early stage in its capacity to cope with competitive pressure and market forces in the EU. The quality of education remains a concern. Kosovo has made progress in improving road infrastructure, but there are major shortcomings in railway and energy infrastructure. Although investments in renewable sources are gradually increasing, Kosovo still relies on an outdated and unreliable energy production system, mainly based on coal. Kosovo has made progress in terms of digitalization of the economy. The sectorial structure of the economy is shifting towards non-tradable activities, which weigh on competition and increase in exports of goods.

In order to support economic recovery, improve competitiveness and support long-term growth, Kosovo needs especially to improve the quality of vocational education and training at all levels, and to harmonize curricula with the labour market needs; increase incentives for energy efficiency in the housing and private sectors; increase renewable sources in energy production in a more efficient way; and advance financial and non-financial support to SMEs to cope with the crisis, improve their competitiveness and export.

The conclusions of the 2020 sub-committee require that Kosovo approve the structural reorganization of the Kosovo Investment and Enterprise Support Agency (KIESA) and to appoint its director based on professional criteria as provided by law. It is also required to implement the Strategy and Action Plan to prevent and combat the informal economy, money laundering, terrorist financing and financial crimes. Kosovo needs to improve business environment by increasing digitalisation, simplification and removal of licenses and permits.

The following gives an overview of developments of these key factors of the second economic criterion.

### **Education and innovation**

#### *Human capital*

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

The **Kosovo Education Strategic Plan 2017-2021** is the basic sectorial document for the development of education system in Kosovo. The plan focuses in the fulfilment of 7 strategic objectives, specifically participation and inclusion in education, quality and efficient management of the education system, development of the quality system in line with international standards, increase of quality in teaching,

further development of vocational education in order to meet labour market needs and increase of higher education quality. Simultaneously with the Strategic Plan, the implementation Action Plan is developed and approved, which identifies the activities, institutions, time limits and the budget needed for the realisation of these strategic objectives. The Kosovo Government Program 2021-2025 emphasizes that the Government will be committed to quality, inclusive and digitalized education, harmonization of vocational education with market demands, effective management of the education system at all levels, and improvement of the research and innovation environment.

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

According to the MESTI data, the number of public education institutions in Kosovo, in 2019/2020, which report data to EMIS is presented in the table below.

Table 2.3. Students in public and private education by levels, school year 2020/21

Level	Public			Private			Total		
	M	F	Total	M	F	Total	M	F	Total
Early childhood education (age 0- <5)	2,196	1,987	4,183	2,546	2,309	4,855	4,742	4,296	9,038
Pre-primary education (age 5 <6)	10,396	9,617	20,013	1,084	1,044	2,128	11,480	10,661	22,141
Primary / lower secondary school	115,377	108,531	223,908	3,194	2,602	5,796	118,571	111,133	229,704
High School	35,992	34,750	70,742	1,858	1,787	3,645	37,850	36,537	74,387
<b>Total</b>	<b>163,961</b>	<b>154,885</b>	<b>318,846</b>	<b>8,682</b>	<b>7,742</b>	<b>16,424</b>	<b>172,643</b>	<b>162,627</b>	<b>335,270</b>

Table 2.4. Students in public and private education by levels, 2015-2020

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Early childhood education (age 3,4,5)	30.9%	33.9%	36.0%	37.5%	38.10%
Pre-primary (age-5)	81.3%	87.6%	92.4%	92.5%	93.10%
Primary	94.7%	96.2%	98.4%	100.3%	100.9%
Elementary School	96.0%	93.3%	91.2%	90.5%	90.4%
High school	84.9%	88.1%	90.2%	86.8%	82.5%

Source: EMIS/MES

On **vocational education**, in addition to vocational schools, 4 centres of competence have been established. In order to advance the quality management in **pre-university education**, the efforts are focused on increasing the internal quality, implementation of mechanisms for the external evaluation of quality and the capacity building of the Education Inspectorate.

**Higher education** provides study opportunities for every person inside and outside the territory of Kosovo, without discrimination (national, racial, religious, gender). There are already 6 operational public universities within the territory of the Republic of Kosovo, as well as 22 private colleges.. There is no age limit to enrol or obtain a higher education qualification in Kosovo.

Table 2.5: Number of children, pupils and students at all levels of education in the public and private sector 2019/2020

Level	Private	Public	Total
University (5+6)	35,989	68,590	104,579
Special education (1+2+3)	0	349	349
Upper secondary (3)	3,480	74,427	77,907
Primary/ lower secondary Education (1+2)	5,252	229,338	234,590
Preschool Education (0)	5,229	4,164	9,393

Source: Kosovo Education Statistics 2019/2020, KAS

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

The Kosovo Accreditation Agency performs external evaluation of higher education institutions at institutional and programme levels. However, with the full implementation of the AI on Accreditation (request for 1 PhD for every 60 ECTS of the respective area for study programme), there has been a significant decrease of the accredited study programmes, since some institutions failed to fulfil these criteria. Moreover, the number of higher education institutions and study programmes has significantly decreased.

Due to the dismissal of the members of NQC, the European Quality Assurance Register for Higher Education (EQAR), in the beginning of 2018, has expelled the KAA from this mechanism, whereas the European Network of Agencies for Quality Assurance in Higher Education (ENQA) has placed KAA as a member “under review. The ENQA team of experts concluded that the overall level of compliance with European Standards and Guidelines (ESGs) is inadequate to renew KAA's membership in ENQA. On this occasion, the ENQA Board announced that KAA has the right to reapply two years after issuing this decision. During these two years, the KAA will also be subject to an evaluation by ENQA experts who intend to assist and advise the KAA before formal reassessment application.

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

Regarding the developments in the labour market, due to the COVID-19 pandemic which has gripped the Republic of Kosovo, the results of the Labour Force Survey for the third quarter of 2020 were not published according to the planned date in the statistical calendar of publications for the year 2020, as KAS stopped collecting field data on 16 March 2020. Therefore, the field data collection for the third quarter of 2020 was done after the relief of some measures by the Government of Kosovo, together with the collection of data for the second quarter of 2020 and most of the representative data will be available in the final report for 2020 which will be published later.

Almost two thirds of Kosovo's population is of working age (ages 15-64). The working age population is expected to grow rapidly over the next decade as Kosovo is among the countries with the youngest population in Europe. Of the working age population, 60.0% are not economically active, which means that they are neither employed nor have been active in seeking jobs during the last four weeks and/ or are not ready to start working within two weeks. Of the 40.0% (488,424 persons) of the economically active population, 24.6% (120,348 persons) are unemployed. The ratio of employment to population (employment rate) is 30.1%, i.e. 368,076 persons are employed. 60.0% of the working age population is inactive.

There are significant gender differences across the labour market. One in five (21.5%) working-age women is active in the labour market, compared to about three-fifths (58.9%) of working-age men. Among persons in the labour force, unemployment is higher for women than for men (33.1% vs. 21.5%).

The employment rate among working-age women is only 14.1%, compared to 46.2% for men. This very low unemployment rate among women derives from the combination of very low labour force participation and high unemployment. Women were mainly employed in the education, trade and health sectors (49.7% of employed women). Men were mainly employed in the trade, construction and manufacturing sectors (employing 46.5% of employed men).

Youth unemployment is very high in Kosovo. In the third quarter of 2020, young people in Kosovo were two times more likely to be unemployed compared to adults. Among persons aged 15-24 in the labour force, 4619 were unemployed. Unemployment is higher among young women (61.0%) than young men (40.8%). Nearly one third (37.7%) of those aged 15 to 24 in Kosovo were not in education, employment or

training (NEET). This figure is 38.1% for young women compared to 37.4% for young men. Most of these employees report working full time. 92.5% of respondents reported working full time in their main job.

Reasons for working part time vary between the genders, as women, taking on the role of care within the family, reduce the hours available for employment. The number one reason for men not working full time was the lack of a full-time job. 17.5% of employees belonged to the category of unsustainable employment. This means that they are either employed in their own business (self-employed) or contribute to a family business (paid or unpaid). Only 42.1% of employed persons had a permanent contract in their main job, with 2.9% higher for women than men (44.2% to 41.3%), while 57.9% had a temporary contract, with 2.9% higher for men than for women. Persons who had temporary contracts were asked why they had this type of contract and 91.3% of respondents reported that no other contract was available. The net salaries of most employees were between €400 and €500 per month. Gender differences were observed in terms of salaries, with 0.1% higher salaries for men than for women.

### **Physical capital and infrastructure quality**

According to forecasts, the share of public and private investment is expected to increase in 2021. This level of investment is projected to be maintained during this year and 2021, partly due to ongoing development projects and major infrastructure projects, such as the power plant. In the coming period, special emphasis will be given to investment clause through which the Government of the Republic of Kosovo intends to invest in major infrastructure projects to overcome structural challenges that have hindered the maximum use of the country's development potential. To enable inclusive economic growth, the Government has increased the space for capital expenditures at the municipal level.

#### **Road infrastructure**

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

The Government of the Republic of Kosovo remains committed to further improve the road and rail infrastructure, focusing on the completion of major international and regional road sections, as well as the international railway line to enable faster and cheaper movement of citizens and freight, thus reducing the costs and distance of transporting people and goods to and from Kosovo. This will make it easier for businesses to place goods in local and international markets, while modernizing the international rail network will help the exporting sector of mining and agricultural goods.

Construction works on the R6 highway has been completed in the Pristina-Hani i Elezit section (65.6 km long) and was officially launched in May 2019. This new highway has 13 bridges, including the longest in the region, 5.7 km long kilometres.

The part of the highway Prishtina-Vermice, which is a part of the national highway Vërmicë-Merdare (R7) that is linked with the international corridors 8 and 10, has been completed. The segment Prishtina-Milloshëve of highway M2 is also complete. Also, the project for the construction of the Prishtina - Hani i Elezit Highway has been completed and the road has been put into operation.

Following the launch into operation of the R7 Highway sections, Morine - Gjurgjica (Link N9) Bresje - Besi, the Ministry of Infrastructure, in cooperation with WBIF (Western Balkan Investment Framework) and EIB, finalized the Completion of the Feasibility Study and Environmental Impact Study for the Besi - Merdare section (border with Serbia). This project will last 14 months and is funded by WBIF.

In cooperation with the Western Balkans Investment Framework (WBIF) and EBRD, a feasibility and environmental impact study for the Kijevo-Zahaq (32 Km) section has been completed and project

development is on-going and is expected to take 12 months, and after completion of the implementation project efforts will continue in defining further steps of financing this project.

### **Railway transport**

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

The railway network of Kosovo consists of 335,079 km of railway. Four railway lines need different levels of rehabilitation, in order to bring them to modern standards of speed and safety. Last year, both people and cargo transport marked a substantial growth. The railway network has a maintenance that ascertains the necessary safety of train traffic.

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

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

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

The Ministry of Environment, Spatial Planning and Infrastructure has developed the Multimodal Transport Sector Strategy 2015-2025 which also includes the railway sector. The strategy also takes into account the interoperability of the railway system, the safety and standards of the European railway system, and the strategies developed under the Transport Community Establishment Treaty for the Western Balkan countries.

Since the railway 10 connects Kosovo with Serbia and North Macedonia is part of the expansion of Trans European Transport Network (TEN-T), then it is a priority route for which necessary funds have been secured by EBRD and WBIF grants for its modernization.

In August 2019, commenced General Rehabilitation and Modernization of the first phase of this railway route (Fushe Kosova-Hani i Elezit - Border with North Macedonia). Following the completion of the modernization project, the 10<sup>th</sup> Railway Route will meet the Technical Specifications of Interoperability and the Criteria of the European Rail Traffic Management System (ERTMS).

### **Air transport**

Kosovo has the Prishtina International Airport “Adem Jashari” that operates with combined military and civil services. In April 2010 entered into force the public-private partnership contract between the Republic of Government of Kosovo and Turkish-French Consortium Limak- Aeroport de Lyon to give the Prishtina International Airport on concession, and that was also an example of successful of the concession projects in South-eastern Europe.

The new terminal, inaugurated on 23 October 2013, is an investment of about EUR 100 million and it provides more comfort for passengers, first class services, as well as sufficient space and a relaxing social

environment for passengers, men and women. The new terminal has a surface of 44,000 m<sup>2</sup>, and a capacity enabling the reception of 4 million passengers a year. As part of the basic regional and international network, the goal is to expand and continuously increase the capacity of this airport.

## Energy

Security of energy supply is a condition for economic development and increased welfare. Security of energy supply as the main goal depends, among other things, on the state of energy production, transmission and distribution capacities.

The energy system in the Republic of Kosovo consists of electricity generation, electricity transmission, electricity distribution, unregulated customers, as well as customers with the right to universal service. Suppliers and wholesalers are also among electricity market participants.

Generation is mainly lignite power plants based (TPP *Kosova A* and TPP *Kosova B*) and HPP Ujmani, owned by the Government of the Republic of Kosovo, as well as other privately-owned HPPs and RES.

KOSTT is the sole transmission and market operator, and is 100% owned by the Republic of Kosovo, while the shareholders rights are executed by the Assembly of Kosovo. The market operator is in charge of the organization and development of the electricity market, while the Transmission System Operator is in charge of the transmission of electricity, operation and maintenance of the transmission system, and the balancing of the system.

KEDS is the sole distribution operator and is privately owned. This operator is in charge of the operation and maintenance of the distribution system and management of the generators connected to the distribution system.

KESCO is a supplier that is licenced for electricity supply, including the Public Service Obligation set by the Regulator to supply customers with the right to universal service. In addition, the Regulator has assigned it the last resort supplier obligation.

Other suppliers: so far 7 electricity suppliers have been licensed, which are privately owned but have not yet started their commercial operation.

Currently the burden of electricity generation falls on coal-/lignite-based power plants, covering about 96% of all electricity generation, while the rest is provided by RES-powered power plants (mostly small hydropower plants) and from import. Dependence on electricity import ranges from 10% to 15%.

Electricity in the country is mainly generated by Kosovo Energetic Corporation (KEK), which consists of two thermal power plants (Kosovo A and Kosovo B) and the Coal Mines. As TPP *Kosova A* is quite outdated (over 40 years of operation), and also TPP *Kosova B* has a 36 year period of operation, new investments are necessary in order to ensure sustainability of electricity supply.

According to the 2019 Annual Report of ERO, the total production of electricity in 2019 was 5,718 GWh, while in 2018 it was 5,311 GWh, which means that there is an increase of 7.7%. Moreover, compared to the electricity balance for 2019, the rate of realized production was about 100.4. According to ERO's Electricity and Thermal Energy Annual Balance for 2020, the total national production, including HPPs connected to the distribution and wind generators and solar panels is planned to be 6,210.8 GWh. In general, electricity losses have decreased from 27.9% in 2018 to 25.9% in relation to the demand in the distribution network.

As signatory of the Energy Community Treaty, Kosovo has transposed EU Regulation No. 347 on Common Regional Investments (adopted by the Energy Community) through AI No. 01/2017 on Promotion of Common Regional Investments in the Energy Sector. In view of this AI, the manual of procedures for issuing permits to projects of interest for the Energy Community). In March 2019 ERO amended the Guideline on Liberalization of Electricity Market in Kosovo, extending the regulation of supply prices, until 31 March 2020 for customers supplied at a 35 kV voltage, and for customers 10 kV.

In 2020, four hydropower plants, with a capacity of 11.06 MW, have been put into operation. The Energy Strategy 2017-2026 foresees a capacity of 1436 MW by 2025, 438 MW of which are generated from renewable sources. This production capacity is foreseen to produce about 7703 KWh for one year, with 934 KWh, or 12.1% of it, generated from renewable sources. Currently, a total of 21 RES generators are in operation, with a total installation capacity of 104.83 MW: 13 HPP (61.1 MW); 6 PV-Solar (10MW) and two (2) Wind Generators (33.73 MW).

Space heating in Kosovo is largely realized from biomass (mainly firewood). District heating sector in Kosovo consists of 4 district heating companies (Prishtina, Gjakova, Mitrovica and Zvecan). At the end of 2014, District Heating Company "Termokos" in Prishtina has been connected to the cogeneration system in TPP Kosova B. This has significantly affected the increase of heating supply quality for citizens of Prishtina and reduction of environmental pollution. A feasibility study for the development of heating systems in several major cities of Kosovo is planned to be conducted through the WBIF platform.

Although Kosovo has no natural gas functional infrastructure and market, with the aim at opening the perspective of natural gas development, in December 2018, through the WBIF platform, a joint pre-feasibility study for the Albania-Kosovo gas pipeline (ALKOGAP Project) was conducted. It was aimed at the initial feasibility assessment for the construction of this pipeline - as a natural gas supply network from the Caspian region through the regional TAP/IAP pipelines, which in the first phase will connect Albania with Kosovo and potentially, in the future, with other countries in the region. The pre-feasibility study has given the following recommendations for other phases, first the preparation of the gas master plan for the part of Kosovo, and then the joint initiation with the Albanian side in the realization of the feasibility study for the Albania-Kosovo gas pipeline. Pursuant to recommendations of the aforementioned study, the former MED, now Ministry of Economy and Environment (MEA), in early 2019, through the WBIF platform, has applied for financial support in the form of a grant for the preparation of the Master Plan on the distribution of natural gas in Kosovo. The Steering Committee of the Western Balkans Investment Framework (WBIF), according to announcements from NIPAC Kosovo, approved in June 2019 in Berlin a grant of EUR 1.5 million for the preparation of the Master Plan for Natural Gas in Kosovo, which will be prepared through technical assistance engaged by the WBIF/EBRD platform in the period 2021-2022.

Furthermore, in the framework of regional cooperation, the former Ministry of Economic Development now the Ministry of Economy and Environment of the Republic of Kosovo and the Minister of Economy of North Macedonia, in February 2019, signed a Memorandum of Understanding to intensify cooperation between the two countries in priority areas for cooperation related to the energy sector. In view of implementing this memorandum of cooperation, in the first part of 2019 through the WBIF platform a joint application was made with the North Macedonia, the latter in the role of the project promoter, for financial support in the form of a grant to conduct a feasibility study for the North Macedonia - Kosovo gas pipeline. According to reports, the WBIF Steering Committee has approved the grant in the amount of EUR 0.650 million. This feasibility study will be implemented through technical assistance committed by the WBIF/EBRD platform, which is planned to be implemented during the period 2020-2021.

Also, based on the initiative of the Millennium Challenge Corporation (MCC), in the first part of 2020 a pre-feasibility study for Kosovo gasification has been conducted by consultants hired by MCC. According to the MCC reports, the results obtained, in addition to initiating other developments, will serve as support for the preparation of the Master Plan for the distribution of natural gas for Kosovo and the Feasibility Study for the interconnection North Macedonia - Kosovo.

The main institutions leading the energy sector are the following:

- Ministry of Economy (ME);
- Energy Regulatory Office (ERO), that acts as an independent regulatory agency, in charge of energy market regulation (electricity, natural gas and heating energy);
- Independent Commission for Mines and Minerals (ICMM) – that acts as an independent regulating agency for regulation of the mining activities, including coal;

- Electricity Transmission, System and Market Operator (KOSTT JSC), which is a public enterprise that manages the transmission network and has the role of the Electricity Transmission, System and Market Operator.

Other governmental institutions, such as the Ministry of Environment, Spatial Planning and Infrastructure, the Ministry of Finance, Labour and Transfers, as well as the Kosovo Competition Commission, have an important role in monitoring the social, economic and spatial responsibilities of the energy sector.

### **Electronic communications market**

In Kosovo, the electronic communications and ICT sectors are of great economic importance. In recent years, the share of these sectors fluctuated at about 2.2% in the Gross Domestic Product. With regard to market developments, the landline historically has had a low development in our country. In total, so far, we have four active operators for the provision of fixed telecommunications services:

- Kosovo Telecom J.S.C. (former PTK -), licensed on; 30/07/2004,
- IPKO Telecommunications LLC, licensed on; 08/09/2006,
- Kujtesa.Net, licensed on 07/01/2014;
- Fiberlink (Decision No. 607 (prot. No. 013/B/15), has assigned the numeric block from the geographic numbering series for use by “FiberLink” L.L.C.)
- Mts d.o.o possesses general authorization based on the Agreement on Telecommunication between the Republic of Kosovo and Serbia, under the EU facilitation.

As in Q3, the decreasing trend of landline telephony subscribers has continued even in Q4 2020. Data show that the landline telephony penetration rate in Kosovo in this quarter is 4.21%. Landline telephony penetration rate in Kosovo continues to be very low compared to countries in the region, especially compared to EU countries.

The highest share in the market belongs to the company Telecom of Kosovo, followed by IPKO, than MTS D.O.O and Kujtesa Net. However, all landline telephony indicators show a very slow and declining trend.

Regarding **postal services**, the Law No. 06/L-038 on Postal Services was adopted by the Assembly of Kosovo on 21 December 2018, and entered into force on 2 February 2019. Its purpose is to establish rules for ensuring provision of postal service and universal postal service across the territory of the Republic of Kosovo, setting conditions for access to the postal network, promoting free competition, setting tariff principles, ensuring the transparency of universal postal service accounts, setting universal postal service standards and establishing a system to ensure compliance with them. This law is partially in line with Directive 97/67/EC of the European Parliament and of the Council. According to RAEPC data, there is a significant decrease in the total number of postal deliveries. The POE Post of Kosovo J.S.C covers the overall postal services market, with 86.90%, while private operators’ share is 13.10% of the overall market.

The **mobile telephony market** has the widest spread in all electronic communications. For the time being, in Kosovo there are two authorized operators of mobile telephony networks in the frequency band 900/1800 MHz:

- Under Decision no. 1419, dated 30/07/2019, (Ref. Prot. no. 083/B/19) RAEPC has ‘Renewed the right to use Frequency resources to the company Telekom of Kosovo J.S.C. to 20 years;
- Under Decision no. 1420, dated 30/07/2019 (Ref. Prot. No. 084/B/19) RAEPC has ‘Renewed the right to use Frequency resources to the enterprise IPKO Telecommunications LLC to 20 years;
- MTS D.O.O. possesses temporary Authorization based on the Agreement on Telecommunication between the Republic of Kosovo and Serbia, under the EU facilitation. This enterprise provides services, through limited infrastructure only, in certain locations and has no right of extension.

In addition to three authorized mobile network operators MNO (Mobile Network Operator) mentioned above, currently in the Republic of Kosovo there is another virtual mobile operator (MVNO):

- Dukagjini Telecommunications J.S.C. (D3 mobile) licensed on 24/06/2008 (ART Prot. No. 124/08), which mainly provides M2M services.



The total number of mobile phone users at the end of the fourth quarter (Q4-2020) reached 1,988,721 respectively 4.1% higher compared to the same period last year (Q4-2019). Whereas, compared to the previous quarter Q3-2020, the number of users is 2.37% lower.

The number of broadband fixed line internet lines up to Q4 2020 reported by the operators is given in the figure below and stands at 383,763 internet subscribers. This shows a significant increase of 21,664 subscribers, or 6%, compared to Q3 2020, respectively an increase of 7.6% compared to Q4 2019. On the other hand, Internet penetration through fixed broadband Internet access for households is 129.2%, meaning that internet penetration by inhabitants (per 100 inhabitants) turns out to be 21.14%.

The number of users of mobile internet services (mobile broadband) or internet access through 3G and 4G mobile networks in the period Q4 2020 has reached 1,275,309 users, which marks a slight decrease of -0.68% compared to Q1 2020, respectively an increase of about 8% compared to the same period of 2019.

Regarding the division of internet services market by users per operator, at the end of Q2 2020 the Telecom of Kosovo had 8.75%, IPKO 27.11%, Kujtesa 16.38%, Artmotion 23.69% and others the remaining share. Regarding the division of the internet services market according to revenues per operator, at the end of 2020, Telecom of Kosovo had 7.27%, IPKO 26.71%, Kujtesa 24.74%, Artmotion 20.73% and others the rest.

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

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

The vision and strategic objectives of the Government of Kosovo for the IT sector, thus also for the electronic communications sector, are expressed in the document *Electronic Communication sector Policy – Digital Agenda for Kosovo 2013-2020*. It is in line with objectives set forth in the European Commission Communiqué of 19 May 2010 for the European Parliament, Council of Europe, European Economic and Social Committee and the Regions Committee *Digital Agenda for Europe*. The midterm priorities based on the policy document on electronic communications are the following: development of ICT infrastructure, development of services and electronic contents and promotion of their use, advancements in skills of Kosovo inhabitants, women and man, in the use of ICT.

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

### **Sectorial and enterprise structure**

The total number of businesses registered with KBRA in 2020 was 9,805. Compared to 2019 (10,054), there are approximately 2% fewer businesses registered due to the situation with COVID-19. It is almost the same situation with the other categories. The number of businesses closed in 2020 was 1,356, which is about 30% less than last year (1,766). The number of foreign-owned enterprises in 2020 was 582 while in 2019 it was 696. The number of women-owned companies registered in 2020 was 1,764, less than in 2019 (3,016).

Table 2.6: Number of registered businesses, 2014 – October 2020

Description	2014	2015	2016	2017	2018	2019	2020
Registered	9,404	9,833	10,553	9,335	9,966	10,054	9,805
Closed	1,671	2,205	2,378	1,589	1,892	1,766	1,356
Owned by women	1,529	2,020	2,332	2,096	2,443	3,016	1,764

Source: Kosovo Business Registration Agency

GDP in Q4 2020 marked a real growth of 0.72%, compared to the same quarter of the previous year (Q4 2019). The economic activities that had growth in this quarter were: extractive industry, processing industry, electricity, and water supply (8.37%); information and communication (9.01%); real estate

activities (1.60%); arts, entertainment and leisure, and other service activities (4.89%); public administration, education and health (7.75%); professional and administrative activities (6.17%); trade, transport, accommodation and food services (1.92%); financial and insurance activities (25.26%). Meanwhile, economic activities that marked a decline in this quarter were: construction (-16.05%); and agriculture, forestry and fisheries (-0.31%). The components of GDP according to the expenditure method that declined were: gross capital formation (-10.94%); export of services (-2.79%); and import of services (-3.58%). Meanwhile, the sectors that marked an increase in this quarter were: export of goods (49.44%); import of goods (5.11%); final consumption expenditures of households and NPISH (3.80%); and final consumption expenditures of the Government (3.12%).

In terms of the size of the private sector, the share of private sector investment in GDP ranges between 84 and 86 percentage points in the period 2016-2022, as shown in the table below. Private investment is expected to have the same trend in 2020, 2021 and 2022. Private consumption based on projections for 2020 is expected to have the same trend as in previous years.

Table 2.7: Participation of the private sector in real GDP, in %

Description	2016	2017	2018	2019	2020	2021 (proj.)	2022 (proj.)	2023 (proj.)
Private consumption	86%	84%	85%	85%	90%	87%	86%	84%
Private investments	20%	21%	22%	22%	20%	21%	21%	22%

Source: draft-law on Budget 2021, MoF

### **Economic integration with EU and price competitiveness**

Trade in goods in 2020 was worth 2.8 billion Euros, which indicates a lower trade deficit by -9.4% compared to 2019. It means that even this year is marked by a negative balance. Total exports this year were 474.8 million Euros, while imports 3.2 billion Euros. Exports cover imports by only 14.4%.

Comparing the export data for Kosovar goods during 2020 with that of 2019, the figures show that it is an annual increase of 23.8%. Growth, which still has a negative trade balance of Kosovo.

Exports by sectors this year increased in the following groups: various items produced in the amount of about 49.7 million Euros (compared to 20.0 million Euros, or 10.5% of total exports, with an increase of 148.9%); chemical industry products worth about 18.7 million Euros (compared to 8.1 million Euros, or 4.0% of total exports, with an increase of 130.2%); plant products worth about 31.7 million Euros (compared to 22.9 million Euros, or 6.7% of total exports, with an increase of 38.3%); textiles and textile articles, worth about 15.2 million Euros (compared to 11.5 million Euros, or 3.2% of total exports, an increase of 32.3%); base metals and articles thereof, worth about 173.9 million Euros (compared to 134.3 million Euros, or 36.6% of total exports, with an increase of 29.4%); means of transport worth about 5.1 million Euros (compared to 3.9 million Euros, or 1.1% of total exports, with an increase of 29.3%); articles of stone, plaster, ceramics and glass, worth about 10.4 million Euros (compared to 8.5 million Euros, or 2.2% of total exports, with an increase of 23.0%); machinery, mechanical and electrical equipment, worth about 20.3 million Euros (compared to 16.8 million Euros, or 4.3% of total exports, with an increase of 20.7%); plastics, rubber and articles thereof, worth about 57.1 million Euros (compared to 50.8 million Euros, or 12.0% of total exports, with an increase of 12.5%); prepared foods, beverages, alcoholic beverages and tobacco, worth about 43.5 million Euros (compared to 39.8 million Euros, or 9.2% of total exports, with an increase of 9.4%); paper and paper articles, worth about 4.5 million Euros (compared to 4.3 million Euros, or 1.0% of total exports, with an increase of 3.6%).

During this period, there was a decrease in exports in the following groups: leather and articles thereof, worth about 4.1 million Euros (compared to 6.5 million Euros, or 0.9% of total exports, with a decrease of 36.9%); mineral products, worth about 26.0 million Euros (compared to 40.0 million Euros, or 5.5% of total exports, with a decrease of 34.8%); wood and articles thereof, worth about 5.4 million Euros (compared to 5.7 million Euros, or 1.1% of total exports, with a decline of 5.6%).

The following groups of sectors had a positive trend of export growth from 2010-2020: plastics, rubber and articles thereof, from 8.1 million Euros to 57.1 million Euros; miscellaneous manufactured articles, from 1.9

million Euros to 49.7 million Euros; prepared foods, beverages, alcoholic beverages and tobacco, from 11.5 million Euros to 43.5 million Euros; plant products from 12.2 million Euros to 31.7 million Euros. Commodity trade data for Kosovo imports in 2020 have marked an annual decline of about (-5.7%), compared to the previous year, 2019.

Increase in imports by sectors was observed in the following groups: chemical industry products, worth about 283.9 million Euros (compared to 246.9 million Euros, or 8.6% of total imports, with an increase of 15.0%); fats, worth about 32.1 million Euros (compared to 30.0 million Euros, or 1.0% of total imports, with an increase of 6.9%); optical, medical, photographic, musical instruments, etc., worth about 45.1 million Euros (compared to 43.0 million Euros, or 1.4% of total imports, with an increase of 4.8%); plant products, worth about 163.9 million Euros (compared to 160.5 million Euros, or 5.0% of total imports, with an increase of 2.1%); plastics, rubber and articles thereof, worth about 224.5 million Euros (compared to 220.8 million Euros, or 6.8% of total imports, with an increase of 1.7%); machinery, mechanical and electrical equipment, worth about 434.9 million Euros (compared to 431.7 million Euros, or 13.2% of total imports, with an increase of 0.8%); prepared foods, beverages, alcoholic beverages and tobacco, worth about 422.2 million Euros (compared to 420.4 million Euros, or 12.8% of total imports, with an increase of 0.4%).

Meanwhile, there was a decrease in imports in the following groups: mineral products (fuels), worth about 353.8 million Euros (compared to 517.6 million Euros, or 10.7% of total imports, with a decrease of 31.7%); leather and articles thereof, worth about 7.2 million Euros (compared to 10.4 million Euros, or 0.2% of total imports, with a decrease of 30.9%); clothing (footwear and parts of such articles), worth about 35.0 million Euros (compared to 43.5 million Euros, or 1.1% of total imports, with a decrease of 19.5%); miscellaneous manufactured articles, worth about 87.6 million Euros (compared to 99.9 million Euros, or 2.7% of total imports, with a decrease of 12.4%); paper and paper articles, worth about 47.1 million Euros (compared to 52.5 million Euros, or 1.4% of total imports, with a decrease of 10.2%), various means of transport, worth about 288.8 million Euros (compared to 314.7 million Euros, or 8.8% of total imports, with a decrease of 8.2%), base metals and articles thereof, worth about 351.1 million Euros (compared to 371.4 million Euros, or 10.7% of total imports, with a decrease of 5.5%); textiles and articles thereof, worth about 163.1 million Euros (compared to 173.2 million Euros, or 4.9% of total imports, with a decrease of 5.9%); wood and articles thereof, worth about 80.6 million Euros (compared to 83.4 million Euros, or 2.4% of total imports, with a decrease of 3.3%); articles of stone, plaster, ceramics and glass, worth about 112.5 million Euros (compared to 115.6 million Euros, or 3.4% of total exports, with a decrease of 2.7%); live animals, products of animal origin, worth about 147.2 million Euros (compared to 148.7 million Euros, or 4.5% of total imports, with a decrease of 1.1%).

Kosovo's exports to EU countries amounted to 163.4 million Euros, or about 34.4% of total exports, with an increase of 28.5%. The main partners for the export of goods to the EU are: Germany (9.3%), Italy (6.0%), the Netherlands (4.6%), etc. By chapters, the highest share among EU countries have the following groups of exports: iron and steel, 35.6 million Euros, or about 21.8%; plastics and articles thereof, 28.3 million Euros, or about 17.3%; furniture: beds, mattresses, mattress supports and similar stuffed furnishing, lamps and lighting fittings (not elsewhere included), 10.0 million Euros, or about 6.1%, etc.

Kosovo's imports from EU countries were around 1.5 billion Euros, or 45.8% of total imports, with a decrease of -12.0%. Imports with the highest share were from: Germany (13.0%), Italy (5.6%), Greece (4.2%), Slovenia (3.2%) and Poland (3.1%), etc. EU countries cover most of Kosovo's total imports. Imports with the highest share were in the chapters: various means of transport, 238.2 million Euros, or about 15.8%; mineral fuels and mineral oils, products of their distillation, 172.4 million Euros, or about 11.4%, etc.

During 2020, Kosovo's exports to CEFTA countries amounted to 210.7 million Euros, or 44.4% of total exports, where there was an increase of 27.8%. The main export partners in CEFTA countries were: Albania (23.2%), North Macedonia (9.3%), Serbia (6.4%) and Montenegro (3.9%). By chapters, the highest share among CEFTA countries had the following groups of exports: iron and steel, 55.8 million Euros, or about 26.5%; iron and steel articles, 30.6 million Euros, or about 14.6%; beverages, alcoholic beverages and vinegar, 20.7 million Euros, or about 9.8% etc.

Meanwhile, imports from CEFTA countries in 2020 amounted to 615.3 million Euros, or 18.7% of total imports, with an increase of 22.4%. The countries with the highest share of imports were: Albania (5.8%), North Macedonia (5.7%), and Serbia (5.3%). Imports with the highest share were in the chapters: iron and steel, 120.3 million Euros, or about 19.6%; salts, sulphur, oxides, stones, plastering materials, lime and cement, 55.8 million Euros, or about 9.1%, etc. Kosovo's exports to other countries of the world amounted to 100.6 million Euros, or 21.2%. The most important export partners from these countries were: Switzerland (8.2%), USA (5.0%). Whereas, Kosovo's imports with other countries of the world amounted to 1.1 billion Euros, or 35.5%. The countries with the highest share of imports in this group were: Turkey (12.4%) and China (9.8%).

*Medium-term priority objectives:*

- Reduction of energy consumption through energy efficiency measures by implementing these measures in public buildings, houses and apartment stores in 2021 and 2022;
- Further development of electricity generating capacities, including coal-based production capacities in order to meet increasing needs for electricity;
- Improving the environment for innovation and entrepreneurship, including increasing the financial and infrastructural support of innovation and entrepreneurship and building human capacity;
- Extension of ICT network infrastructure for socio-economic development, particularly extension of broadband infrastructure to areas not covered and digitalization of businesses.
- Increasing cost-effectiveness of international trade transactions by simplifying and standardizing all formalities and procedures at the border, with the aim of aligning practices, in accordance with multilateral agreements.
- Aligning supply and demand through development of occupational standards and curriculum review;
- Promoting quality in vocational education and training based on labour market requirements;
- Increasing access of youth and women to the labour market by providing quality employment services, active employment measures and entrepreneurship;
- Improvement of social and health services through the functioning of the health insurance fund.

### **3. BLOCK 3: EUROPEAN STANDARDS – APPROXIMATION OF KOSOVO’S LEGISLATION WITH THE EU ACQUIS**

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

Approximation and implementation in accordance with EU acquis are the main prerequisites for the membership of the Republic of Kosovo in the EU. The approximation process implies compliance of internal legislation of the Republic of Kosovo with EU acquis. Approximation of legislation has two components: firstly, assuming the obligations deriving from EU acquis, and secondly, their enforcement in practice.

Within the first component, the undertaking of obligations deriving from the EU acquis is specified under Article 74 of the SAA. The Article defines the gradual approximation of legislation of the Republic of Kosovo with that of the EU and its effective Enforcement. Article 74 of the SAA requires that the approximation initially focuses on the basic elements of the EU acquis in the area of the internal market, in the area of freedom, security and justice, as well as in other trade-related areas. Also, Article 74 of the SAA stipulates that the process of approximation of legislation should be carried out according to a programme agreed between the Republic of Kosovo and the European Commission.

Specifically, Article 74 requires the Republic of Kosovo and the EC to determine the modalities for monitoring implementation of the legislation alignment. The obligations deriving from Article 74 of the SAA in the Republic of Kosovo are combined in several legal acts, whereas priorities and specific reforms for alignment of legislation and modalities for monitoring implementation of legislation approximation are set out in the present Programme (NPISAA). Consequently, the monitoring of progress in the alignment of legislation is of utmost importance due to the updating of the progress regarding the process of aligning the legislation of the Republic of Kosovo with EU acquis.

The legislation alignment programme and modalities to monitor the implementation of legislation are the essential mechanisms documenting how legal obligations under the EU acquis determined under Article 74 and other respective Articles that cover different sector of the SAA, reflect the grade, level, quality and substantial legal content within the legislation of the Republic of Kosovo.

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

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

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

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

- Practical Guideline for Approximation of the Legislation of the Republic of Kosovo with EU Legislation 2013, and
- Manual on Compiling Tables and Statement of Compliance 2015.

Guidelines/manual for approximation of legislation are instruments with technical-legal content that guide and serve the responsible officials during the process of drafting and approximation of the legislation of the Republic of Kosovo with the EU acquis. In general, the legal acts and guidelines/manual for the process of approximation of the legislation of the Republic of Kosovo with the EU acquis refer to the process of approximation of legislation in general.

In the procedural aspect, the process for assessing the approximation of the legislation of the Republic of Kosovo with EU acquis refers to several steps. The initial step commences from responsible institution that drafts the draft normative act; at this stage, this institution, by compiling the Statement of Compliance (SoC) and Tables of Concordance (ToC) with EU acquis, preliminarily assesses the level of approximation. The next step is the assessment of approximation with the EU acquis. This assessment, through the legal opinion on compliance with EU acquis, summarises two types of findings: on the substance of the draft-normative act, and on the level of compliance of the Statement of Compliance (SoC) and Tables of Concordance (ToC) with the EU acquis. The next step includes forwarding the legal opinion on compliance with EU acquis to the responsible institution that has compiled the draft normative act. In addition, the responsible institution that drafted the normative draft act forwards it to the Office of the Prime Minister for approval in the procedural and constitutional aspect, and then is forwarded to the Government for approval. After approval by the Government, the draft normative act (this applies only to draft-laws) is sent to the Assembly for adoption. Mostly, the package of the draft-law with all relevant documents is sent to the Committee on Legislation and the Committee on European Integration and other committees, depending on the scope of the draft-law, which review, analyse and amend the relevant draft-law if necessary and then submit it for adoption.

The whole process of approximation of legislation is related to the translation of the EU acquis into the official languages of Kosovo, respectively into Albanian and Serbian. The translation of the EU acquis is an integral part of the process of approximation of domestic legislation with the EU acquis. The process of translating EU legislation is regulated by Regulation no. 02/2015 on the Process of Translation of EU Legislation into the Official Languages of the Republic of Kosovo, which defines the translation procedures, coordination of the translation process, as well as the unification of the terminology of the EU acquis in the official languages of the Republic of Kosovo. In the framework of regional cooperation, a Cooperation Agreement was signed between Kosovo and Albania for the establishment of a Technical Commission for the Translation of EU Legislation into Albanian, as well as cooperation in the area of approximation of legislation (2015), for the coordination of the agenda. Joint translation of EU acts based on the relevant approximation acts set out in the SAA, as well as the exchange of translated EU legal acts by both countries. It is worth mentioning that the Technical Commission has created the electronic platform 'albterm.net' in which the acts of the acquis translated into Albanian are updated based on the translation calendar of the EU acquis. Also, in 2015 a Cooperation Agreement was signed with the University of Prishtina "Hasan Prishtina" in the area of translation of EU legislation.

### ***Medium-term Priority Objectives***

The medium-term priority objectives in the area of approximation and translation in the Republic of Kosovo are continuous coordination, cooperation and reporting on the alignment process. Specifically, the strengthening and coordination of capacities within the government legal service will allow for the fulfilment of legislative obligations deriving from Article 74 of the SAA.

#### *Medium-term priority objectives in the area of approximation:*

- Revision of the legislation concerning the government legal service and of practical guidelines/manuals for approximation of legislation in order to improve the scope of the process of approximation of Kosovo legislation with EU acquis;
- Full functioning of the electronic platform for drafting normative acts and approximation of legislation;
- Updating the list of the EU acquis and forwarding to the legal departments of line institutions for approximation of legislation that includes draft normative acts based on the conclusions of the 2021 meetings of the SAA, EC Report 2021, ERA 2, and
- Increasing the number of advanced professional trainings that are intended for substantial alignment of the Kosovo legislation with EU acquis in primary areas of approximation for eight chapters: Freedom of Goods Movement, Right of Establishment and Freedom to Provide Services, Public Procurement, Company Law, Intellectual Property Law, Competition Law, Judiciary and Human Rights, Justice, Freedom and Security.

*Medium-term priority objectives in the area of translation:*

- Increasing the number of translations of EU acquis acts into the official languages of Kosovo and establishing Commissions for Certification of translated acts of the EU acquis acts in the official languages of Kosovo;
- Increase cooperation between stakeholders (line ministries) in Kosovo regarding translations of acts of the EU acquis, and increase cooperation and coordination between stakeholders (coordination units in line ministries) in the countries of the region for translating acts of the EU acquis into the official languages of Kosovo;
- Drafting a guide for the certification of the EU acquis in the official languages of the Republic of Kosovo;
- Continuous updating of the electronic platform 'albterm.net' for the publication of EU acts translated into the official languages of the Republic of Kosovo.

### **3.1. Acquis Chapter 1: Free Movement of Goods**

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

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

Legislation of the new global approach covers low voltage devices (LVD), electromagnetic compatibility (EMC), toys, machinery, elevators, noise emissions from equipment for use outside facilities, emissions of pollutants from the engines of non-road mobile machineries, personal protective equipment (PPE), equipment and protective systems intended for use in explosive atmospheres (ATEX), medical equipment, gas equipment, vessels under pressure, cableway installations, construction products, handicrafts recreational requirements of eco-design for energy-related products (ErP), and radio equipment and telecommunications terminal (R & TTE). The old approach legislation covers the areas of motor vehicles and chemicals<sup>10</sup>.

*SAA Requirements*

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<sup>10</sup> Pharmaceuticals and cosmetics are covered in Chapter 28.

Taking into account the commitment of the parties to free trade, in accordance with the relevant principles of the World Trade Organization, which must be applied in a transparent and non-discriminatory manner, the SAA, in Title IV "Free movement of goods", contains several provisions essential relevant to this chapter.

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

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

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

#### Requirements under other EU accession mechanisms

EC's *Kosovo 2020 Report* assesses that Kosovo needs to implement legislation on technical requirements for products and conformity assessment, strengthen capacity of quality infrastructure, and amend the Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).

The conclusions of the Subcommittee on Trade, Industry, Customs and Taxes emphasize the need to supplement the primary legislation with the secondary legislation within all areas of Quality Infrastructure, as well as building implementation capacities.

### **State of Play**

#### *Legislative and Policy Framework*

##### Horizontal issues

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

- Law No. 06/L-019 on Standardization;
- AI No. 08/2018 on the Professional Standardization Council;
- AI No. 10/2018 on Logo of Kosovo Standardization Agency;
- AI No. 16/2018 on Standardization Technical Committees.

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

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

- Law No. 05/L-117 on Accreditation;
- Regulation No. 02/2018 on Professional Council. Professional Council is the advisory body of the Kosovo General Directorate of Accreditation (DAK);
- AI No. 03/2018 setting up Accreditation Tariffs.
- AI No. 04/2019 on Determining the Form, Content and Usage of the Kosovo General Accreditation Directorate Logo, Accreditation Symbol and Text Reference to Accreditation.



These normative acts have transposed the Regulation (EC) No. 765/2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products – partially.

The legislative framework in the area of conformity assessment consists of the following:

- Law No. 06/L -041 on Technical Requirements for Products and Conformity Assessment, which has transposed the Decision No. 768/2008/EC of the European Parliament for a common framework for marketing of products;
- AI No. 12/2018 on the Manner of Designation of Conformity Assessment Bodies;
- Regulation No. 25/2018 on the Contents and Manner of Management of the Register of Technical Regulations;
- Regulation No. 28/2018 on the Manner of Notification and Providing Information on Technical Regulations, Conformity Assessment Procedures and Standards;
- AI No. 03/2020 on the Form and Content of Conformity Marking and Manner of Recognition of Foreign Documents of Conformity;
- Regulation No. 24/2020 on Groups of Products which are subject to Inspection Surveillance.

The legislative framework in the area of metrology consists of the following main normative acts:

- Law No. 06/L -037 on Metrology;
- Regulation No. 04/2018 on Non-Automatic Weighing Instruments;
- Regulation No. 03/2018 on Pre-packages;
- AI No. 04/2018 on Bottles as Measuring Containers;
- AI No. 05/2018 on the Amount and Procedure of Payment for Metrological Services;
- AI No. 14/2018 for Technical and Metrological Requirements for Measuring Transformers and Measuring Groups on Measuring Electricity.
- AI No. 02/2020 for Determining the Form, Content and Use of the Kosovo Metrology Agency Logo
- AI No. 03/2020 on the Amount and Procedure of Payment for Metrological Services
- Regulation No. 02/2020 on National Measurement Standards and Reference Materials
- Regulation No. 03/2020 on the Metrology Council;
- AI No. 04/2020 on Metrological Supervision.

These normative acts have transposed the following acquis acts:

- EU Directive 2014/32 on alignment of laws of Member States relating to the making available on the market of measuring instruments – partially;
- Document D1:2012 of OIML –partially;
- Directive 2014/31/EU, adopted on 11 June 2018 – partially;
- Directive 76/211/EEC, adopted on 28 May 2018 – partially;
- Directive 75/107/EEC, adopted on 28 May 2018 – partially.

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

- Law No. 06/L-041 on Technical Requirements for Products and Conformity Assessment;
- Law No. 04/L-078 on General Product Safety;
- Law No. 03/L-181 on Market Inspectorate and Inspective Supervision.

#### *New and global approach*

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

The legislative framework in the area of Electromagnetic Compatibility (EMC) consists of the Law No. 04/L-039 on Technical Requirements for Products and Conformity Assessment represents the basis for Regulation No. 01/2017 on Electromagnetic Compatibility, which has partially transposed the Directive

2014/30/EU and its amendments. This Regulation will continue the implementation until its alignment with the new Law No. 06/L-041 on Technical Requirements for Products and Conformity Assessment.

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

The legislative framework in the area of *machinery* consists of Law No. 04/L-039 on Technical Requirements for Products and Conformity Assessment, which is the basis for Regulation No. 02/2020 on Safety of Machinery, which partially transposes Directive 2006/42/EC of 17 May 2006 on Machinery.

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

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

The legislative framework in the area of *Personal Protective Equipment (PPE)* consists of the Law No. 04/L-039 on Technical Requirements for Products and Conformity Assessment, which represents the basis for the Regulation No. 08/2012 on Personal Protective Equipment, which partially transposes the Directive 89/686/EEC. This Regulation will continue to be implemented until aligned with the Law No. 06/L-041 on Technical Requirements for Products and Conformity Assessment. Pursuant to the latter, during 2020 Regulation 2016/425 / EU on Personal Protective Equipment will be transposed into technical regulations.

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

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

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

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

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

The legislative framework in the area of *Aerosol dispenser* consists of Law No. 04/L-039 on Technical Requirements for Products and Conformity Assessment, which is the basis for the approval of Regulation No.03/2014 on Aerosol Dispenser, which partially transposes Directive 75/324/EEC.

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

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

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

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

The legislative framework in the area of Radio Equipment and Telecommunications Terminal Equipment (R&TTE), Technical Regulation on Radio Equipment, consists of the Law No. 04/L-109 on Electronic Communications, which partially transposes the Regulation 136/2009/EC. With regard to the area of conformity of radio equipment and telecommunication equipment, the Technical Regulation No. 032/B/17 on Radio Equipment partially transposes the Directive 2014/53/EC.

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

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

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

The following normative acts have transposed these acquis acts:

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

#### Old approach

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

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

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

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

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

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

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

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

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

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

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

The legislative framework in the area of precursors and drugs consists of the Law No. 02/L-128 on Narcotic Drugs, Psychotropic Substances and Precursors, which partially transposes the Regulation (EC) 273/2004. Whereas the AI No. 02/2019, approved in the beginning of 2019, regulates the wholesale and retail prices of medicinal products in private sector sold by licensed entities, the price of medicinal products from the list of essential medicaments and products from the list of medicaments reimbursable under the Health Insurance Fund.

#### Procedural measures

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

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

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

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

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

- Directive 73/44/EEC;
- Directive 96/73/EC;
- Directive 2008/121/EC;
- Regulation (EU) No 1007/2011 of the European Parliament and of the Council of 27 September 2011 on textile fibre names and related labelling and marking of the fibre composition of textile products.

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

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

#### *Institutional Framework*

##### Horizontal issues

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

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

##### New and global approach

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

- Ministry of Trade and Industry;;
- Ministry of Economy and Environment, in charge of recreative boats and overseeing construction products;
- Ministry of Internal Affairs, in charge of explosives for civil use and pyrotechnical products;
- Ministry of Health, in charge of medicinal products and medical devices;
- Kosovo Medicines Agency (KMA), in charge of medicinal products and medical devices;
- Regulatory Authority for Electronic and Postal Communications (RAEPC), in charge of legal approximation as well as for market surveillance in the area of Radio Equipment and Telecommunications Terminal Equipment (R&TTE)).

##### Old approach

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

- Ministry of Environment, Spatial Planning and Infrastructure, respectively the Department of Vehicles. The competencies of the "approval authority" are performed by the Ministry of Environment, Spatial Planning and Infrastructure, while the competencies of the "technical services" are performed by private bodies authorized by the Ministry of Environment, Spatial Planning and Infrastructure. The Department of Vehicles within MESPI is the responsible authority

to carry out the supervision of motor vehicles market (cars, buses, trucks, tractors) in the territory of Kosovo. Whereas, the Environment structures are responsible for Chemicals and Detergents, and are competent for the transposition of Regulation (EC) 1907/2006;

- Ministry of Industry, Entrepreneurship and Trade, in charge of transposition of EU legislation into national legislation as regards emissions of pollutants from engines of non-road mobile machineries;
- Ministry of Agriculture, Forestry and Rural Development, authority in charge of issuing legislation on fertilizers, while market surveillance is carried out by the Phytosanitary Inspectorate;
- Ministry of Health, authority in charge of legislation on drug precursors, while implementation is the responsibility of the Kosovo Medicines Agency (KMA). Market surveillance is carried out by the KMA and the Health Inspectorate.

#### Procedural measures

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

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

#### **Donor Support**

Kosovo institutions are supported by the EC (through IPA) and other bilateral donors with the following projects.

*Support to Kosovo Institution in the integration process* is a project of the Government of Luxembourg that aims at building institutional capacities of the Republic of Kosovo in the implementation of priorities emerging from the SAA. This project has commenced in 2019 and will provide Kosovo institutions with assistance on quality infrastructure.

This chapter will also be indirectly supported by German donors, through implementation by GIZ.

#### **Medium-term Priority Objectives**

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

##### Horizontal measures:

- Adoption of bylaws for implementing the general inspection law, with emphasis on market surveillance;
- Full membership of KAD in EA, signing of MLA with EA;
- Full membership of the Metrology Agency in BIPM, OIML and Euramet;
- Organising awareness-raising activities for businesses regarding the role of quality infrastructure;
- Implementation of at least 20 awareness-raising activities for business on the role of the quality infrastructure;
- Conducting a survey on how well informed the business are about the quality infrastructure, including the SAA;
- Capacity building of the staff in charge of quality infrastructure.

##### New and global approach

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

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

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

The acquis on **access to the labour market** foresees the rights of the citizens of a Member State to work in other Member States, reside in that state with their families, and be therefore treated equally to the nationals of that State in terms of working conditions, social advantages and taxes. This also includes supplementary pension rights for employees, including the self-employed within the EU.

**EURES network** (European Employment Services) aims to promote freedom of movement for workers within the EU through cooperation between national employment services and exchange of information on employment opportunities.

The workers right to move is complemented by a **social security coordination system**, which includes the right of migrant workers and their family members to cumulatively obtain and transfer social security benefits including the payment of such benefits. This is based on EU regulations that do not approximate but rather coordinate social security systems of Member States by requiring them to cooperate with one another.

**European Health Insurance Card** is given to all citizens for the purpose of reimbursing medical expenditures for necessary treatment of those ill or involved in accidents during their temporary stay in another member state, for example tourists.

#### *SAA Requirements*

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

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

#### *State of Play*

##### *Legislative Framework*

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

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

The above normative acts have transposed the following acquis acts:

- Directive 96/71/EC concerning the posting of workers in the framework of the provision of services and amending Regulation (EU) No. 1024/2012 on administrative cooperation through the Internal Market Information System ( 'the IMI Regulation' ).
- Directive 96/71 in 2014, which regulates in more detail the issue of the inspection of foreign workers and the process of international cooperation by the competent social security authorities

of the countries from which the foreign workers are posted, namely foreign employers located in Kosovo for a certain time.

- The directive which regulates the inspection of foreign workers is Directive 2014/67/EU of the European Parliament and of the Council of 15 May 2014 on the enforcement of Directive 96/71/EC concerning the posting of workers in the framework of the provision of services and amending Regulation (EU) No. 1024/2012 on administrative cooperation through the Internal Market Information System ('the IMI Regulation') Text with EEA relevance.
- Regulation (EC) No. 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems.
- Regulation (EC) No. 987/2009 of the European Parliament and of the Council of 16 September 2009 laying down the procedure for implementing Regulation (EC) No. 883/2004 on the coordination of social security systems.

*Institutional and framework:*

- Ministry of Economy;
- Ministry of Finance, Labour and Transfers;
- Ministry of Industry, Entrepreneurship and Trade;
- Ministry of Foreign Affairs and Diaspora;
- Ministry of Internal Affairs;
- Assembly of Kosovo.

*Medium-term Priority Objectives*

In order to fulfil the obligations deriving from the SAA and other EU accession documents and mechanisms in the areas within the scope of Chapter 2, the focus for the period 2019-2023 will be on the following medium-term priority objectives:

- Negotiating and reaching social security agreements for its citizens living and working outside of Kosovo, as well as for employees of EU Member States employed in Kosovo, in line with European Commission recommendations.
- Reviewing the legislative framework for regulation and management of pensions and benefits including better management of state-funded pensions through a single body in MFLT;
- Approximation of legislation with *acquis* by transposing:
  - Directive 79/7/EEC on equal treatment in matters of social security in accordance with the country's possibilities and capacities;
  - Directive 2014/67/EU of the European Parliament and of the Council of 15 May 2014 on the enforcement of Directive 96/71/EC concerning the posting of workers in the framework of the provision of services and amending Regulation (EU) No 1024/2012 on administrative cooperation through the Internal Market Information System ('the IMI Regulation') Text with EEA relevance;
- Review of the legislative framework for social and family services and the formula for funding social and family services.

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

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

In connection with the **freedom of establishment and freedom to provide services**, the Services Directive aims to facilitate the establishment and provision of services in other Member States and to provide cross-border services between Member States. Since the directive is a horizontal instrument covering a wide



range of services, its implementation requires a combination of legislative, organisational and practical measures. The provisions of the directive at a considerable extent are based on case law of the European Court of Justice in the areas of freedom of establishment and provision of services and complement existing EU instruments. The Directive obliges Member States to create a 'single point of contact' and participate in an electronic information system<sup>11</sup> for information exchange and cooperation in the supervision of services between Member States.

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

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

#### *SAA Requirements*

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

Pursuant Article 74 of the SAA, Kosovo is obliged to align its legislation with the existing and future EU *acquis* and to ensure its entry into force and appropriate implementation. Initially, alignment will focus on fundamental elements of the EU *acquis* in the area of the Internal Market as well as in areas related to trade.

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

#### Requirement of other EU accession mechanisms

Regarding *Freedom to Provide Services*, the EC's *Kosovo 2020 Report* states that Kosovo must remove the identified barriers to the freedom to provide services, by rolling out the action plan for the full implementation of the Law on services.

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<sup>11</sup> Internal Market Information System.

Regarding *postal services*, the EC's Kosovo 2020 Report requires the continued transposition of *acquis* into the local legislation and further open the postal market.

In the area of *mutual recognition of professional qualifications*, the EC's Kosovo 2020 Report states that Kosovo needs to transpose national legislation with the *acquis* in the area of mutual recognition of professional qualifications. The report underlines that secondary legislation needs to be adopted and that efforts to develop institutional structures for mutual recognition of qualifications need to be continued.

The conclusions from the meeting of the *Subcommittee on "internal market, competition and consumer protection"* emphasizes the need for Kosovo to align its legislation with that of the EU, establish the Single Point of Contact, and build the capacities of institutions dealing with the services.

## **State of Play**

### *Legislative and Policy Framework*

#### Legislative and policy framework on the right of establishment and freedom for provision of services

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

- Law No. 05/L-130 on Services;
- AI on the Manner of Functioning of Single Point of Contact;
- AI on Procedure of Notification and Compatibility Assessment of Draft Normative Acts.

The above normative acts have transposed the Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market.

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

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

#### Legislative and policy framework on postal services

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

- Law No. 06/L-038 on Postal Services;
- AI No. 2012/05 on Licencing of Private Operators.
- Regulation no. 41 on granting general authorization for provision of postal services,
- Regulation no. 44 for the provision of universal postal services,
- Regulation no. 23 on the quality standards of the universal postal service implementation,

- Regulation no. 11 on periodic statistical data on telecommunication and postal services.

The above normative acts have transposed the following acquis acts:

- Directive 97/67/EC – partially;
- Directive 2002/39/EC – partially;
- Directive 2008/06/EC related to restrictions on the reserved area – partially.

Legislative and policy framework in the area of mutual recognition of professional qualifications

The legislative framework in this area consists of the following main normative act:

- Law No. 05/L-066 on the Regulated Professions, and two Administrative Instructions approved in 2020
- AI on Criteria and Procedures on obtaining the Right to Practice a Regulated Profession’ and
- AI on Rules for the Functioning of the State Exam Commission, Compensation of its Members, as well as the Procedures and manner of conducting the State Exam’.

The above normative act has transposed the following acquis acts:

- Directive 2005/36/EC of the European Parliament and of the Council of 7 September 2005 on the recognition of professional qualifications;
- Directive 2013/55/EU of the European Parliament and of the Council of 20 November 2013.

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

*Institutional Framework*

Right of establishment and the freedom to provide services

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

- Ministry of Industry, Entrepreneurship and Trade (Kosovo Investment and Enterprise Support Agency – KIESA, and Department of Trade);
- Central Bank of Kosovo (Financial services);
- Ministry of Justice (Legal services);
- Ministry of Health (Healthcare services);
- The Ministry of Internal Affairs (residency permit for foreigners);
- Ministry of Environment, Spatial Planning and Infrastructure;
- Ministry of Finances, Labour and Transfers (Financial Services);
- Ministry of Culture, Youth and Sports (Restoration services);
- Regulatory Authority of Electronic and Postal Communications (RAEPC) (Telecommunications services);
- Chamber of Private Enforcements Agents;
- Notary Chamber of the Republic of Kosovo;
- Chambers of Healthcare Professionals.

Postal services

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

- Ministry of Economy;
- Regulatory Authority of Electronic and Postal Communications (RAEPC).

Mutual recognition of professional qualifications

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

- Ministry of Education, Science, Technology and Innovation, namely the Division for Examination of Regulated Professions;
- National Qualifications Authority.

### *Donor Support*

Kosovo institutions are supported by the EC (through IPA) and other bilateral donors with the following summarized projects.

In the light of the IPA financial agreement 2016 in the sector of “Competiveness and innovation” we have foreseen the project “Supporting the implementation of the EU service directive” which is expected to commence implementation in the second half of 2020. This is a project with a twining character.

*Support to Kosovo Institution in the integration process* is a project of the Government of Luxembourg that aims at building institutional capacities of the Republic of Kosovo in the implementation of priorities emerging from the SAA. This project has commenced in 2019 and will provide support to the Trade Department.

The Department of Trade is also supported by the GIZ project “Support to the European Integration Process in Kosovo”. GIZ project aims to support the Ministry of European Integration and line ministries in training them to lead the European integration process, to implement the SAA. The project aims to systematically strengthen the existing structures and processes of partner institutions and supports the cooperative relations between these institutions at the central and local level.

### *Medium-term Priority Objectives*

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

#### *The right of establishment and freedom to provide services*

- Implementation of the Action Plan for Transposition of the Directive on services in the internal market (2006/123/EC) for the period 2017 - 2022;
- Implementation of AI no. 04/2018 on the Functioning of the Single Contact Point;
- Implementation of the Action Plan to establish the point of single contact (PSC);
- Implementation of AI No. 05/2018 on Notification Procedure and the Compliance Assessment of Draft Normative Acts with the Law on Services;
- Draft analysis on the diagnosis of important service trade sectors as a basis for establishing appropriate policies;
- The process of approximation of national legislation with the Services Directive will be continued
- Work will be done on increasing the professional skills of the staff of the Legal and Trade Department for the evaluation of the harmonization of the draft normative acts with the Law on Services;
- We will work on raising the awareness of businesses, professional associations and municipalities to simplify administrative procedures related to the implementation of the five-year Action Plan;
- The Law on Electronic Identification and Trusted Services in Electronic Transactions will be implemented

#### *Postal services:*

- Alignment with the acquis on postal services will continue, including the regulation on Cross-Border Parcel Delivery Services
- Drafting the National Strategy for development of the postal sector in the Republic of Kosovo year 2022 - 2026;
- Further work will be done on developing the capacities of institutions dealing with postal services to ensure a successful review and approximation process.

#### *Mutual recognition of professional qualifications:*

- Compilation and publication of the list of regulated professions;
- Completion of secondary legislation for the implementation of the Law on Regulated Professions;
- Capacity building of staff in the field of regulated professions.

### 3.4. Acquis Chapter 4: Free Movement of Capital

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

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

Acquis in this area also consists of Conventions No. 141 and No. 198<sup>12</sup> of the Council of Europe and EU legislation on cooperation in the area of justice and police (including the Joint Action 98/699/JHA, Council Framework Decision 2001/500/JHA and the 2000 Protocol extending the powers of Europol in the area of money laundering). Similarly, the Council Decision 2000/642/JHA of 2000 establishes a framework of cooperation between the Financial Intelligence Units of EU countries.

#### *SAA Requirements*

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

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

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

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

#### *Requirement of other EU accession mechanisms*

According to the EC's *Kosovo 2020 Report*, the movement of capital remains largely free in Kosovo, with no restrictions on foreign ownership or on investments in the financial sector. Some restrictions remain for EU nationals acquiring real estate in Kosovo. During the reporting period, some progress was made notably in the area of payment services, with the entry into force of the Regulation on licencing and oversight of payment system operators. The legislative framework on the prevention of money laundering and terrorist financing still needs to be aligned with the EU acquis. Inter-institutional cooperation to ensure proper investigation and prosecution of offences in that area should be enforced. Although initial steps were taken, the recommendations of the previous report remain valid.

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<sup>12</sup> This complements Convention 141 and is also ratified by the EU.

It is recommended that Kosovo amend the Law on property rights to grant national treatment to EU nationals acquiring real estate in Kosovo, in line with the SAA; and increase efforts to fight economic and financial crime and align the Law on the prevention of money laundering and terrorist financing with the EU acquis.

The conclusions of the meeting of the Subcommittee on Internal Market, Competition and Consumer Protection call for increased efforts to combat economic and financial crime and to harmonize the Law on the prevention of money laundering and terrorist financing with the acquis.

The report and conclusions also underline that Kosovo should impose additional sanctions against terrorist financing; as well as for the identification of the beneficiary owner and the implementation of mechanisms of targeted financial sanctions; and identification and protection of important infrastructure. Moreover, the authorities should update the sectorial risk assessments with a more rigorous methodology and extend them to the sectors identified in the National Risk Assessment and the Organized Crime Threat Assessment of Kosovo Police.

### ***State of Play***

#### *Legislative and Policy Framework*

##### *Liberalization of capital movement*

The legislative framework in this area consists of the Law No. DL-016-2009 on Property and Other Real Rights.

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

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

##### *Payment system*

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

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

##### *Payment system*

The above normative acts have transposed the following acquis acts:

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

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

- CBK Strategic Plan, which foresees the following:
  - Amendment of the regulation related to the oversight of payment systems in accordance with international standards and best practices;

- Supporting and further modernization of payment services and promotion of cooperation amongst the stakeholders of the national payment system;
- Advancement of the role of CBK as a catalyst for progress in the area of payments in the Republic of Kosovo.
- Policies and Standards for the Supervision of Aligned Payment Systems according to CPSS-IOSCO Principles;

#### Prevention and combating of money laundering

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

- Law No. 05/L-096 on the Prevention of Money Laundering and Combating Terrorist Financing;
- AI on Politically Exposed Persons;
- CBK Regulation on Prevention of Money Laundering and Combating Terrorism;
- AI No. 01/2018 on Keeping Statistics on Prevention of Money Laundering and Combating Terrorism;
- AI MoF-No. 04/2018 on National Money Laundering and Terrorist Financing Risk Assessment;
- UA MoF (FIU-K) No. 02/2017 on Training on Preventing of Money Laundering and Combating Terrorist Financing;
- Regulation MoF (FIU-K) No. 01/2017 on the Compliance Function and the Suitable and Appropriate Criteria for the Compliance Officer;
- AI No. 01/2017 on the Exclusion of Certain transactions from Reporting;
- Guideline to the List of High-Risk Jurisdictions;
- AI MoF (FIU-K) No. 01/2020 on the Prevention and Detection of Money Laundering, Related Criminal Offenses and Terrorist Financing in Online Environments.

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

The policy framework in this area comprises the Strategy and Action Plan for Prevention and Combating of Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2019-2023.

#### *Institutional Framework*

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

#### **Donor Support**

##### *Current and planned projects of bilateral donors*

*Support to the drafting of the Civil Code and dealing with property issues:* it aims to finalize the Civil Code and deal with property issues. The project is divided into three phases: 1. *Initial phase (three months)*; 2. *Implementation phase (36 months)*; and 3. *Departure phase (6 months)*. *Project duration: 2017-2020.*

*Support to Kosovo institutions in the European integration process:* aims at building institutional capacities for the Kosovo Public Administration in meeting the obligations deriving from the SAA. Among the priority chapters that will be funded by this project is also Chapter 4 with three components of this chapter to be supported by this project. The project is supported by Norway and is expected to start implementation in 2019. In other words, the Central Bank of Kosovo, the Financial Intelligence Unit, the Ministry of Justice and the former Ministry of European Integration are in need of training in order to understand deeply the key requirements of the Acquis on the free movement of capital. In addition to other activities, these training sessions will be useful for professional staff in charge of transposing the Acquis and implementing policies that directly contribute to EU reforms.

#### **Medium-term Priority Objectives**

In order to meet the obligations deriving from the SAA and other EU accession documents and mechanisms in the areas within the scope of Chapter 4, the focus for the period 2021-2025 will be on the following medium-term priority objectives:

Liberalization of capital movement:

- Strengthening the property rights system;
- Adopt and implement legislation in the field of property rights of foreign nationals, in particular EU nationals in line with the SAA.

Payment system:

- Adoption of the secondary legislation on Law No. 04/L-155 on Payment System for purposes of approximation with Directive No. 2015/2366 on payment services in the internal market.
- Drafting Strategy for the Development of Payment Systems in the Republic of Kosovo.

Prevention of Money Laundering and Financing of Terrorism:

- Transposition of Directive 2015/849 and Directive 2018/843 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing through the amendment of Law No. 05/L-096 Prevention of Money Laundering and Combating Financing of Terrorism;
- Improving the quality of information that the IUCN receives from reporting entities;
- 3<sup>rd</sup> National Money Laundering and Counter Terrorism Financing Risk Assessment;
- Kosovo's membership in Moneyval.
- Increase in the number of FIU staff;
- Provide specific instructions to reporting entities on how to prepare and conduct risk assessments;
- Strengthen the overall structure of the supervisory framework and develop supervision based on risk and on the most vulnerable sectors;
- Strengthen capabilities to identify beneficial ownership and limit abuse of legal entities and legal agreements for the purposes of AML/CFT;
- Review of AML/CFT risk assessment methodology and strengthen of risk assessment, risk management and strategic framework;
- Investigation and prosecution of terrorist financing;
- Capacity building for preventive measures against terrorist financing and on financial sanctions. .
- Implementation of the recommendations of the Kosovo Report on Conformity Assessment with international standards in preventing money laundering and combating terrorist financing (a total of 87 measures under 11 Immediate Results).

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

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

Granting of public contracts for works, supplies and service delivery is coordinated by two specific Directives: Directive 2004/18/EC repealed by Directive 2014/24/EU on public procurement and Directive 2004/17/EC repealed by Directive 2014/25/EU on coordination of procurement procedures by entities operating in the water, energy, transport and postal services sectors. Also, concessions are governed by Directive 2014/23/EU on the award of concession contracts.

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



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

#### *SAA Requirements*

Chapter I, Title VI respectively of Article 79 of the SAA explicitly imposes a number of obligations on Kosovo.

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

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

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

#### *Requirements of other EU accession mechanisms*

In the area of public procurement, the EC'S *Kosovo 2020 Report* and the conclusions of the Subcommittee on Internal Market, Competition Policy and Consumer Protection highlight the need of Kosovo for further approximation of public procurement legislation with the Acquis, including public-private partnerships and concessions, and ensure proper implementation of the Law on Public Procurement. Kosovo should also ensure that the board of the Procurement Review Body (PRB) is fully operational, and that staff capacity constraints are addressed. The EC's report and the conclusions of the Subcommittee also recommend that Kosovo increase the capacity of all public procurement institutions and their cooperation to ensure the continuous implementation of the public procurement regulatory framework.

Furthermore, the conclusions of the Subcommittee emphasize that the draft law on Public-Private Partnership to be harmonized with Directive 2014/23/EU should be consulted with SIGMA and the European Commission before being adopted, including exemptions based on international agreements.

Although Kosovo has some level of preparation for public procurement, little progress has been made with the further extension of the electronic procurement platform.

Kosovo still needs to address the weak capacity of public procurement institutions to manage public procurement, insufficient monitoring and enforcement of contracts, and weak legal remedies systems, all of which are vulnerable to corruption.

Kosovo's public procurement legislative framework is largely aligned with EU 2004 Directives on classical procurement and utilities as well as on public-private concessions and partnerships. Further alignment with the 2014 EU Directives, including public-private partnerships and concessions, is still needed. All legal and financial instruments used in the area of public procurement and concessions, including intergovernmental agreements with third countries, should reflect the principles of transparency, competition, equal treatment and non-discrimination.

Centralised procurement is mandatory for 14 categories of goods and services, listed by the Ministry of Finance and applies to all Contracting Authorities of both the central and local level. The Public Procurement Agency carries out procurement activities also for agencies with less than 50 employees, which report to the Assembly. However, only 16 (out of 165) contracting authorities carry out procurement through the Central Procurement Agency. In 2019, they carried out 31 centralised procurement procedures. However, the staff and other resources of the Central Procurement Agency are insufficient to meet the requirements. The shortcomings result from poor planning and failure of contracting authorities to conduct market research. Insufficient analysis and data collection contributes to poor contract execution. Only when the 'lowest price' criterion is used in producing supplies can lead to higher lifecycle costs and poor quality purchases. Contract management and implementation monitoring is inadequate.

### ***State of Play***

#### *Legislative and Policy Framework*

The legislative framework is partially aligned in compliance with the EU standards and it is non-discriminatory. Amendment of the LPP eliminated the preferential treatment for local bidders.

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

With regard to public procurement bylaws and policies, the main documents include:

- Rules and Operational Guidelines for Public Procurement, and the standards documents to be used in carrying out public procurement activities.
- National Public Procurement Strategy (2017-2021);

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

- Directive 2014/24/EC of the European Parliament and of the Council of 26 February 2014 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts, repealing Directive 2004/18/EC, which should be transposed by Member States within 24 months from its entry into force.
- Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC.
- Directive 2007/66/EC of the European Parliament and of the Council of 11 December 2007 related to legal remedies.

The PPRC has initiated the amendment of the Law on Public Procurement upon identification of the emerging needs. This amendment will incorporate the provisions of the new EU Procurement Directives, complete the basis for the proper functioning of the e-procurement platform, define opportunities for SMEs to participate in procurement activities, and eliminate all difficulties encountered during the implementation of the Law on Public Procurement in practice. The process is in the final stage of the draft Concept Document on the treatment of legislation in the area of public procurement was approved on 9.09.2020, while according to the Decision of 06.10.2020, the Team responsible for drafting the new Law on Public Procurement has been established. The objectives are to draft a new law on public procurement in the first quarter of 2021. The issuance of new bylaws for the implementation of the new Law on Public Procurement will be performed within a period of 6 months after the adoption of the law.

Regulation of concessions was removed from the law to avoid confusion and inconsistency with the specific law on the procedure for concessions which was adopted in 2005.

A significant number of bylaws to enable implementation of the law has been prepared, including standard forms for each type of notice, code of ethics, a form for reporting on signed contracts, the standard forms of tender files, a form for filing complaints to the Procurement Review Body and instructions for procedures with minimal value.

In order to enable better functioning of the electronic procurement platform, increase transparency in the area of public procurement and implement it more properly, three (3) amendments to the Public Procurement Rules and Guidelines and two amendments to Standard Form B58 and have been made as well as AI No. 1/2019 on the actions of the PPRC and Contracting Authorities in public procurement procedures in case of obstacles in the functioning of the electronic platform of procurement.

The first amendment of A01 Rules and Operational Guidelines on Public Procurement and the Standard Form B58 Notification of the Decision of the Contracting Authority entered into force on 16 April 2018.

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

The third amendment and supplement to the Regulation, A01 Rules and Operational Guidelines for the Public Procurement, entered into force on 10.04.2019. Through this amendment, Contracting Authorities, when implementing procurement activities, are required to publish in the e-procurement system also the minutes of the bid opening, Standard Form B12 as well as signed contracts.

AI No. 1/2019 on the actions of the PPRC and Contracting Authorities in public procurement procedures in case of obstacles in the functioning of the electronic platform of procurement was approved on 09/13/2019. The Instruction aims to help the CA on how to act in case of obstacles in the electronic platform during the implementation of procurement activities.

#### *Institutional Framework*

##### *Institutional framework in the area of public procurement*

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

- Public Procurement Regulatory Commission (PPRC)
- Procurement Review Body (PRB)
- Ministry of Finance, Labour and Transfers / Central Procurement Agency (CPA).

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

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

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

#### Public procurement reform

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

The PPRC, in view of increasing the use of the electronic procurement system by the economic operators, issued a decision in mid-2018, according to which bids may only be submitted electronically for all centralized procurements carried out by CPA starting from 5 July 2018, whereas bids may only be submitted electronically for all large value procurements published by all contracting authorities starting from 1 September 2018. Hereby, 98% of all procurement activities, including submission of bids, are implemented through the e-procurement platform (excluding contracts with a minimal value under EUR 1000).

In order to improve management during the implementation of signed contracts and increase transparency in this area, the PPRC, with the support of the USAID-DAI project "Transparent and Accountable Municipality - Transparency Component, and Accountable Municipality", is working on modifying the e-procurement system to support electronic contract management tools and contractor performance assessment. This process was paused in 2020 due to the Covid-19 pandemic).

These tools will be ready to be used in early 2021. Upon the application of electronic tools (module) for the implementation of electronic management of signed contracts, by 2021, the management implementation will be conducted up to 100% of contracts signed through the e-procurement system.

PPRC, in order to facilitate and support contracting authorities at all levels, has initiated a continuous training process in the area of public procurement, which will continue to the extent deemed necessary and/or required by the Contracting Authorities and Economic Operators.

The objectives and plans pertain the fact that as of 2021 and onwards the training of procurement officers and other stakeholders will continue in the area of public procurement, with a focus on legal amendments made and the use of the criterion "The most economically advantageous tender", to encourage the contracting authorities to use this criterion for the award of public contracts in order to achieve sustainable procurement.

#### ***Donor Support***

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

##### *Current and planned projects supported by IPA*

- The reform of the public procurement system in Kosovo is widely supported by relevant projects funded by the EU and the World Bank.
- DAI USAID "*Transparent and Accountable Municipality - Component of Transparency and Accountability Municipality*" Project, which aims to improve administrative capacities in the area of public procurement in Kosovo and is expected to be completed by the end of June 2022;
- The UK Embassy is supporting the Procurement Review Body with experts who will contribute to ensure that the PRB's decisions are properly justified and fully implemented. The project is foreseen to last until March 2020;
- Implementation of the project: Technical Assistance to support the implementation of Public Finance Management Reforms, funded by EU funds, commenced in January 2020;

- The project managed by the future Agency for European Integration within OPM (the former MEI) and the Government of Luxembourg, aimed at building institutional capacity for the public administration of Kosovo in meeting its SAA obligations.

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

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

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

As of January 2020, implementation of the EU-funded project Technical Assistance to Support the Implementation of Public Finance Management Reforms has started. The purpose of the public procurement component project is to support the Central Public Procurement Bodies in their regulatory, advisory, monitoring, supervisory, implementing and reviewing roles in order to strengthen the effectiveness of public procurement, ensuring the best value for money. The project will also support PPRC in drafting and implementing the public procurement legislative framework in Kosovo, which is in line with the EU acquis, including implementing legislation. The project is expected to last 3 years.

The Luxembourg project, which will implement the Chapter 5 activities in 2020, aims to develop the institutional capacity of the Kosovo Public Administration in meeting its SAA obligations. Among other things, it is foreseen to develop the PPRC's capacities in administering the electronic procurement system, efficient monitoring of such activities as well as providing training in public procurement. Similarly, in early 2020, among other things, advanced training in the application of legal changes - in particular the transposition of EU Directives, IT security system training, and training in connection to concession contract awarding under the Public-Private Partnership - is also planned.

During 2020, the PPRC in support of the Luxembourg Project has held the training "Training of Trainers for Public Procurement Management" according to the EU system. Due to the situation created with the Covid-19 pandemic, the training was delivered online. 10 officials from 2 Central Public Procurement Institutions (PPRC & CPA) attended and the training aimed to develop the capacity of central public procurement institutions regarding the implementation of EU Public Procurement Directives and best practices, focusing on: EU procurement law; Legal principles and issues; Procurement procedures and framework agreements; In-house procurement and direct procurement; Qualification & Exclusion; Self-cleaning; ESPD or Unique Procurement Document; eCertis; 'TEMF based on the concept of the best price-quality ratio'; Contract management as well as training techniques and methodology. The training was implemented by one of the internationally recognized Institutes in the area of public procurement training ITC-ILO (International Training Centre - International Labour Organization).

Also, during 2020, the PPRC in support of the same project has delivered the training CEH (Certified Ethical Hacker). Due to the situation created with the Covid-19 pandemic, the training was delivered online. The training aimed at capacity building in the area of information security and data protection, of the e-procurement staff within the PPRC. 2 IT officers from the e-procurement Department of the PPRC attended this training. The training was delivered by AUK (American University of Kosovo).

### ***Medium-term Priority Objectives***

In order to fulfil the obligations deriving from the SAA and the other EU accession documents and mechanisms in the areas within the scope of Chapter 5, the focus over the period 2020-2024 will be on the following medium-term priority objectives:

- Gradual approximation of the country's legislative framework with the EU legislative framework based on the SAA requirements, and utilizing the experience and best practices of EU member states in the area of public procurement.
- Increasing efficiency in the Public Procurement system including the electronic system, setting of rules and monitoring according to the principle of transparency and access to information at all stages of procurement activities during the use of public funds.
- Improving responsibility, integrity, accountability, control for policy implementation and legislation in public procurement, making the necessary amendments to the LPP.
- Training and enhancement of the quality of Public Procurement training, including training on e-procurements, aimed at development of professional procurement staff in the procurement sector to cope with an increasing procurement market and its expected role in national economic development.
- Further improvement of coordination, including the establishment of a mechanism for inter-institutional cooperation between public procurement actors such as Public Procurement Regulatory Commission, Procurement Review Board, Central Procurement Agency but also the Kosovo Competition Authority, the Auditor General, the judiciary and law enforcement institutions.
- Adoption of regulations and instructions for market research as part of assessment before awarding centralized public procurement decisions;
- Communicating and raising awareness about public procurement in Kosovo.

### 3.6. Acquis Chapter 6: Company Law

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

In the area of **company law**, the Directive 2009/101/EC on coordination of safeguards which are required by the companies for the protection of the interests of members and third parties (formerly known as First Company Law Directive) contains requirements for mandatory disclosure. The Second Company Law Directive 2012/30/EU consist in the rules for the establishment of public companies with limited liability and their capital. The Eleventh Company Law Directive (89/666/EEEC) regulates disclosure requirements for branches opened in a Member State and governed by another country. The Twelfth Company Law Directive (2009/102/EC) requires Member States to recognize in their laws single-member limited liability companies. Directive 2004/109/EC (Transparency Directive) requires alignment of transparency requirements for listed companies. Directive 2017/1132 has been adopted recently, codifying and replacing 6 Directives: 82/891/EEC, 89/666/EEC, 2005/56/EC, 2009/101/EC, 2011/35/EU, and 2012/30/EU.

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

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

In the area of **financial reporting and auditing**, the acquis rules require the publication of annual and consolidated accounts of public and private limited liability companies (Seventh Company Law Directive),

statement of revenues and profit (Fourth Company Law Directive) including simplified rules for small and medium enterprises. Application of International Accounting Standards is mandatory for some entities of public interest. These guidelines also set requirements for auditing and obligations for disclosure and publication of data. In addition, the *acquis* specifies rules for the approval, professional integrity and independence of statutory audits.

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

#### *SAA Requirements*

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

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

#### Requirements of other EU accession mechanisms

The EC's *Kosovo 2020 Report* states that Kosovo took concrete steps to implement the Law on Business Organisations. The report underlines the fact that the responsible institutions have adopted two bylaws i.e., a unique identification number and a fee. However, it is noted the need for further harmonization of company law with the EU *acquis*, especially the provisions related to minimum capital requirements, cross-border mergers, as well as the publication of information on foreign branches in Kosovo.

The meetings of the Subcommittee on Internal Market, Competition and Consumer Protection noted the need for future legislative initiatives to be harmonized with the provisions of Directive EU/2017/1132 and for further alignment of legislation with that of the EU in areas with shortcomings or with partial transposition to the Law on Business Organizations, including minimum capital requirements, aspects of publication of information about companies and their branches, cross-border mergers, sole proprietorships, shareholder protection and bids for purchases. The need to draft and adopt the first Code of Corporate Governance, according to EU best practices, was also stressed.

Regarding financial reporting and auditing, the EC's *Kosovo 2020 Report* states that the new Law on Financial Reporting, Accounting and Auditing has already entered into force, and bylaws regarding the licensing of auditors and audit companies have been adopted. The report underlines the need that future initiatives to amend and supplement the Law should take into account the transposition of the *acquis* on the reporting of non-financial components of companies. The report also states that although the Public Oversight Board has been established, a sustainable financial solution has not yet been found which would enable the normal operation of the oversight structures.

The conclusions of the Subcommittee on Internal Market, Competition and Consumer Protection underline the need to provide adequate resources for supervisory structures, as well as to enable the development of inspection activities.

#### ***State of Play***

##### *Legislative and Policy Framework*

The Legislative and policy framework in the area of company law consists of the following main relevant normative acts:

- Law No. 06/L-016 on Business Organisations;

- AI No. 11/2018 on setting of taxation for services provided by the Business Registration Agency;
- AI on setting forth the requirements, conditions and procedures for the creation of the unique identification number
- AI No. 02/2020 on the Registration Procedure of the Official Name and Trade Name of Business Organisations
- AI No. 03/2020 on the Manner and Procedure for Registration and Amendment of Data of Business Organisations in the Kosovo Business Registration Agency.

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

- Directive 2009/101/EC of the European Parliament and of the Council on coordination of safeguards which, for the protection of the interests of members and third parties, are required by Member States of companies within the meaning of the second paragraph of Article 48 of the Treaty, with a view to making such safeguards equivalent;
- Council Directive 89/666/EEC concerning disclosure requirements in respect of branches opened in a Member State by certain types of company governed by the law of another State
- Directive 2011/35/EU of the European Parliament and of the Council of 5 April 2011 concerning mergers of public limited liability companies;
- Council Directive 82/891/EEC 1982 based on Article 54 (3) (g) of the Treaty, concerning the division of public limited liability companies, hereinafter Directive 82/891/EEC;
- Directive 2005/56/EC of the European Parliament and of the Council on cross-border mergers of limited liability companies;
- Directive 2012/17/EU of the European Parliament and of the Council of 13 June 2012, amending Council Directive 89/666/EEC and Directives 2005/56/EC and 2009/101/EC of the European Parliament and of the Council as regards the interconnection of central, commercial and companies registers;
- Partial transposition of Directive 2012/30/EU of the European Parliament and of the Council of 25 October 2012 on coordination of safeguards which, for the protection of the interests of members and others, are required by Member States of companies within the meaning of the second paragraph of Article 54 of the Treaty on the Functioning of the EU, in respect of the formation of public limited liability companies and the maintenance and alteration of their capital, with a view to making such safeguards equivalent.
- Directive 77/91/EEC on coordination of safeguards,
- Directive 78/855/EEC of 9 October 1978 based on Article 54 (3) (g) of the Treaty concerning mergers of public limited liability companies (joint stock companies);
- Directive 82/891/EEC of 17 December 1982 based on Article 54 (3) (g) of the Treaty, concerning the division of public limited liability companies (joint stock companies);
- Directive 89/667/EEC of 21 December 1989 on single-member private limited-liability companies
- Directive 2005/56/EC of the European Parliament and of the Council of 26 October 2005 on cross-border mergers of limited liability companies;
- Directive 89/666/EEC concerning disclosure requirements in respect of branches opened in a Member State by certain types of company governed by the law of another State.

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

- The Government Programme, which includes the following objectives for this area:
- Private Sector Development Strategy 2018-2021;
- Other national and regional strategic documents.

#### Financial reporting and auditing:

The legislative framework on this area consists of the Law No. 06/L-032 on Accounting, Financial Reporting and Auditing.

It has transposed the following *acquis* acts:



- Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts;
- Directive 2008/30/EC of the European Parliament and of the Council, amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts;
- Directive 2013/34/EU of the European Parliament and of the Council on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC; and
- Directive 2014/56/EU of the European Parliament and of the Council, amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts.

#### *Institutional Framework*

##### *Institutional framework in the area of Company law*

- Ministry of Industry, Entrepreneurship and Trade / Kosovo Business Registration Agency.

##### *Institutional framework in the area of financial reporting and auditing:*

- Kosovo Council for Financial Reporting;
- Ministry of Finance, Labour and Transfers.

#### **Donor Support**

##### *Current and planned bilateral donor projects*

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

##### **Medium-term Priority Objectives**

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

##### *Company law:*

- Completion of bylaws for the implementation of the Law on Business Organisations;
- Approach local legislation with the *acquis*, namely: Directive 2017/828, Directive 2019/1151 and Directive 2019/2121;
- Legislation approximation including BRIS interconnection system;
- Development and implementation of corporative governance;
- Improvement of the human and technical capacities of one-stop shops and of business services, improving business services and undertaking affirmative action to encourage under-represented gender, in line with the Law on Gender Equality;
- Training as staff on the use of new software and electronic platform;

##### *Financial reporting and auditing:*

- Issuance of bylaws aligned with the amended Law on Accounting, Financial Reporting and Auditing;
- Development and implementation of auditing and financial reporting standards, Vocational Education and Continuing Professional Development rules in Accounting and Auditing;
- Development and implementation of audit quality inspection methodology in line accordance with the audit regulation.

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

The EU *acquis* in this area specifies aligned rules for the protection of industrial property, copyright and related rights.

Government Programme 2017-2021; In the area of industrial property rights, the *acquis* establishes rules for the legal protection of trademarks, industrial designs, patents, geographical indications and origin

designations as well as the protection of integrated circuit topography. Membership in the European Patent Convention and the European Patent Organization is important for the EU patent system.

Directive 2015/2436/EU on Trademarks and Directive 2015/2436/EU on Trade Secrets should be transposed into the national legislation of Kosovo.

The *acquis* also contains EU Regulations, which regulate industrial design and trademarks in the EU. Participation in the Madrid Protocol and the Hague Agreement are important not only for the system of trademarks and design in the EU but also for the international registration of industrial design and trademarks. There are also provisions (within both Regulations) on supplementary protection certificates offering the invention authors additional protection in the events the patent is covered by an administrative marketing authorization that does not allow for full benefits from the use of patent (particularly in areas of pharmaceuticals, plant products etc.).

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

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

#### *SAA Requirements*

SAA provisions require that Kosovo institutions in charge of intellectual property provide first of all the legislative framework, aligned with EU directives and regulations, and secondly provide equal protection of these rights in Kosovo at the same level as those of the EU. Articles 77 and 78 of the SAA oblige Kosovo to take all necessary measures in order to guarantee the protection of the intellectual property rights, including effective means of enforcing such rights.

More specifically, based on the SAA articles, Kosovo shall:

- Establish a system of intellectual property in Kosovo in conformity with international standards in the area of intellectual property;
- Pay attention to regional and international cooperation, because Kosovo is not a signatory to any international or regional agreements, likewise, it is not a member of any international and regional organisations in the area of intellectual property;
- Kosovo is obliged to draft legislation and policies in a way that will conform with National Treatment Principle, whereby Kosovo and the EU will give companies of each other treatment no less favourable than what they give to any third country under the Bilateral Agreements;
- Cooperate, in line with SAA Article 109, in the audio-visual area to promote the audio-visual industry in Europe, and support co-production in the areas of cinema and audio-visual media, where, under this Article, cooperation may include programmes and facilities for the training of journalists and professionals in the audio-visual media industry, as well as technical assistance to

Kosovo's public and private media, aiming at strengthening their independence, professionalism and ties to the European media;

- Approximate its policies on regulating aspects of content of cross-border broadcasting with those of the EU;
- Align its legislation with the EU acquis in the area of the acquisition of intellectual property rights for programmes and broadcasts as well as ensure and strengthen the independence of the relevant regulatory authorities;
- Engage in the protection of Geographical Indications and Designations of Origin in accordance with Articles 2, 6, 7, 8 of the Agreement on the Reciprocal Recognition, Protection and Control of Wine, Alcoholic Beverages and Aromatized Wines names;
- Encourage cooperation in civil scientific research and technological development in accordance with Article 118 of the SAA, on the basis of mutual benefit and taking into account available resources, appropriate access to their respective programmes, conditioned by appropriate levels of efficient protection of intellectual, industrial and commercial property rights.

#### Requirements from other EU accession mechanisms

In the area of *copyright*, the EC's *Kosovo 2020 Report* highlights the fact that Kosovo has adopted the National Strategy for Copyright and Related Rights, and that the Ministry has appointed members of the Task Force against piracy and counterfeiting. The report also states that the commission for determining the fees for the use of copyrighted material has been established, and the approval of these fees is expected to take place this year.

The conclusions of the Subcommittee on Internal Market, Competition and Consumer Protection require the Copyright Office to harmonize its legislation with the relevant EU Directives, specifically the Collective Rights Management Directive, as well as to take the necessary steps to ensure the reimbursement of right holders.

On the other hand, in terms of industrial property, the EC's *Kosovo 2020 Report* states that progress has been made in amending patent legislation, and that the legal framework still needs to be aligned with the EU acquis. The report recognizes the progress of the Agency for Industrial Property in reducing the backlog of applications, and in adding new human resources. The report underlines the need to approve the National Strategy for Industrial Property and strengthen inter-institutional cooperation.

The conclusions of the Subcommittee on Internal Market, Competition and Consumer Protection require that the Agency for Industrial Property continue to harmonize domestic legislation with that of the EU, especially in the area of trade secrets, trademarks, industrial designs, patents, and topographies. The need for approval of the Industrial Property Strategy, and organization of awareness-raising activities with the public on the importance of Industrial Property is also stressed.

In the horizontal aspect of the implementation of intellectual rights, the EC's *Kosovo 2020 Report* states that there is a need to strengthen cooperation between the police, customs, and the market inspectorate. In this regard, it is also mentioned the need to obtain permission from the police, market inspectors before undertaking any investigative activity.

### **State of Play**

#### *Legislative and Policy Framework*

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

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

- Regulation on the Rules of Procedure of the Expert Commission on Agricultural Products and Foodstuffs, adopted.

These normative acts have transposed the following acquis acts:

- Directive 93/83/ECC on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission;
- Directive 2001/29/EC on alignment of certain aspects of copyright and related rights in the information society;
- Directive 2001/84/EC on the resale right for the benefit of the author of an original work of art;
- Directive 96/9/EC of 11 March 1996 on the legal protection of databases (OJ L 077, 27/03/1996);
- Directive 2006/115/EC on rental right and lending right and on certain rights related to copyright in the area of intellectual property;
- Directive 2009/24/EC on the legal protection of computer programmes;
- Directive 2011/77/EC aligning the term of protection of copyright and certain related rights (OJ L 265, 11/10/2011) amending Directive 2006/116/EC of 12 December 2006;
- Directive 2012/28/EC on certain permitted uses of orphan works (OJ L 299, 27/10/2012);
- Directive 2014/26/EU of the European Parliament and of the Council on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market (OJ L 84, 26/02/2014);
- Directive 2004/48/EC of the European Parliament and of the Council on the enforcement of intellectual property rights.

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

- Law No. 04/L-029 on Patents;
- Law No. 04/L-026 on Trademarks;
- Law No. 05/L-058 on Industrial Design;
- Law No. 05/L-051 on Geographical Indications and Designations of Origin;
- Law No. 06/L-015 on Customs Measures for Protection of Intellectual Property Rights;
- Law on Market Inspectorate;
- Law No. 03/L-165 On Determining the Rights and Protection of Topographies of Integrated Circuits
- AI No. 09/2018 On Determining Symbols for Geographical Indications, Designation of Origin and Guaranteed Traditional Specialties
- AI No. 06/2018 On Authorized Representatives In The area Of Industrial Property
- AI No. 02/2017 On The Responsibilities, Mandate And Work Of The Appealing Committee Under The Industrial Property Agency
- AI No. 14/2016 On Trademark Registration
- AI No. 13/2016 For On The Procedure For Registration Of Patents
- AI No. 12/2016 On Registration Of The Industrial Design
- AI No. 11/2016 On Registration Procedure Of Geographical Indications And Designations Of Origin
- AI No. 10/2016 On Administrative Fees For Industrial Property Facilities
- Regulation (MTI) No. 01/2020 on the Rules of Procedure of the Expert Commission on Agricultural Products and Foodstuffs.

These normative acts have transposed the following acquis acts:

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

- Directive 98/44/EC of the European Parliament and of the Council on the legal protection of biotechnological inventions;
- Regulation (EC) No. 469/2009 of the European Parliament and of the Council concerning the supplementary protection certificate for medicinal products;
- Regulation (EC) No. 469/2009 of the European Parliament and of the Council concerning the supplementary protection certificate for medicinal products.
- Directive 2008/95/EC of the European Parliament and of the Council to approximate the laws of the Member States relating to trademarks;
- Directive 2004/48/EC of the European Parliament and of the Council on the enforcement of intellectual property rights;
- Directive 98/71/EC of the European Parliament and of the Council on legal protection of designs
- Regulation (EU) No. 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs;
- Council Regulation (EC) No. 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs;
- Regulation (EU) No. 608/2013.

#### *Institutional Framework*

##### Copyright

- Ministry of Culture, Youth and Sport / Office on Copyright and Related Rights.

##### Industrial property

- Ministry of Industry, Entrepreneurship and Trade/Industrial Property Agency.

##### Intellectual property law

- Kosovo Customs;;
- Market Inspectorate;
- Kosovo Police: Economic Crime Unit and Cybercrime Unit.

#### ***Donor Support***

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

##### *Current and planned IPA projects*

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

*EU Support for Intellectual Property Rights in Kosovo:* The purpose of this project, which started in 2019, is to support the Industrial Property Agency in drafting legislation and policies, administrative and structural capacity building of the institutions in charge of enforcement of intellectual property rights in Kosovo and raising awareness in the private sector.

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

#### ***Medium-term Priority Objectives***

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

Copyright and Related Rights:

- Capacity building of staff in intellectual property institutions and intellectual property rights enforcement institutions;
- Raising the awareness of rights holders regarding the importance of the establishment of new Collective Copyright Management Associations;
- Raising the awareness of copyright holders on the importance and benefits of collective rights management (with particular emphasis on publishers' awareness-raising activities);
- Issuance of bylaws from the new Law on Copyright;
- Promoting the importance of collective rights management to authors;
- Improvement of legislation on cybercrime;
- Take measures to further align with the latest EU copyright legislation, such as the Collective Rights Management Directive;
- Efforts will continue to ensure the implementation of appropriate collective licensing agreements in order to guarantee the re-investment of right holders.

Industrial property:

- Alignment with the *acquis* will continue, especially with regard to trademarks, trade secrets, patents and industrial design;
- Work will be done on the implementation of the Industrial Property Rights Directive;
- Increase of human resources at the Agency for Industrial Property, establish the Division of Promotion and Legal Division;
- Capacity building of staff in intellectual property institutions and intellectual property rights enforcement institutions;
- Concrete steps will be taken to increase the capacity and coordination of policy-making institutions and law enforcement agencies - in particular the effectiveness of the IP Task Force and State Council - to enforce intellectual, industrial and commercial property rights and to combat counterfeit goods and piracy. As a result, joint implementation reports will be prepared
- Intensify the inter-institutional cooperation with implementing institutions and policy-making institutions in the area of industrial property;
- Raising awareness of SMEs on the importance of protecting industrial property;
- In addition to public events and business meetings, promotion of IPRs should also be done through information media, where target audiences would also be citizens. The aim of such campaigns would be to raise awareness among consumers not to use counterfeit goods, which among other things pose a risk to health;
- Membership in international and European organisations (WIPO and EPO).

### **3.8. Acquis Chapter 8: Competition Policy**

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

*SAA Requirements*

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

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

The Agreement impacts on gradual approximation of the legislation of Kosovo with the *acquis*, its effective implementation, and ensures appropriate monitoring and transparency mechanisms compatible with the EU rules. In essence, this is related to:

- Cartels and Agreements between undertakings;
- Abuse with a dominant position; and
- Mergers, acquisitions (of one company from another) in the relevant Kosovo market.

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

More specifically, based on the SAA articles, Kosovo shall:

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

#### Requirements from other EU accession mechanisms

In the area of *competition*, the EC’s *Kosovo 2020 Report* states that domestic legislation is partially in line with the EU *acquis*. In this regard, it is noted the need that Kosovo should adopt the necessary legislation on the protection of competition to address gaps that hinder implementation and enforcement of competition rules. The report mentions the memoranda of understanding signed by the Competition Authority with the Energy Regulatory Office, Kosovo Railways, the Water Services Regulator, and the Central Bank. The report further requires the responsible institutions to strengthen inter-institutional cooperation.

Regarding *State Aid*, the progress in harmonizing domestic legislation with that of the EU is recognized. The report notes that beyond the progress made in appointing members of the State Aid Commission, its capacity remains limited.

- Adoption of secondary legislation, Regulation on Regional Assistance and Regulation on Horizontal Assistance, Services of General Economic Interest.

- Continue further with the follow-up of cases and the implementation of state aid control.
- Continue with the building capacities and budget of the State Aid Department, in accordance with the requirements of the Law on State Aid.
- Hold professional trainings for state aid staff, staff of grant-receiving institutions as well as prosecutors and judges.
- Establishment of an effective platform for cooperation between the State Aid Commission and the State Aid Department as well as aid providers, in order to meet the obligations of the SAA on state aid.
- In the field of Competition, Kosovo authorities are required to
- Complete the process of harmonization with the EU acquis, taking into account the recommendations of the European Commission.
- Strengthen the administrative capacity of the Competition Authority in Kosovo to conduct investigations.
- Take steps to ensure that the principles set out in the TFEU apply to publicly-owned enterprises and enterprises for which special and exclusive rights have been granted, before 1 April 2019, in accordance with the provisions of Article 76 of the SAA.
- Revise the legislation on vehicle homologation (Administrative Instruction No. 2/2018, Law on Vehicles in November 2020) in order to be harmonized with the Professional Opinion of the Kosovo Competition Authority and the EU best practices and eliminate non-tariff barriers.

## **State of Play**

### *Legislative and Policy Framework*

#### Competition

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

In May 2018, a working group was established to amend the Law on Protection of Competition. Among the main reasons for amending the law is the further approximation with the European legislation. In addition, collision within the law itself has been noted, and there is a need to change the percentage of dominant position.

During 2019, the draft concept document for the law on protection of competition was completed through all the procedures provided and was approved by the Government. During 2020, the Kosovo Competition Authority has finalized the draft-law on competition, which after public consultations, will be proceeded to the Government and the Assembly for approval.

Bylaws for the implementation of the basic Law on Competition consists of 13 secondary legislative acts. Bylaws partially transposing the EU legislation includes:

- AI No. 05-2012 on Terms and Conditions for Assigning Small Value Agreements;
- AI No. 06-2012 on the Manner of Presenting and Ascertaining Concentration of Enterprises;
- AI No. 07-2012 on the Criteria for the Release from or Reduction of Administrative Measure;
- Regulation No. 01-2017 on Investigation Procedures of the Kosovo Competition Authority;
- AI No. 02/2017 on Group Exemption of Horizontal Agreements between Entrepreneurs;
- AI No. 03/2017 on Group Exemptions of Vertical Agreements between Entrepreneurs;
- AI No. 04/2017 on Group Exemptions of Agreements in the Sector of Transport;
- AI No. 05/2017 on Group Exemptions of Agreements in the Sector of Insurance;
- AI No. 06/2017 on Group Exemption of the Agreement on Motor Vehicle Distribution and Service;
- AI No. 01/2018 on the criteria for imposing administrative sanctions;
- AI No. 02/2018 on the manner of defining the relevant market;



- Regulation No. 01/2019 on Categories of Specialization Agreements;
- Regulation No. 02/2019 on Some Categories of Research and Development Agreements.

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

- Articles 101-105 of the TFEU;
- Commission Notice on agreements of minor importance which do not appreciably restrict competition under Article 81(1) (now Article 101) of the Treaty establishing the European Community (*de minimis*) (OJ/C 368/13 of 22 December 2001);
- Some elements of the request and criteria for merger/concentration defined in Commission Regulation No. 802/2004 implementing Council Regulation No. 139/2004 on the control of concentrations between undertakings;
- Commission Regulation (EC) No. 773/2004 of 7 April 2004 relating to the conduct of proceedings by the Commission in accordance with Articles 81 and 82 of the EC Treaty as amended by Regulation No. 2015/1348;
- Commission Regulation (EC) No. 1217/2010;
- Commission Regulation (EC) No. 1218/2010.

### State Aid

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

Regarding the secondary legislation, the detailed procedures and the content of the notification forms, the procedures for illegal aid, those of monitoring and reporting are regulated by the Regulation on Procedures and forms of State Aid Notification, which is revised and drafted according to the new Law on State Aid. This Regulation partially transposes Commission Regulation (EC) No 794/2004 of 21 April 2004 implementing Council Regulation (EC) No 659/1999 laying down detailed rules for the application of Article 93 of the EC Treaty. Also, the Regulation on the State Aid Commission was approved in 2019. While the rules of organization and functioning of the State Aid Commission including duties and responsibilities are regulated by Regulation No. 01/2013 of the Ministry of Finance on Organization and Functioning of the State Aid Commission.

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

- KCA - Strategy for Implementation of European Reforms, it represents the two main tasks of the Authority that are part of the implementation of the European Reform Agenda (ERA) and the SAA for the scope of the Kosovo Competition Authority, which are the following:
- Strengthening internal procedures and capacities of KCA: The Kosovo Competition Authority, in addition to identifying monopolies, will also identify other commercial undertakings that have significant relevant market power, where the Authority will make appropriate recommendations based on the Law on Protection of Competition. If the Kosovo Competition Authority identifies, during this research, any anti-competitive behaviour by the undertakings in the respective markets, the Authority will exercise its legal powers and will act promptly in accordance with the provisions of the Law on Protection of Competition.
- KCA has researched and identified monopolies in Kosovo in 14 markets (telecommunications, transportation, gambling, energy, media and cinematographic productions, mining, insurance, procurement, waste, petroleum products, banks, water supply, pharmaceuticals, and fiscal equipment), and the Monopoly Research Report in the Republic of Kosovo (on the state of play of monopolies and recommendations) has been shared with the Government, Parliament and the European Commission. Based on its findings, the Authority has taken concrete steps in some of the markets investigated:

## *Institutional Framework*

### Competition

Pursuant to the Law on Protection of Competition, the Kosovo Competition Authority (KCA) is the main institution for the prevention and prohibition of anti-competitive practices including prohibited agreements, abuse of dominant position, concentrations or the sale and purchase of shares in the undertaking, and aspects of advocacy in the area of competition. The Authority has the powers to initiate investigative procedures, oversee the market and propose measures to restore competition in cases of obstruction, restriction or disruption of the competition in the market.

### State Aid

The institutional framework consists of the State Aid Commission and the State Aid Department. After receiving the information and analysis, SAD drafts the evaluation report and submits it to the State Aid Commission (SAC) for decision-making, drafts the annual report for the Department, controls the aid at the national level, compiles the de minimis aid register and the general register, compiles the Inventory of aids and harmonizes them with the state aid rules, creates the regional map and annually updates it with data, and drafts secondary legislation, the Department has seven (7) employees, the Director, two Heads of Divisions and 4 officials. So far, SAD has drafted 15 evaluation reports and submitted them to SAC.

### **Donor Support**

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

Current and planned bilateral donor projects:

- The EU Project under IPA II 2014-2020 for *“Technical Assistance to Support the Competition Authority and the State Aid Commission (State Aid Department)* is launched in 2019 and will last until 2021, with a total cost of EUR 3 million.
- The UK Embassy project backed the Competition Authority with experts for professional capacity building.
- *Support to Kosovo institutions in the integration process*, is a programme of the Government of Luxembourg which aims to build the institutional capacity of the Republic of Kosovo in implementing the priorities deriving from the SAA. This project, launched in 2019, is providing support to the Kosovo Competition Authority and State Aid Department.

### **Medium-term Priority Objectives**

#### Competition:

- Drafting bylaws deriving from the new Law on Competition;
- Further approximation with the EU Acquis;
- Reaching Memorandums of Understanding with relevant institutions;
- Developing a strategy to raise awareness of competition policy;
- Organizing workshops with Courts, Business Associations, Lawyers and Civil Society;
- Institutional and human capacity building, including capacities for ex-ante analysis and ex-post evaluation, professional training programmes of Competition Authority staff.

#### State Aid:

- Further approximation of the national legislation with that of the EU, i.e. transposition of Commission Regulation (EC) No. 794/2004 of 21 April 2004 implementing Council Regulation (EC) No. 659/1999 laying down detailed rules for the application of Article 93 of the EC Treaty;
- Amendment of Law No. 05/L-100 in order to align with the EU acquis;
- Drafting and approval of the Draft Regulation on sectorial assistance.
- Drafting and Regulation on Specific State Aid Instruments.
- Delivery of awareness-raising activities for state aid institutions and trainings for SAD staff
- Finalization of state aid schemes inventory and alignment of the schemes with SAA requirements;

- Development of the information system for monitoring state aid;

### 3.9. Acquis Chapter 9: Financial Services

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

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

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

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

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

#### *SAA Requirements*

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

#### *Requirements from other EU accession mechanisms*

Based on the EC's *Kosovo 2020 Report*, Kosovo is moderately prepared in the area of financial services. Some progress was made following the entry into force of Basel III regulations related to capital requirements and risk management of banks and the alignment of the taxation of the insurance sector with the remaining financial sectors. As the recommendations in the previous report have not been fully addressed, in the coming year Kosovo should in particular.

- fully implement Solvency I measures;

- Further advance in implementation of the Basel III framework and review the legal framework governing microfinance institutions and non-bank financial institutions in accordance with the best practices;
- Take immediate action to address the issue of uninsured, unregistered vehicles.

The conclusions of the 2021 Subcommittee call for the full implementation of the Solvency I measures and for the continued implementation of the roadmap for the transposition of the Solvency 2 measures. Kosovo authorities are also required to approve the Law on Banks and the Draft Law on Microfinance and Non-Bank Financial Institutions by the end of this year. The CBK should establish an independent resolution function within it and continue to increase its oversight role in the insurance industry.

On **banks and financial conglomerates**, some progress has been made in implementing the legislation on banking supervision, which aims to strengthen corporate governance and the management of credit risk. The Central Bank needs to ensure adequate protection of consumers and the prevention of unfair banking practices. Kosovo needs to establish an independent recovery and resolution authority. On alignment of the regulatory framework with Basel II and EU standards, the Chapter on Risk-Weighted Exposure Amounts for Credit Risk has yet to be adopted. In March 2017, the Central Bank of Kosovo signed a memorandum of understanding with the European Banking Authority establishing a framework for cooperation and information exchange and on the European Single Supervisory Mechanism. On 26.11.2018, the Central Bank signed a memorandum of understanding with the European Central Bank. The legislation on microfinance institutions and nonbanking financial institutions is undergoing approximation with the EU acquis, Law on accounting, financial reporting, which depends on the adoption of the Law on MI and NBF, which have been processed several times; however, it has not been adopted yet.

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

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

### *State of Play*

#### *Legislative Framework*

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

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

In the framework of the existing legislation, the following presents the secondary legislation (rules, regulations and instructions) issued by the CBK based on and through implementing the above laws (Law on CBK, Law on Banks and Law on Payment System), addressing licencing, organization, operation, risk management requirements and prudential supervision requirements of banks, microfinance institutions and non-bank financial institutions.

- Regulation on intraday and overnight lending;
- Licensing of Banks and Branches of Foreign Banks
- Regulation on Reporting of Banks
- Regulations on information technology for banks
- Methodological Instruction on Reporting of Banks
- Methodological Instruction on Reporting of Leverage Indicator
- Methodological Instruction on Capital Adequacy
- Instruction on loan restructuring due to covid-19.

Also during 2020, the Regulation on the Liquidity Coverage Ratio (LCR) and the Regulation on the Net Sustainable Financing Ratio (NSFR) were drafted. These Regulations, once finalized, are expected to be approved by the decision-making bodies of the CBK. The drafting of these Regulations is done in accordance with EU Regulation 2015/61 on the liquidity coverage requirement of 10 October 2014, EU Regulation 2018/1620 on supplementing regulation 2015/61 on liquidity coverage requirement of 13 July 2018, as well as EU Regulation 2019/876 on the Net Sustainable Financing Indicator.

Other applicable regulations stemming from the Law on Banks are listed below:

- Bank Directors and Senior Managers;
- Regulation on bank capital adequacy;
- Bank External Audit;
- Mergers and Acquisitions of Banks;
- Capital Equivalency Deposit for Branches of Foreign Banks;
- Regulation on large exposures;
- Opening and Closing Inside and Outside the Republic of Kosovo of Branch Offices and Subsidiaries of Banks;
- Opening of a Representative Office inside and outside the Republic of Kosovo;
- Regulation on guarantee instruments and agreements between the licensed financial institutions and Kosovo credit guarantee fund;
- Internal Control and Internal Audit of Banks;
- Regulation on Residential Mortgages Lending;
- Limits to Holdings of Real Estate and Movable Property;
- Regulation on minimum security requirements;
- Regulation on letter of credit and bank guarantee;
- Regulation on issuance of licensing or registration certificates for financial institutions;
- Consolidated Supervision of Banking Groups;
- Regulation on emergency liquidity assistance;
- Operational Risk Management;
- Liquidity Risk Management;
- Regulation on management of interest rate risk in banking book;
- Minimum Reserve Requirements;
- Changes in Capital Accounts;
- Effective Interest Rate and Bank Disclosure Requirements;
- Publication of Information by the Banks;
- Regulation on use of external credit assessments for the purpose of calculation of regulatory capital;
- Regulation on corporate governance of banks;
- Regulation on the application of international financial standard 9;
- Regulation on non-performing exposures and forbearance;
- Regulation on credit risk management;
- Regulation on the internal capital adequacy assessment process for banks;
- Regulation on the repurchase of securities with the Central Bank of the Republic of Kosovo;

- Regulation on transactions to bank-related persons and exposures to bank employees;
- Regulation on the leverage ratio;
- Foreign Exchange Risk;
- Regulation on distribution of loan assets for banks;
- Regulation on safe deposit box;
- Regulation on payment system operators;
- Regulation on electronic payment instruments;
- International payments;
- Regulation on reporting payment instruments statistics;
- Register of Bank Account Holders;
- Regulation on electronic payment instruments;
- Regulation on the Interbank Payment System;
- Regulation on Bank Account Standard Numbering System.

The Law on Banks and regulations mentioned above have established the legal basis for adopting the requirements of Directive 2006/48/EC of the European Parliament and the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions and Directive 2006/49/EC of the European Parliament and the Council of 14 June 2006 on the capital adequacy of investment firms and credit institutions, which were superseded in 2013 by the adoption of Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV) and Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms (CRR).

CBK is in the process of revising the current Law on Banks, Microfinance Institutions and Non-Bank Financial Institutions, with the purpose to draft a new Law that will apply only to banks. With the revision of the existing Law, in particular, it has been worked on Chapters X and XI in order to ensure that these chapters comply with the Directive 2014/59/EU of the European Parliament and the Council or "BRRD".

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

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

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

Regarding the Deposit Insurance System, the legislative framework includes the following acts:

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

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

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

In relation to insurances, the legal and regulatory framework for licencing, regulation and supervision of insurances in the Republic of Kosovo includes:

- Law No. 03/L-209 on the Central Bank of the Republic of Kosovo;
- Law No. 04/L-018 on Compulsory Motor Liability Insurance (hereinafter referred to as Law on Motor Liability Insurance);
- Law No. 05/L-045 on Insurances, which has repealed Regulation No. 2001/25 on Licencing, Supervision and Regulation of Insurance Companies and Insurance Intermediaries (hereinafter referred to as Regulation No. 2001/25).

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

In order to harmonize and approximate the legislation in the area of insurance with European Directives, at the beginning of 2016, Law No. 05/L-045 on Insurance, approved by the Assembly of the Republic of Kosovo, repealing the Regulation No. 2001/25 on licensing, supervision and regulation of insurance companies and insurance intermediaries (hereinafter Regulation No. 2001/25) which has been in force. This law is partially aligned with the European Directive 2009/138 EC of the European Parliament and the Council dated 25 November 2009 on the taking up and the pursuit of the business of insurance and re-insurance (Solvency II) and the European Directive 2002/92/EC of the European Parliament and the Council dated 9 December 2002 on Insurance Intermediaries. This Law sets the basis for further approximation with the EU acquis. The abovementioned Law defines principles and basic rules for

licencing, regulation and supervision of insurers, re-insurers, insurance intermediaries and other relevant entities, so that the insurance industry in the Republic of Kosovo can operate in a safe, stable and transparent manner in protection of the rights and interests of women and men policy holders. All legal acts (regulations) issued under Regulation 2001/25 have remained in force as long as they are not in contravention of the Law on Insurance. The reviewing process of all the regulations has started aiming the full alignment of regulations with the requirements of the Law on Insurance, whereby several regulations have been issued so far.

The process of reviewing all regulations has commenced, aiming at full harmonization of the regulations with the requirements of the Law on Insurance, resulting in the issuance of several regulations as follows.

- Regulation on calculation of the minimum solvency margins, capital adequacy and guarantee fund for non-life insurers;
- Regulation on insurance actuaries;
- Regulation on the external audit of insurers, insurance intermediaries, claim handlers and the Kosovo insurance bureau;
- Regulation on mergers and acquisitions;
- Regulation on delegation of functions;
- Deposit of assets as a guarantee, capital adequacy, financial reporting, etc;
- Regulation on establishing and closing insurers' branches and subsidiaries within Kosovo and abroad;
- Regulation on the opening of representative offices by foreign insurers in the republic of Kosovo;
- Regulation on investment of assets covering technical and mathematical provisions and investment of charter capital for insurers;
- Regulation on internal controls and internal audit of the insurance;
- General conditions of motor liability insurance policy;
- Regulation on risk retention and reinsurance coverage requirements;
- Procedures on handling complaints for motor liability insurance damage compensation;
- Regulation on arbitration tribunal procedures;
- Regulation on publication of information by insurers;
- Regulation on determination of the criteria for the assessment of non-material damages covered by motor liability insurance;
- Regulation on reporting of insurers to the CBK;
- Regulation on consolidated supervision of groups of insurers;
- Regulation on financing and calculation of compensation fund;
- Regulation on the licencing of insurance claim handlers;
- Regulation on insurers' liquidation;
- Regulation for sale of compulsory motor liability insurance and management of insurers' expenses;
- Standards on reporting and oversight of Kosovo insurance bureau;
- Regulation on premium's structure insurance;
- Regulation on calculation and retention of technical and mathematical provisions for non-life and life insurers.

The following regulations have been approved during 2020:

- Licencing of Insurance Intermediaries;
- Regulation on fines for insurers, insurance intermediaries and insurance claim handlers;
- Regulation on licencing of insurers and branches of foreign insurers;
- Regulation on the management of commissions and operating expenses of insurers;
- Regulation on corporate governance of insurers;
- Regulation on the implementation of bonus-malus system.



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

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

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

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

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

Regulations adopted under the Law on CBK and the Law on Pension Funds: the regulatory framework for the regulation and supervision of pensions after the entry into force of the Law on Pension Funds, are:

- Regulation on the establishment of the supplementary individual pension by pension providers;
- Reports and information requested by the Kosovo Pension Savings;
- Regulation on investment of pension assets;
- Regulation on internal controls and internal auditing of pension funds;
- Regulation on licensing of pension fund asset managers;
- Regulation on licensing of supplementary individual pension providers;
- Regulation on Individual Accounts of Participants;
- Rule on the custodian of pension assets;
- Regulation on pension assets and valuation of pension assets;
- Regulation on individual savings pension payment
- Regulation on defining the conditions and criteria for withdrawal of funds from KPST by participants with permanent emigration;
- Regulation on reporting of supplementary pension funds;
- Regulation on Kosovo Pension Savings Fund reporting
- Regulation on funding and actuarial valuation of defined benefit pensions;
- Regulation on licensing of supplementary employer pension funds;
- Regulation on asset managers of pension assets;
- Regulation on pension benefits by supplementary individual pensions;
- Regulation for the establishment of the supplementary employer pension fund;
- Regulation on the Amount of Pension Contributions.

During 2020, the Regulation on Keeping Notes in Pension Funds and Pension Providers was approved.

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

The first issuance of securities of the Government of Kosovo was conducted on January 17, 2012, whereby one instrument with 3 months maturity was issued, and the process continued by issuing 6 and 12 months maturity instruments. Apart from treasury bills, bonds with maturity period of 2, 3, 5, 7, and 10 years are also issued.

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

On 25 April 2019, the Executive Board approved Regulation on the repurchase of securities with the CBK. This Regulation defines the terms and conditions to be fulfilled regarding collateralized lending by the Government of Kosovo through the Central Securities Depository System (CSD) by executing a repurchase agreement with the Central Bank of the Republic of Kosovo. This lending is intended to assist member banks in managing their liquidity efficiently in the short-term.

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

#### *Institutional and Policy Framework*

Pursuant to Articles 11 and 140 of the Constitution and according to the provisions of the related law, the Central Bank of the Republic of Kosovo (CBK) is a public legal entity. CBK is the key participating and regulatory institution in the financial system of the Republic of Kosovo and has administrative, financial and management independence and autonomy. CBK activity is provided by its decision-making bodies and its staff.

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

The powers and responsibilities of the KPST over administering the pension funds are vested pursuant to Law No. 04/L-101 on Kosovo Pension Funds (Article 5.1), through its Board of Directors, including the rights relating to pension funds (Article 5.2). KPST has its main and sole office in Prishtina, while other services relating to contributors and beneficiaries are also carried out in six other centres of the Tax Administration of Kosovo (TAK), such as: Mitrovica, Peja, Gjakova, Prizren, Ferizaj and Gjilan.

The Kosovo Insurance Bureau was established on 07 August 2011 by ten insurance companies licensed to operate in the Republic of Kosovo, based on Law No. 04/L-018 on Compulsory Motor Liability Insurance. The Kosovo Insurance Bureau is a professional organisation with legal entity capacity, established for non-profit purposes. The Government of the Republic of Kosovo recognizes the institutional status of the National Insurance Bureau with unrestricted rights, in the capacity of a payment and treatment bureau, guaranteeing the implementation of all obligations stipulated under the international insurance card system. The Bureau is funded by its members and its activity is supervised by the Central Bank of Kosovo. Within the Kosovo Insurance Bureau operate the Compensation Fund, Border Insurance, Insurance Information Centre and the Green Card.

#### *Donor Support*

CBK is supported by the project of the Norwegian Government, which intends supporting Kosovo's public administration in implementing the SAA and increasing its readiness for EU membership in several

chapters, including statistics. This project will strengthen the institutional capacities of Kosovo's public administration, specifically in the chapter of Financial Services by providing specialized training on the content of requirements and requirements deriving from EU, transposing Acquis acts into national legislation, and policy-relevant forms.

### ***Medium-term Priority Objectives***

#### *Legislative priorities*

##### Banking sector:

- Adoption of standards from Pillar II and Pillar III of Basel Framework relating to Capital;
- Adoption of the risk liquidity management requirements and the leverage ratio based on new standard recognized as Basel III;
- Adapting the reporting framework of banks according to International Financial Reporting Standards and adapting the legislative framework related to asset classification and provisioning;
- Guidelines on Capital Reporting and Capital Requirements;
- Guidelines on the reporting of risk weighted exposures for credit risk;
- Guidelines on reporting capital market risk requirements;

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

##### Insurance sector:

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

##### Pensions sector:

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

#### *Implementing priorities*

##### Banking sector:

- Training and qualification of the bank supervision staff on application of the Basel Capital Framework standards and the International Financial Reporting Standards. Training related to these two points, including technical assistance, is done in cooperation with the IMF under the FSSR;
- Analysis and adoption of best practices of the EU countries in the area of customer protection;
- Capacity building for administering the emergency situations in the event of crisis and resolution of troubled banks.

##### Deposit Insurance Fund:

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

##### Insurance sector:

- Training and qualification of staff on insurance supervision in applying the Solvency standards I and II;
- Preparations for the entry into force of solvency (Solvency II).

Pension sector:

- Training and qualification of Pension Supervision staff and application of the IOPS standards and principles;
- Training of staff in the area of pension consolidated supervision;
- Analysis and adoption of best practices of the EU countries in the area of protection of participants and beneficiaries in/from pension funds.

### **3.10. Acquis Chapter 10: Information Society and Media**

This chapter covers electronic communication, information society services and audio-visual policy by which the European regulations promote and encourage competition, development and a more comprehensive approach to modern services and technologies, with particular emphasis on the interests of end users. In the area of electronic communications, the EU acquis aims to implement the objectives specified in Law No. 04/L-109 on Electronic Communications, Electronic Communication Sector Policy – Digital Agenda for Kosovo, as well as in the EU Regulatory Framework for provision of broadband services, safety of electronic communications networks and services, by promoting and protecting effective competition through the implementation of adequate mechanisms which guarantee the protection of competition and the provision of appropriate and appropriate services throughout the territory of the Republic of Kosovo.

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

*SAA Requirements*

The relevant SAA provision are part of Chapter VIII, Article 101, on cooperation in the area of information society, mainly supports the gradual approximation of Kosovo's policies and legislation with that of the EU. Global objectives will be to prepare society as a whole for the digital age and to identify measures to ensure the interoperability of networks and services. Article 109 regulates the cooperation and promotion of the audio-visual industry in Europe and the support of co-production in the areas of cinema and audio-visual media, including, among others, programmes and facilities for training journalists and professionals in the audio-visual media industry. This article also addresses the technical assistance to the public and private media of Kosovo, in order to strengthen their independence, professionalism and connections with the European media, to ensure approximation of policy on regulating the content of cross-border broadcasts with those of the EU, alignment of legislation, and appropriation of copyright, and to strengthen the independence of regulatory authorities. Article 111 deals with the strengthening of cooperation in the areas of networks and electronic communications services, with the ultimate objective of Kosovo's adoption of EU legislation in the sector five years after the entry into force of this Agreement, paying special attention to ensuring and strengthening the independence of regulatory authorities.

Requirements deriving from other EU accession mechanisms

With regard to the requirements of the ECs *Kosovo 2019 Report* in the area of electronic communications, information society services, and audio-visual policies, Kosovo is needed to continue its efforts in approximating and completing the legislative framework in terms of alignment with EU acquis. Moreover, in the context of increasing professional and institutional capacities, it is recommended to strengthen the independence and capacity of the Telecommunication (RAEPC) and Media Regulatory (IMC). The report also estimates that Kosovo has not marked progress in the process of switching from analogue to digital television. The report also recommends revising the Law on Independent Media Commission in order to

increase the availability of data in the audio-visual sector and to broaden the regulatory, monitoring and enforcement powers of the regulator.

Among other things, in the area of electronic communications and information society, the report estimates that Kosovo should make more efforts to implement e-government frameworks and services, as well as to implement the + 383 code in its entirety. It is also recommended that the Computer Security Incident Response Team is staffed with sufficient and trained personnel.

In the area of audio-visual policies, the report estimates that the IMC has failed to make any progress in the digitalisation process, although the ITU deadline was June 2015. Consequently, the report calls on Kosovo to accelerate its efforts and ensure that the transition from the analogue system to the digital platform be carried out in full transparency and in accordance with EU standards. Kosovo is also required that all amendments to the Code of Ethics, proposed by the Independent Media Commission, be in line with the Council of Europe and European Court of Human Rights standards on freedom of expression.

Based on the requirements of the *Subcommittee on Innovation, Information Society and Social Policy (2020)* in the area of electronic communications, information society and audiovisual policies, the completion of the legal and strategic framework is envisaged. Furthermore, the Government of Kosovo should provide adequate budgetary resources in the area of information society services, in particular for the implementation of the e-Government Strategy and the Cyber Security Strategy. The government should also take steps to transpose the eIDAS Directive (on electronic identification and trust services for electronic transactions). On the other hand, the EC report estimates that Kosovo should take the necessary steps to link Kosovo to the GEANT Network, starting with a feasibility study. In terms of assistance, the EC invites Kosovo to use EU funds (EUR30 million) for technical assistance for broadband projects within the WBIF. Kosovo is also required to ensure synergies between digital and green policies

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

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

On the other hand, Kosovo needs to take concrete steps towards the successful implementation of the 5G Memoranda of Understanding and interoperability in line with EU practices, signed at the Tirana Digital Summit.

## ***State of Play***

### *Legislative and Policy Framework*

#### *Electronic communications*

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

- Law on Electronic Communications;
- Regulation No. 05/2017 on construction, installation and supervision of electronic communications infrastructure;
- Regulation No. 1/2018 on for data collection for electronic communications infrastructure;
- Regulation on technical and operational issues of access to electronic communications network in bitstream, with Prot. No. 034/B/20 dated 07.07.2020;
- Regulation on the reference offer for open access to the local loop and bitstream; 032/B/20 dated 07.07.2020;

- Regulation on open access to the local loop or part of it; 030/B/20 dated 07.07.2020;
- Regulation on interconnection service in electronic communications networks, Prot. No. 028/B/20 dated 07.07.2020;
- Regulation on payments for market surveillance of electronic communications and Postal Services, Prot. No. 025/B/20 dated 07.07.2020;
- Regulation on the shared use of associated facilities; 113/B/19, dated 18 October 2019;
- Regulation on market analysis; 110/B/19, dated 18 October 2019
- Regulation No. 40 on use of radio frequency bands exempted from individual authorization and technical conditions for use of radio equipment in these band (046/B/18, 03 August 2018);
- Regulation No. 39 on Universal Services in Electronic Communications (036/B/18, 04 July 2018);
- Regulation No. 38 on contracts, transparency and disclosure of information, and other safeguards for end-users for the provision of electronic communications networks and services (022/B/18, 19 April 2018);
- Regulation No. 37 on general authorisations (019/B/18; 16 April 2018),
- Regulation No. 36 on the quality of electronic communication services (016/B/18 16 April 2018)
- Regulation No. 35 on payment for the supervision and the right to use the radio frequencies (005/B/18; 19 January 2018);
- Regulation No. 33 on Number Portability for the Subscribers of Public Electronic Communication Services (043/B/17, 26 June 2017);
- Regulation No. 32 on the National Numbering Plan for Electronic Communications Networks in the Republic of Kosovo (038/B/17, 16 June 2017);
- Technical Regulation No 31 on Radio Equipment (032/B/17, 31 December 2017);
- Regulation No. 29 on technical and organisational standards for the security and integrity of networks and/or electronic communications services (046/B/16; 22 November 2016);
- Regulation No. 24 on Accounting Separation (012/B/14 01 April 2014);
- Regulation No. 22 on allocating and usage of radiofrequencies (054/B/13, 31 December 2013);
- Regulation No. 42 on Market Analysis (110/B/19; 18 October 2019);
- Regulation on Cost Accounting to the Fully Distributed Costs (FDC) Method (FDC 043/B/12; 22 June 2012);
- Regulation No. 43 on Common Use of Accompanying Facilities (113/B/19, 18 October 2019);
- Regulation No. 9 on Interconnection (033/B/11 3 June 2011);
- Regulation No 8 Regulation on full and shared common use of the local loop and sub-loop (024/B/11, 18 April 2011); and
- Regulation No 6 on the Provision of Access (012/B/11, 11 February 2011).

These normative acts have transposed the following acts of acquis:

- Regulation No 2015/2120;
- Directive 2002/21/EC as amended by Directive 2009/140/EC;
- Directive 2002/19/EC as amended by Directive 2009/140/EC;
- Directive 2002/20/EC as amended by Directive 2009/140/EC;
- Directive 2002/22/EC as amended by Directive 2009/136/EC;
- Commission Directive 2002/77/EC;
- Directive 2002/58/EC as amended by Directive 2009/136/EC concerning the processing of personal data and the protection of privacy;
- Directive 2009/136/EC;
- Directive 2009/140/EC;
- Directive 1999/5/EC;
- EC Recommendation 2003/311/EC; EC Recommendation 2007/879/EC; and
- EC Decision on classification of radio and terminal devices 200/299/EC.
- Directive 2014/53/EU;
- Decision No 376/2002/EC;

- Decision ECC Dec. (08) 04);
- Decision ECC Dec. (06)04);
- Recommendation 2014/710/EU;
- EC Recommendation 98/322/EC;
- European Commission Recommendation 2005/698/EC on accounting separation and cost accounting systems under the regulatory framework for electronic communications
- Guidelines published by the EU Agency for Network and Information Security (ENISA); and
- Communication from the Commission dated 26/08/2010 “A digital Agenda for Europe.

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

- The Electronic Communication sector Policy – Digital Agenda for Kosova 2013–2020;
- Development of the Electronic Atlas for Broadband Telecommunications Infrastructure.

#### Information society

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

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

These normative acts have transposed the following acquis acts:

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

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

- Kosovo Information Technology Strategy, including Action Plan for the period 2016-2018; and
- National Cyber Security Strategy and Action Plan 2016-2019.

#### Legislative and policy framework in the area of audio-visual policy

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

- Law No. 04/L-44 on the Independent Media Commission;
- IMC 2013/01 Regulation on the Protection of Children and Minors in Audio-Visual Media Services;
- IMC-2013/02 Regulation on Copyright;
- IMC-2014/02 Regulation on Evaluation of the Applications for the IMC License;
- IMC-2016/01 Rules for Distribution of Audio and Audio Visual Media Service Providers; Application Form;
- IMC-2016/02 Regulation for Commercial Audio-Visual Communication;
- IMC-2016-03 Code of Conduct for Audio-visual Media Services in the Republic of Kosovo;
- IMC-2017/01 Regulation for Multiplex Operators at state level;
- IMC-2017/02 Regulation for Audio and Audio Visual Media Service Providers;
- IMC-2017/03 Regulation for the Annual License Fees;
- IMC-2017/04 Regulation for Mandatory Carriage of the Audio-visual Media Services in Multiplex Operators; and
- IMC-2017/05 Regulation for Logical Ordering of Channels;
- Regulation IMC-2019/01 on Support of Local and Regional Audio-visual Media Service Provider.

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

### Institutional framework

#### Electronic communications:

- Ministry of Economy (ME);
- Regulatory Authority of Electronic and Postal Communications.

#### Information society:

- Ministry of Economy (ME);
- Ministry of Internal Affairs (MIA), namely the Information Society Agency.

#### Audio-visual policy:

- Independent Media Commission.

### **Donor Support**

Regarding the support and funds provided by external donors for the implementation of various activities in the area of electronic communications, funds have been donated by donors such as: World Bank, IPA, etc. MEE in cooperation with the World Bank is developing the programme for Kosovo Digital Economy. KODE components are based on projects that will develop broadband interconnection infrastructure in uncovered areas, human capital and digital businesses to introduce Kosovo into the digital economy of the future. It will provide high-speed (broadband) infrastructure and will support access to labour markets, new sources of knowledge and public services for families and institutions in underdeveloped rural areas. Kosovo is doing all the preparatory work to connect to the Pan-European Network for Research and Education Network - GEANT.

In the framework of the KODE Project during the years 2019-2020, the implementation of 50 sub-projects has been completed. -mobile network connections. In order to achieve the strategic objectives for the development of the information society (and the Kosovo Strategy for Information Technology), support and funds have been provided from various donors, such as the WB and the EU. IPA 2017 project EU support to the ICT sector for Kosovo's competitiveness (3 million euros) has started implementation. Contracts have been signed for the supply of computer equipment for 8 training halls and with the training provider, as well as training activities have started, which will be implemented for a period of three years. The main beneficiary of this action is ME.

The overall objective of the project is to increase the competitiveness of Kosovo's digital and traditional businesses by supporting the growth of Kosovo's ICT sector leading to the growth and creation of new jobs. The specific objectives of the project are to bridge the gap between digital skills and business needs in a sustainable way, which meets the needs of the market and increases their competitiveness, as well as increases the exports of Kosovar businesses by exploiting the full potential of digital technologies. While within IPA 2019 will be made the system for electronic identification and authentication and trusted services in electronic transactions. The project is worth 4 million euros, has started to be implemented and will be finalized by 2023. The overall objective of this project is to increase the efficiency and productivity of the private sector by increasing the use of ICT, creating e-business security / e-commerce ecosystem, and improving e-services for citizens and businesses.

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

### **Medium-term Priority Objectives**

In order to meet the obligations deriving from the SAA and the other EU accession documents and mechanisms in the areas within the scope of Chapter 10, the focus over 2021 - 2024 will be in the following medium-term priorities:



#### Electronic communications:

- Drafting and adoption of primary and bylaws in the area of electronic communications;
- Adoption and start of implementation of the new Digital Strategy of Kosovo (2021-2030);
- Connection with fixed broadband infrastructure of unconnected stacks of mobile telecommunication networks to adapt to new generation technologies (5G ready), during 2021-2023;
- Implementation of the Memorandum of Understanding signed with the Republic of Albania for the 5G corridor, as well as the Memorandum of Understanding with WB6 for the implementation of 5G networks for digital transformation in the Western Balkans, (2021-2023);
- Opening of frequency bands with special economic value for the provision of IMT services
- Promoting competition in the broadband electronic communication market in order to increase the efficiency of market regulation and to make efforts to provide high-speed Internet access to all inhabitants of Kosovo;
- Establishment of the National Radio Monitoring Network with enables 24/7 monitoring through fixed/nomadic and mobile monitoring stations.

#### Information society:

- Drafting and adoption of primary and bylaws transposing the EU NIS Directive and EU eIDAS Regulation;
- Implementation of Kosovo strategy for information technology and its re-creation;
- Enhancement of the Interoperability Platform, and interconnection of most of the existing electronic systems through this Platform;
- Developing the "e-Kosovo" services portal, in order to increase the number of electronic services for citizens and institutions; and
- Establishment of the Disaster Recovery Centre.

#### Audiovisual policies:

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

However, the planned drafting of these regulations, and the whole process of switching to digital transmission depends on the approval of the strategy for switching to digital terrestrial transmission by the Government.

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

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

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

#### *SAA Requirements*

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

### Requirements from other EU accession mechanisms

In the area of agriculture and rural development, the EC's Kosovo 2020 Report states that Kosovo in general has limited progress, especially in the implementation of the annual agri-rural development programmes and its evaluation, but progress on land consolidation and land protection was insufficient. Since not all 2020 recommendations have been implemented, in the next year, Kosovo should in particular:

- Carry out a qualitative evaluation of the effectiveness of the support measures envisaged in the agriculture and rural development program;
- Adopt the law on common market organization;
- Take urgent, effective measures to stop the loss of agricultural land and enforce spatial planning legislation;
- Address the low level of funding for rural development;
- Include "cross compliance" measures within the agriculture program;
- Develop professional capacities for assessment, monitoring and accounting in the Agency for Agricultural Development;
- Draft a legal basis for the establishment and operation of common market organizations.

The report states that the budget for grants and subsidies has been increased, while the integrated system of administration and control has been established, as well as the updating of the identification of land parcels and the Farm Data Accounting Network. Also, improving the Agriculture and Rural Development Programme by supporting small farmers, and the Organic Farming Plan 2018-2020 is considered progress. Furthermore, progress was reported in the establishment of a special scheme of measures in order to support the four municipalities in northern Kosovo and the establishment of legislation on geographical indicators

The report also mentions some challenges faced by the agricultural sector, where among other things it is said that there is limited progress in the implementation of the annual agri-rural development programmes and its evaluation. Land consolidation and land protection remains a challenge and is at an insufficient level. Even the dominance of small farms and arable land which is fragmented remained a challenge. In terms of human capacity, the Report on Kosovo highlights the lack of administrative capacity for assessment, monitoring and accounting within the Agency for Agricultural Development. It is also emphasized that 'cross compliance' measures should be introduced within the agricultural program

Regarding the establishment of market organization, the EC notes that no progress has been made regarding the establishment of a common market organization. In this regard, Kosovo should take steps to establish the legal basis for the establishment and operation of common market organization. Furthermore, a system for monitoring and evaluating grants and subsidies should be established.

The report calls for an update of the Agriculture Programme to improve the efficiency of investment in the sector. Regarding the approximation of legislation, it is emphasized that it should be in line with EU legislation, especially in food quality policies. While land consolidation and protection is insufficient because there is no action plan and task force for land protection.

Other obligations of Kosovo in relation to the EC requirements issued by the Subcommittee on Agriculture and Fisheries in the agricultural sector are: approval of the concept document on agricultural land, regulation of agricultural land, implementation of ex-post evaluation of the Law on Organic Farming, drafting the Agriculture and Rural Development Programme 2021-2027 for measures taken against illegal construction on agricultural land formation of the certification body by MAFRD for the registration of Sharr cheese as a geographical indication..

As far as horizontal issues are concerned, EC urges for further alignment of the legislative framework with the EU Acquis in all sectors, in line with EU best practices, and to proceed with staff equipment to all bodies involved in agriculture management, food safety, and fisheries under the EU Acquis, including the Phytosanitary reference laboratory.

### ***State of Play***

## *Legal, policy and institutional framework*

### Rural development

The legislative framework in this area consists of the Law No. 03/L-098 on Agriculture and Rural Development, which has transposed the Council Regulation (EC) No 73/2009; and Council Regulation (EC) No. 1217/2009. As regards the bylaws in the area of rural development sector, a total of 12 AIs have been adopted.

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

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

The institutional framework in the rural development sector is composed of the Department of Rural Development Policy/Managing Authority

### Agriculture

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

- Law No 04/L-253 on Agricultural Census;
- Law No 02/L-26 on Agricultural Land;
- Law No 04/L-040 on Land Regulation;
- Law No 03/L-198 on irrigation of agricultural lands;
- Law No 02/L-98 Plant Variety Protection;
- Law No 2003/5 on Seeds;
- Law No 2003/10 on Artificial Fertilizers;
- Law No 04/L-085 on Organic Agriculture,;
- Law No 04/L-041 on Production, Gathering, Processing and Marketing of Tobacco;
- Law No 2003/9 on Agricultural Cooperatives;
- Law No 04/L-191 on Agriculture Livestock; and
- Law No 02/L-85 on Fisheries and Aquaculture.

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

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

- Regulation No 1166/2008 of the European Parliament;
- Council Directive No 157/2009/EC;
- Council Directive No 87/328/EEC;
- Council Directive No 88/661/EEC;
- Council Directive No 90/118/EEC;
- Council Directive No 90/119/EEC;
- Council Directive No 89/361/EEC;
- Council Directive No 90/427/EEC;
- Council Directive No 91/174/EEC;
- Council Directive No 94/28/EC;
- European Council (EC) Directive No 2100/94;
- Commission Implementing Directive No 97/2014/EC;
- Council Implementing Directive No 90/2008/EC
- Council Directive No 66/402/EEC;
- Regulation (EC) No 2003/2003 of the European Parliament;
- EU Regulation (EC) No 834/2007;
- EU Regulation (EC) No 889/2008;
- Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products;

- Commission Regulation (EC) No 889/2008 of 5 September 2008 laying down detailed rules for the implementation of Council Regulation (EC) No 834/2007 on organic production and labelling of organic products with regard to organic production, labelling and control.

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

- Agriculture and Rural Development Plan 2014-2021;
- Direct Payment Programme 2018;
- Land Consolidation Strategy 2010-2020;
- Horticultural Sector Strategy 2009-2013;
- Green Report 2017;
- Action Plan 2010-2020 for the implementation of the strategy;
- Action Plan for Organic Agriculture 2018-2021.

Land sector: the institutional framework in this sector consists of the Department for Agricultural Policy and Markets.

#### Viticulture

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

- Law No 02/L-08 for wines as amended by Law No 04/L-019;
- AI - No 01/2017 on registration of vineyards, mandatory declarations, accompanying documents and evidence in wine cellars.

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

- Commission Regulation (EC) No 436/2009;
- Council Regulation (EC) No 479/2008;
- Commission Regulation (EC) No 555/2008;
- Council Regulation (EC) No 479/2008;
- Commission Regulation (EC) No 606/2009;
- Commission Regulation (EC) No 607/2009;
- Council Regulation (EC) No 491/2009; and
- Regulation of the Commission and European Council (EU) No 1308/2013.

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

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

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

Regarding bylaws in the sector of advisory services, a total of 9 AIs were adopted.

The policy framework in this area consists of the Strategy of Advisory Services for Agriculture and Rural Development 2015-2020.

The institutional framework in the area of advisory services consists of the Department of the Advisory and Technical Services.

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

#### **Donor Support**

In the area of **agriculture**, the main projects in recent years are targeting the Agricultural and Rural Development Programme/rural grant schemes to increase the competitiveness of the sector in general.

The projects that have started to be implemented during 2020 are from the IPA-2015 programme, "Agriculture and Rural Development Support Grant Scheme 2015" in the amount of EUR8.8 million, which started being implemented as of February 2020 and the project "Capacity Building for Kosovo in relation to the EU Common Market Organization (CMO) and Agricultural Statistics" with a contract value EUR 1,476,866.00. The overall objective of this contract is to ensure improved access and competition in agricultural markets. In order to support Kosovo's alignment with EU standards and practices regarding the common market organization in agricultural products, supporting Kosovo in implementing a comprehensive and integrated agricultural information system. Consequently, it is expected the drafting of primary and secondary national legislation for the organization of the market of agricultural products of Kosovo in order to be in line with relevant EU regulations and practices, capacity building for the implementation of CMO legislation and the management of Integrated Agricultural Information System in Kosovo.

Donors who are currently active in agriculture and have synergies with MAFRD and AAD are the World Bank, through the Agriculture and Rural Development Project.

The Agriculture and Rural Development Project (ARDP) in Kosovo aims to improve productivity and market access by project beneficiaries in the horticulture and livestock sub-sectors, as well as institutional capacity building in the Ministry of Agriculture, Forestry and Rural Development (MAFRD). The project is divided into 4 components:

- Component 1: Transferring Knowledge to the Rural Sector:
  - Subcomponent 1 (a): Rural Advisory Service (RAS) Contracts;
  - Subcomponent 1 (b): Regional Knowledge Exchange;
  - Subcomponent 1 (c): Institutional Strengthening of Municipal Rural Advisory Services;
- Component 2: Enhancing Investments to Promote Sustainable Rural Development:
  - Subcomponent 2 (a): Rural Development Grant Programme €8,80 million;
  - Subcomponent 2 (b) (New Activity): Promoting Development of the Horticulture Subsector (\$3.0 million);
  - Subcomponent 2 (c): Institutional Capacity Building (€0.78 million);
- Component 3: Support for Irrigation (New Component):
  - Subcomponent 3 (a): Rehabilitation of Radoniqi scheme;
  - Subcomponent 3 (b): Strategy and Investment Framework for the Irrigation Sector;
- Component 4: Project Management, Coordination, Monitoring and Evaluation.

For the period of 2014-2020, a total of EUR14.5 million have been invested within the project, of which EUR 10.1 million were invested in the two grant programmes. During this period, ARDP interventions contributed to a total of 4,910 beneficiaries, including 332 in the Rural Development Grants Programme and 13 in the Horticulture Development Grants Programme. 3,381 farmers in Kosovo have participated in the Trainings for potential RDGP applicants, while 545 public and private advisors were delivered a training in the area of technical services and extension. Over 172 farmers and agro-processors have participated in study visits to the region and Europe. Regarding the irrigation component, rehabilitation works have commenced in 2020, while the Master Plan for irrigation in Kosovo has been finalized.

The USAID Agricultural Growth and Rural Opportunities (AGRO) focuses on increasing agricultural productivity, marketability, and market response, and enhance the sustainability and competitiveness of targeted Kosovo-based agribusinesses in domestic and export markets.

USAID provides additional support in the form of grants and subcontracts to initiate or expand agribusiness activities that may be related to the market demands of strategic partners. The results of this project so far include 5,175 new jobs created (28% women), 4,004 hectares under new technology and a total of \$147.6 million in domestic sales and exports.

The German GIZ, through the project "Creating Employment through Export Promotion (CETEP)" assists in providing relevant information to providers and business development companies, through market research on EU market demands. This project delivers capacity building training to its partners and creates

links between Kosovar and German companies, through export promotion activities such as: B2B, fairs, sales missions, study visits. Furthermore, the project establishes cross-sectorial business links with local and international businesses. The project also supports the berry, fruit and vegetable value chain and through the distribution of in-kind grants to small farmers (260 beneficiaries). The project is committed to increasing production capacity dedicated to exports and innovation through the "Innovation Fund". Furthermore, it also supports MAFRD and AAD in absorbing the IPA III Funds.

Sustainable Development of Private and Decentralized Forests in Kosovo (SSPDF). This is a four-year project which commenced in 2014 in Kosovo, and is implemented by the NGO "SMNR" (Sustainable Management of Natural Resources) with the financial support of the Swedish Development Cooperation i.e., SIDA. The main objective of the projects is to involve municipalities, KPA and local community beneficiaries in the joint forest management process (or decentralized forest management); Improve the services provided to private forest owners associations and the national association of private forest owners in enhancing membership and sustainable private forest management and increasing applications of good practices and innovative approaches to wood biomass production. The results achieved by the project are: a large number of trainings of families in the villages for the process of joint forest management. Services and trainings are provided to the members of the association for capacity building in forest measurement, forest management plans, silvicultural works (thinning, clearing, afforestation), fire protection, use of saw and protection measures, forestry education, cultivation of nuts, fast-growing trees, wood biomass as well as awareness-raising and information campaign on climate change, environmental protection and biodiversity. The other result is that women and young people are informed and trained in the value chain of non-wood forest products and aromatic medicinal plants by establishing productive groups of women and young people within 12 local associations.

The FAO programme supports the strengthening of sustainable and multi-purpose forest management to improve livelihoods in rural areas and address climate change in Kosovo within the period of 2019-2023. This programme will support Kosovo's development agenda as outlined in the National Development Strategy 2016-2021, and in particular Kosovo's efforts to improve sustainable forest management, as an important resource for the territory. The results and activities of the programme are in line with Kosovo's existing and proposed new rules governing forestry, the EU forestry strategy, the EU Pre-Accession Instrument, the Policy and Strategy Paper (PSP) 2010-2020 for the development of the forest sector, as well as Kosovo's forest policies that are in process. The total budget is \$5,300,000. In the long term, the programme brings legitimacy and sustainable management practices, providing a state that enables sustainable and participatory forest management which also leads to the development of other comprehensive value chain practices. The programme will address these problems through three different but complementary components.

- Component 1: Creating conditions that enable the improvement of legality, trade and law enforcement in the forest sector;
- Component 2: Increasing transparency and strengthening institutional capacity in good governance and implementation of forest policies, strategies and programmes;
- Component 3: Introducing multi-purpose forest management and comprehensive forest value chains to alleviate the poverty of men and women from rural areas.

The result of the programme is that Kosovo forests in the target regions are more efficiently managed with a multi-purpose, participatory approach, strengthened in accordance with the relevant rules pertaining the forest sector and supported by responsible climate and gender value chains for poverty alleviation.

### *Medium-term Priority Objectives*

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

- Increasing the sustainable development of the agricultural sector and ensuring the appropriate level of income of agricultural producers, as well as sustainable production of quality food and environmental protection;

- Growth of competitiveness in agriculture, especially in the agro-food sector, promoting development and employment opportunities, and improving the quality of life in rural areas;
- Growth of farms potential production that enables the increase of domestic production and reduced import of agricultural products;
- Investments in modernizing the irrigation system and expanding existing farm-level systems and other activities foreseen in the framework of the ARDP implementation.
- Protection and sustainable use of agricultural land;
- Drafting and approval of development policies for agriculture and rural development;
- Capacity building for implementation of Common Market Organization (CMO) legislation and management of the Integrated Agricultural Information System in Kosovo.

### **3.12. Acquis Chapter 12: Food Safety, Veterinary, and Phytosanitary Policy**

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

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

#### *SAA Requirements*

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

#### Requirements from other EU accession mechanisms

Besides the obligations from SAA, Kosovo must also meet the requirements deriving from the EC' *Kosovo 2019 Report*, and the meeting of the Subcommittee on Agriculture and Fishery held in May 2019. These documents emphasize some of the key areas of Kosovo for improvement, such as: providing an integrated food control system, including the transfer of municipal inspectors to FVA; continuation of the legal basis approximation with the EU Acquis; improving infrastructure at border veterinary inspection points and providing quarantine facilities for animals; ensuring sufficient funding and capacity for the full implementation of the multiannual animal disease control and surveillance programme; capacity building of KFVA for emergency response during outbreaks of diseases; ensuring an adequate system for the collection of animal by-products; approving necessary measures to implement the legislation on the identification and registration of animals at the level of animal markets, slaughterhouses and animal transport; intensification of efforts towards the inclusion of 'cross-compliance' measures in the area of food safety and animal health and welfare under the agriculture programme; improving implementation and operational capacity of the institutions in charge of plant health; adoption of the law on spirits, approval of AIs on the definition of health rules for animal by-products, which transpose EU Regulations 1069/2009 and 142/2011, approval of the strategy for the advancement of agri-food enterprises, strengthening mechanisms of cooperation with Serbia in the fight against illegal trade in live animals and agricultural and food products.

#### *State of Play*

## *Legal, Policy and Institutional Framework*

### Food safety

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

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

These normative acts have transposed the following acquis acts:

- Regulation No. 178/2002 of the European Parliament and of the Council
- Regulation No. 882/2004 of the European Parliament and of the Council;
- Regulation No. 852/2004 of the European Parliament and of the Council;
- Regulation No. 853/2004 of the European Parliament and of the Council;
- Regulation No. 854/2004 of the European Parliament and of the Council;
- Regulation No. 2073/2005 of European Commission;
- Regulation No. 1169/2011 of the European Parliament and of the Council;
- Regulation No. 1331/2008 of the European Parliament and of the Council;
- Regulation No. 1332/2008 of the European Parliament and of the Council;
- Regulation No. 1333/2008 of the European Parliament and of the Council;
- Regulation No. 1334/2008 of the European Parliament and of the Council;
- Regulation No. 1881/2006 of European Commission;
- Regulation No. 333/2007 of European Commission;
- Regulation (EC) No. 183/2005 of the European Parliament and of the Council.

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

The *institutional framework* in this area consists of the following institutions:

- Ministry of Agriculture, Forestry and Rural Development;
- Ministry of Environment, Spatial Planning and Infrastructure;
- Ministry of Industry, Entrepreneurship and Trade;
- Ministry of Health;
- Food and Veterinary Agency;
- Municipalities (Municipal Inspectorates).

### Veterinary

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

- Law No. 2004/21 on Veterinary;
- Law No. 02/L-10 on Animal Welfare;
- Law No. 03/L-016 on Food;
- Law No. 02/L-111 Apiculture;

These normative acts have partially transposed the following acquis acts:

- Regulation (EC) No 1760/2000 of the European Parliament and of the Council repealing Council Regulation (EC) No 820/97;
- Regulation No. 494/98 laying down detailed rules for the implementation of Council Regulation (EC) No 820/97;
- Regulation No 911/2004 implementing Regulation (EC) No 1760/2000 of the European Parliament and of the Council;
- Regulation No 21/2004 amending Regulation (EC) No 1782/2003 and Directives 92/102/EEC and 64/432/EEC; and Directive 2008/71/EC;
- Commission Regulation (EC) No 1251/2008 implementing Council Directive 2006/88/EC;



- Council Directive 2003/85/EC repealing Directive 85/511/EEC and Decisions 89/531/EEC and 91/665/EEC and amending Directive 92/46/EEC, 2004/07;
- Council Directive 2005/94/EC repealing Directive 92/40/EEC;
- Council Regulation No. 1/2005 and amending Directives 64/432/EEC and 93/119/EC and Regulation No. 1255/97;
- Council Directive 93/119/EC;
- Council Directive 2008/119/EC;
- Council Directive 98/58/EC;
- Council Directive 2008/120/EC;
- Commission Regulation No. 1881/2006 amended by Commission Regulation No. 1126/2007 and Regulation No. 565/2008;
- Council Directive 96/23/EC repealing Directives 85/358/EEC and 86/469/EEC and Decisions 89/187/EEC and 91/664/EEC, Commission Decision 97/747/EC, based on the Council Directive 96/23/EC and Commission Decision 98/179/EC;
- Directive 91/496/EEC;
- Directive 97/78/EC;
- Commission Regulation No. 605/2010.

Policy framework in this area consists of National Annual Plan for Official Controls as well.

*Institutional framework in the area of veterinary*

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

- Ministry of Agriculture, Forestry and Rural Development;
- Food and Veterinary Agency;
- Municipalities (Municipal Inspectorate);
- Veterinary Chamber of Kosovo;
- Customs;
- Kosovo Police.

*Legislative and policy framework in the area of phytosanitary*

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

- Law No. 03/L-029 on Agricultural Inspectorate;
- Law No. 02/L-95 on Plant Protection;
- Law No. 03/L-042 on Plant Protection Products;
- Law No. 03/L-016 on Food;
- Law No. 2004/13 on Planting Material;
- Law No. 2003/5 on Seeds in Kosovo;
- Law No. 2003/10 on Fertilizers;
- Law No. 04/L-019 amending the Law No. 02/L-8 for Wines;
- Law No. 02/L-98 on Protection of Plants Varieties.

These normative acts partially transposed the following acquis acts:

- Directive 2000/29/EC;
- Council Directive 91/414/EEC;
- Regulation of Parliament and Council No. 1107/2009, which repeals Council Directive No. 79/117/EEC and Directive No. 91/414/EEC;
- EC Regulation No. 1907/2006;
- Regulation (EC) No 396/2005 of the European Parliament and of the Council amending Council Directive 91/414/EEC;
- Regulation No. 178/2002 of the European Parliament;
- Directive No. 2008/72/EC;

- Commission Regulation (EC) No. 436/2009 laying down detailed rules for the application of Council Regulation (EC) No. 479/2008;
- Council Regulation (EC) No. 479/2008;
- Commission Regulation (EC) No 555/2008 laying down detailed rules for implementing Council Regulation (EC) No 479/2008;
- Commission Regulation (EC) No 606/2009 laying down certain detailed rules for implementing Council Regulation (EC) No 479/2008;
- Commission Regulation (EC) No 607/2009 laying down certain detailed rules for the implementation of Council Regulation (EC) No 479/2008;
- Council Regulation (EC) No. 491/2009 amending Regulation (EC) No. 1234/2007;
- Regulation (EU) No 1308/2013 of the European Parliament and of the Council establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007;
- Council Regulation (EC) No. 2100/94; and
- Commission Implementing Directive 2014/97/EU implementing Council Directive 2008/90/EC.

#### *Institutional framework in the area of phytosanitary*

This institutional framework in this area consists of the following institutions:

- Ministry of Agriculture, Forestry and Rural Development;
- Food and Veterinary Agency;
- Municipalities (Municipal Inspectorate);
- Customs;
- Kosovo Police.

#### ***Donor Support***

In the framework of IPA 2015, the country's institutions benefit through the project “*Support to the Food and Veterinary Agency in capacity development to implement the integrated food safety system, including the improvement and functionalization of the information technology system.*” While under IPA-2017: “*Improving the Infrastructure of the Laboratory and Regional Offices*”; “*Establishment and implementation of a transparent disease surveillance and control programmes*”; and “*Preparing a Comprehensive Document for the Transposition and Implementation of the EU Acquis in Chapter 12 - Food Safety, Veterinary and Phytosanitary Policy*”.

Support is expected to continue within IPA 2021 with a project that aims to support MAFRD phytosanitary laboratories to strengthen their technical and organizational capacity.

Also, from the project funded by the Government of Luxembourg together with the Norwegian Embassy: "Human Capacity Development Fund for the SAA", FVA is the beneficiary of a project with four (4) objectives in human capacity building, where two (2) of them have been completed during 2020, namely: delivery of Training on movement, health and animal markets and Technical Assistance in drafting the AI for the implementation of the AI on setting health rules for animal by-products and their derivatives, which are not intended for human consumption, transposing Regulation (EC) No. 142/2011. Training of Trainers for veterinary inspectors on collection and categorization of animal by-products.

#### ***Medium-term Priority Objectives***

In order to meet obligations deriving from the SAA and other documents and mechanisms of EU accession within the scope of Chapter 12, during 2021-2024 the focus will be in the following medium-term priorities:

- Completion of the legislative framework regulating food safety, animal and plant health, partially transposing EU acquis, such as: Regulation No. 2016/429 of the European Parliament and of the Council; Council Directive 66/402/EEC; Council Directive 66/401/EEC; Council Directive 2002/53/EC; Council Directive 2002/54/EC; Council Directive 2002/55/EC; Council Directive 2002/56/EC; Council Directive 2002/57/EC; Council Directive 68/193/EEC; Council Directive 1998/56/EC; Regulation 2016/2031 of the European Parliament and of the Council; Council

Regulation (EEC) 2075/92; Council Regulation 1636/98 amending Regulation 2075/92; Directive (EC) 2001/37; Directive 2009/54/EC of the European Parliament and of the Council; Regulation No. 998/2003 of the European Parliament and of the Council; Commission Regulation No. 1082/2003; Council Directive 88/166/EEC; Council Directive 98/58 EC; Directive 2002/46/EC; Council Directive 89/108/EEC; Directive 2009/54/EC of the European Parliament and of the Council; Regulation (EC) No. 258/97; Regulation No. 2003/2003 of the European Parliament and of the Council; Regulation (EC) No. 1107/2009 of the European Parliament and of the Council, repealing Council Directives 79/117/EEC and 91/414/EEC; Council Directive 66/402/EEC; Regulation No. 396/2005/EC; and Regulation No. 92/70/EEC; Directive 2000/29/EC; Directive 2100/94; Directive 2014/97/EU; Directive 2008/90/EC; EC Regulation 1107/2009; Council Regulation 834/2007; and EC Regulation 889/2008.

- Drafting Multi-Annual National Control Plan;
- Transfer of veterinary and phytosanitary inspectors from the municipal level to the central level;
- Further advancement of the Animal Identification and Registration Database;
- Improvement of infrastructure at border veterinary inspection points and provision of quarantine facilities for animals;
- Inclusion of 'cross-compliance' measures in the area of food safety and animal health and welfare under the agriculture programme;
- Operational capacity increase of responsible institutions for plant health to ensure an effective system of control and plant diseases;
- Continue of empowering mechanisms of cooperation with Serbian counterparts in the fight against illegal animal trade and agricultural and food products;
- Plan for the advancement of agri-food enterprises.

### **3.13. Acquis Chapter 13: Fisheries**

Acquis Chapter 13 on Fisheries provides rules for the conservation of living aquatic resources and management of the fleet capacity; control and enforcement; structural actions for operators in the sector; implementation of common marketing standards and joint fishery market organisation and inclusion of producing organisations in implementing these rules. As it is very important in identification of these rules, special emphasis is given to the assessment of existing fish stocks and collection reliable data on fisheries sector. Implementing legislation and policies of Chapter 13 requires inclusion of measures to prepare administration and operators for participation in joint fisheries policy and to gain experience in implementing fisheries legislation and policies.

It should be noted that the final legislative amendments in this chapter lay down detailed and strict rules to be applied effectively not only from member states but also from third countries exporting to the EU. This implies undertaking actions for preparing administration and operators to participate in the common fisheries policy, which covers market policy, resource and fleet management, inspection and control, structural actions and state aid control. In some cases, existing fisheries agreements and conventions with third countries or international organisations need to be adapted.

According to Article 103 of the SAA, the Parties shall consider the possibility of identifying mutually beneficial areas of common interest in the aquaculture and fishery sectors. Cooperation shall take due account of priority areas related to the EU acquis in these areas and of principles of management and conservation of fisheries resources based on rules developed by relevant international and regional fisheries organisations.

Regarding the fisheries sector, the EC's Kosovo 2020 Report, states that Kosovo should start developing a concept of fisheries policy and development, where the EC provides support with expertise in this regard. Regarding fish inventory in Kosovo rivers, the EC wants to start in small ponds, due to the lack of capacities to create a fish inventory at the national level.

In the framework of the conclusions drawn from the meetings of the Subcommittee on "Agriculture and Fisheries" held on 14 May 2020 and 20 May 2021, regarding the fisheries sector, the EC emphasizes that Kosovo is still at an early stage of preparation in the field of to align its market policy with the *acquis*, establish an inventory of fish species in a pilot area, and use TAIEX to advance fisheries legislation and policies.

The EC requires to harmonize the policies of this sector with the *acquis*, increase and strengthen the administrative capacity for management, inspection and control of fisheries policies and to make an inventory of fish. Subsidies for registered producers are limited and do not reflect either the potential for jobs and exports, nor the market value of the sector, the EC stressed out

The aquaculture and fisheries sector is comprised by these relevant normative acts:

- Law No. 02/L-85 on Fisheries and Aquaculture, adopted by the Assembly on 08.07.2013. The law has not yet been aligned with EU *acquis*.
- AI No. 27/2007 on recreational sport fishing and recreational sport fishing equipment,
- AI No.09/2008 on Licensing of aquaculture activities,
- AI No. 07/2009 on the areas-regions for fishing.

The fisheries sector in Kosovo is not very developed, however, Kosovo has a considerable potential of fresh water, which can ensure great employment opportunities, profits and other opportunities for the country's economic development. The aquaculture sector in Kosovo compared to regional countries and Europe is small and produces a minimum amount of meat fish at about 614 t/year. Trout fish is being cultivated in Kosovo, which is mainly consumed in restaurants, and little or almost nothing available on the market.

MAFRD in cooperation with the Federation of Sport Fishermen of Kosovo (KFRSF) decides on fishing areas, the amount of fish for fishing, fishing equipment, etc. While in aquaculture decisions taken by the MAFRD only and as such are executed by the Inspectorate. According to legislation, licensing in the area of aquaculture at the national level is the responsibility of MAFRD, while the licensing of fishermen for recreational sport fishing is under the competencies of KFRSF. Federation of Sport Fishermen of Kosovo reports to MAFRD on the number of licenses issued. At the same time, MAFRD is notified from the KFRSF on developments in fisheries, restocking and the amount of fish caught by the sports fishermen.

***Medium-term Priority Objectives:***

- Inventory of fish;
- Approximation of aquaculture legislation with *Acquis*.

### **3.14. Acquis Chapter 14: Transport Policy**

This chapter covers part of transport policy stemming from the SAA. EU transport legislation aims to improve the functioning of the internal market by promoting safe, efficient and environmentally sustainable services with an integrated transport system as environmentally friendly as possible. Furthermore, the transport *acquis* covers the road, rail, water, multimodal transport, aviation and maritime transport sectors. In this context, the transport legislation is related to technical standards; safety standards; social standards; including state aid control and market liberalisation in the context of the internal transport market. In addition, the transport policy is also covered by the Title VI, articles 90-100 of the TFEU.

*SAA Requirements*

Transport under the SAA is covered by Chapter II of the Agreement - Provision of Services. Relevant articles are Articles 53, 60, 61, 62 and 113. Article 53 provides for obligations that will derive from the Treaty of Transportation and the obligations assumed through the Treaty of the European Common Aviation Area (ECAA). Article 60 except for taking into account the Treaty of Transport Community and the ECAA Agreement, it also provides for a gradual approximation of legislation in the area of transport in order to promote the liberalization of mutual market access of the Parties and facilitate the movement of passengers and goods and the inclusion of any international conventions relating to road safety. Articles 61 and 62 are mainly focused on transportation of goods in transit from Kosovo through EU territory and destined for a

third country or vice versa. Article 113 provides for cooperation between the Parties on priority areas related to the EU acquis in the area of transport.

Requirements from other EU accession mechanisms

In the context of the requirements arising from the EC *Kosovo 2019 Report*, in the area of road transport, Kosovo must urgently improve road safety, aiming at reducing road fatalities and serious road traffic injuries, as well as establish a system for the continuous collection of data on road accidents.

Kosovo needs to further approximate the primary and bylaws with the EU Acquis, namely to adopt legislation on Intelligent Transportation System (ITS) and develop a strategic framework for the implementation of ITSs over basic networks, providing sufficient capacities and resources for its implementation. KR also recommends that further efforts should be made to complete alignment with the acquis on Public Services Obligations (PSOs), including transposition of the Acquis on the procedures and criteria for the award of public service contracts in the area of road transport.

As far as connectivity reform measures are concerned, KR requires further efforts to implement measures with a particular focus on measures related to border crossings, road safety and maintenance plans (road and rail).

Among other requirements deriving from the report is the implementation of the recommendations of the CONNECTA report regarding the establishment of a road accident data system throughout the country and the transposition of EU legislation on passenger rights. To reduce the number of fatal accidents, the report recommends that educational policies be developed, staff be trained, and that traffic rules be effectively enforced. Among other things, it is also required to further align the legislation on road transport vehicles for efficient and clean energy, as well as the establishment of infrastructure for the use of alternative fuels. The report also considers that Kosovo should prioritize the review and implementation of the multimodal transport strategy as well as the development of combined transport.

Meanwhile, in the railway sector, the report estimates that Kosovo should increase its efforts towards the harmonization of local legislation with the *acquis* in the area of interoperability. Kosovo should also make efforts to harmonize EU legislation on passenger rights in all modes of transport. The professional capacities of the RRA should also be strengthened and sufficient funding provided.

In the area of civil aviation, the report considers that Kosovo has made progress in aligning with the acquis and has implemented almost all the requirements of the first transitional phase of the European Common Aviation Area (ECAA) Agreement, with the exception of some provisions in the area of economic regulation dealing mainly with labour law. On the other hand, the report estimates that Kosovo lacks revenues from high airspace management which limits Kosovo's ability to invest in training and infrastructure development. Among other things, the report seeks to increase financial support and strengthen the professional capacity of the Air Navigation Service Agency and the Civil Aviation Authority.

Meanwhile, in the framework of the requirements derived within the Subcommittee "INFRA" 2020 and 2021, Kosovo should continue with the further approximation of the legal framework on the transport sector with EU legislation in accordance with best practices. Furthermore, the responsible institutions should implement the reform measures deriving from the connectivity agenda in the field of road and rail transport. In this regard, Kosovo should approve the Administrative Instruction on the framework for the installation of intelligent transport systems.

Regarding road transport, institutional efforts should be increased in the implementation of legislation as well as to improve the quality of road safety data as preconditions for improving road traffic safety, as mentioned in the context of Vienna's soft measures. In this regard, adoption of instructions for Road Safety Inspection and drafting of a three-year inspection plan is required. Furthermore, taking direct measures to establish a Road Accident Registration database is required. Kosovo authorities are also required to fully implement the actions set out in the Regional Road Safety Action Plan adopted in October 2020.

Furthermore, they are required to draft a comprehensive national strategy on road safety 2021-2030, including by setting the targets, as well reflecting in the institutional structure of road safety to address the challenges.

On the other hand, Kosovo institutions are required to tackle with priority the solution of the issue of homologation of old vehicles; it is specifically required that the legislation on vehicle homologation (AI No. 2/2018) be reviewed in order to be aligned with EU best practices and eliminate non-tariff barriers.

Also, the "INFRA" 2020 Subcommittee considers the need to work together with other Western Balkan countries to exchange knowledge and best practices and to reduce the large number of road deaths and serious road traffic injuries in the region. Institutional efforts should be stepped up for adoption and implementation of Intelligent Transport System (ITS) legislation, as well as for implementation of CONNECTA recommendations.

Meanwhile, regarding rail transport, it is required to sign the 2020-2024 financial agreement, presented by INFRAKOS in October 2019, between the Infrastructure Manager and the authorities in charge. It is also required to appoint a new board of Directors of the Railway Infrastructure / INFRAKOS and to approve measures in order to increase the number of passengers in rail transport. It also calls for continued efforts to transpose the EU acquis on passenger rights in all modes of transport.

In the area of civil aviation, some of the remaining requirements of the first phase of the European Common Aviation Area Agreement (ECAA) on the regulation of labour relations in line with the acquis should be met and the Kosovo Civil Aviation Strategy should be finalized and approved. The government should also ensure that the reorganization and administrative reforms of the Civil Aviation Authority are based on the principles of public administration reform and relate to the specific circumstances and requirements of the aviation sector.

Also, the Subcommittee "INFRA" 2020 and 2021 to approve the Sectoral Strategy of Multimodal Transport that includes the civil aviation strategy.

### ***State of Play***

#### *Legislative, Policy and Institutional Framework*

##### Road transport

The Law on Road Transport; legislative framework in this area consists of the following relevant normative acts:

- Law on the Establishment of the Transport Community Treaty;
- Law on Roads;
- Law on Road Transport;
- Law on Railways;
- Law on Civil Aviation;
- Law on Driving Licence;
- Law on Vehicles;
- Law on Road Traffic Provisions; and
- Law on Land Transport of Hazardous Goods.

In terms of completing and further aligning the bylaws, MoI has adopted 23 AIs.

These normative acts have transposed the following acquis acts:

- Directive 2006/126/EC;
- Directive 2000/30/EC;
- Directive 96/96/EC;
- Directive 96/35/EC
- Directive 2008/68;
- Directive 1071/2009;

- Directive 1072/2009;
- Directive 1073/2009.
- Directive 95/50;
- Directive 96/35/EC as amended by Directive 2008/68/EC;
- European Agreement concerning the International Carriage of Dangerous Goods by Road (ADR);
- International Convention concerning the Carriage of Goods by Rail (CIM) and Convention concerning International Carriage by Rail (COTIF); and
- Regulation concerning the International Carriage of Dangerous Goods by Rail (RID).

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

- Sector and Multimodal Transport Strategy 2015-2025 (SSTMM) and the 5-year Action Plan; and
- Strategy on Road Traffic Safety 2016-2020 and Programme for Road Traffic Safety.

Institutional framework:

- Ministry of Environment, Spatial Planning and Infrastructure;
- Inspectorate Department;
- Department of Road Infrastructure;
- Department of Road Transportation;
- Department of Vehicles;
- Department of Driving Licence; and
- Coordination Department of the Council on Road Traffic Safety;

#### Civil aviation

- Law on Civil Aviation;
- Law on the Establishment of the Air Navigation Services Agency;
- Regulation No. 01/2016 amending General Basic Standards on Civil Aviation Security;
- Regulation No. 04/2017 laying down Detailed Measures for the Implementation of the Common Basic Standards on Aviation Security; and
- Regulation No. 01/2017 on the Investigation and Prevention of Accidents and Incidents in Civil Aviation, a regulation transposing EU regulations No: 996/2010 (26 October 2017, AAIIC).

These normative acts have transposed the following acquis acts:

- Kosovo institutions (MI and CAA) have transposed all legislation deriving from the first phase of the European Common Aviation Area Agreement (ECAA), in addition to the Directive 2003/88 which is expected to be transposed by amending the Law on Labour;
- CAA has also transposed 71 regulations deriving from Phase II of the European Common Aviation Area (ECAA) Agreement;
- EU Regulation no.: 1141/2011 amending Regulation (EC) no. 272/2009;
- EU Regulation no. 245/2013 amending Regulation no. 272/2009;
- Regulation (EU) No. 2015/1998 amending Regulation (EU) No. 185/2010;

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

- Sector and Multimodal Transport Strategy 2015-2025 (SSTMM) and the 5-year Action Plan;
- National Programme for Civil Aviation Safety has been approved by the MIA on 4 October 2017 and aims to protect passengers, crew, terrestrial staff and the general public from illegal interventions;
- National Programme for Civil Aviation Safety Quality Control that aims to determine compliance with the effectiveness assessment of the National Programme for Civil Aviation Safety through audits, tests and inspections;
- National Training Programme for Civil Aviation Safety, providing equal opportunities and treatment for both genders, which provides the creation of trained staff for the standardized implementation of preventive security for the safe operation of international flights; and
- National Programme for Civil Aviation Safety in the Republic of Kosovo.

Institutional framework:

- Ministry of Environment, Spatial Planning and Infrastructure;
- Civil Aviation Authority of Kosovo;
- Ministry of Internal Affairs
  - Division for Civil Aviation Safety;
- Aeronautical Accident and Incident Investigations Commission (AAIIC).

#### Railway transport

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

- Law No. 04/L-063 on Kosovo Railways;
- 28-Regulations covering the licensing, security, interoperability and market regulation; and
- 4 AIs covering licensing, security, interoperability and market regulation.

These normative acts have transposed the following acquis acts:

- EU Directive 2004/49;
- EU Directive 2001/14;
- EU Directive 91/440 and 95/18;
- EU Directive 2007/59;
- EU Directive 2008/57;
- EU Directive 2012/34.

The policy framework in this area consists of the Sector and Multimodal Transport Strategy 2015-2025 (SSTMM) and the 5-year Action Plan.

Institutional framework:

- Ministry of Environment, Spatial Planning and Infrastructure;
- Railway Regulatory Authority (RRA);
- Aeronautical Accident and Incident Investigations Commission (AAIIC); and
- Infracos.

#### ***Donor Support***

The budget for the implementation of medium-term priorities will be planned within the MTEF as well as including the continuation of support from IFN, as well as potential donors. In this context, the total cost of rehabilitation of the railway line 10 calculated in 2015 at 208,400,000 euros, is now estimated at 245,000,000.00 euros of which 40 million euros are loans from the EBRD, 80 million euros are loans from the EIB, 89 million euros are grants from the EU, while for 36 million euros are expected to find funding. The cost for the implementation of the preliminary project-design for the railway line 7 amounts to 1,250,000 euros and is a grant of WBIF, while the cost of the feasibility study for the railway line Prishtina - Airport amounts to 1.1 million euros which is also a grant of the WBIF.

#### ***Medium-term Priority Objectives***

In order to meet the obligations deriving from the SAA and the other EU accession documents and mechanisms in the areas within the scope of Chapter 14, the focus during 2021 - 2024 will be on the following medium-term priority objectives:

- Amending the Law on Kosovo Railways;
- Commencement of the implementation of the 4<sup>th</sup> Railway Package, which includes standards and authorization for rolling stock, training of the workforce, independent infrastructure management, and liberalization of internal market for passengers and goods;
- General rehabilitation and modernization of the 10<sup>th</sup> Railway Line (Serbia border - Leshak - Fushë Kosovë - Hani i Elezit - North Macedonia border);
- Preliminary draft design for the 7<sup>th</sup> railway line Fushë Kosovë - Podujeva - Serbia border;
- Feasibility study for the Prishtina - Prishtina Airport railway line; and
- Draft design for the Klina - Prizren south-western line.



- Feasibility study for the construction of the Kosovo-Albania Railway Line
- Rehabilitation of the Railway Line 7 (Fushe Kosove - Podujevo - Merdare).
- Progressive implementation of the obligations arising from Phase II of the ECAA Agreement;
- Implementation of the State Security Programme and the accompanying State Aviation Security Plan, in accordance with Regulation (EU) no. 2018/1139.

### 3.15. Acquis Chapter 15: Energy

This chapter contains the EU energy *acquis*, i.e., the objectives of EU energy sector policy are: competitiveness, security of supply and sustainability. The EU acquis on Energy consists of rules and policies, notably regarding competition and state aids including the coal sector, conditions for equal access to the resources for exploration and conditions of production in the sector of hydrocarbons. This chapter also determines the conditions of internal energy market, promotion of renewable energy sources, energy efficiency, nuclear security and radiation protection.

#### *SAA Requirements*

The obligation to approximate Kosovo's legislation with that of the EU in the energy sector derives from Article 74 and Article 114 of the SAA. These provisions oblige Kosovo to technically align its national legislation with that of the EU, but also to ensure its implementation. Article 114 states that cooperation between the parties will focus on priority areas related to the acquis of Energy Community. This cooperation will reflect the principles of the market economy and is based on the Treaty establishing the Energy Community, with a view to gradually integrate Kosovo into European energy markets.

It also envisages the possibility of inclusion for assistance in terms of improving and diversifying energy supply and access to the energy market and the application of EU rules on transit, transmission, distribution and restoration of energy interconnections of regional importance to neighbouring countries. It also envisages the implementation of the EU acquis on energy efficiency, renewable energy sources and the environmental impact of the energy sector, thus promoting energy efficiency and renewable energy.

*Measures by the Council of Ministers of the Energy Community:* Kosovo is a contracting party to the Energy Community Treaty and as such has the obligation to approximate and implement the acquis of the European Union listed in Article 10 of the Treaty establishing the Energy Community<sup>13</sup>.

#### Energy efficiency and renewable energy sources

According to Article 114 of the SAA, the Republic of Kosovo must approximate and implement the EU acquis on energy efficiency, renewable energy sources and the environment affected by energy activities, to promote energy saving, energy efficiency, utilization of energy from renewable sources, reduction of environmental emissions, and research and development in these areas.

#### **Security of Supply and Internal Energy Market**

##### Requirements from other EU accession mechanisms

In addition to the obligations of the SAA, Kosovo must also meet the requirements arising from the EC Report on Kosovo and the meetings of the SAA Subcommittee "Transport, Environment, Energy and Regional Development", held in March 2020 and 2021.

*The EC's Kosovo 2020 Report* states that Kosovo has to some extent achieved preparations in the energy sector. There has been some progress in this sector, particularly in aligning with the EU *acquis* and increasing investment in renewable energy sources. However, the diversification of the energy sector is slow and Kosovo remains highly dependent on coal, which in addition to being a dominant source of greenhouse gas emissions, poses serious risks to health and the environment. Kosovo needs a strategic focus on a comprehensive green agenda, in line with EU goals, including a gradual shift from coal to renewables and increasing energy efficiency across sectors.

<sup>13</sup> <https://www.energy-community.org/legal/treaty.html>.

In terms of strategic documents, Kosovo's energy strategy needs to be updated with a main focus on renewable energy, energy efficiency and decarbonization targets. Kosovo needs to draft and approve a plan that includes the gradual adjustment of energy tariffs that reflects the expected price increase and mitigation measures for vulnerable consumers. It is recommended in particular to start the implementation of the *acquis* on energy supply security, to prepare for the decommissioning of TPP Kosova A and the environmental advancement of TPP Kosova B as well as to ensure the establishment of new generation capacities. It is also noted that there is no progress in the alignment of legislation with the *acquis* in the area of mandatory oil reserves.

Regarding *the internal energy market*, as far as the project of the new power plant TPP "Kosova e Re" it remains to be clarified the timelines and financing options. The capacity and independence of the Energy Regulatory Office have been undermined by political interference.

In the framework of the *Subcommittee of SAA "Infrastructure"*, held in March 2020 and 2021, it is emphasized that Kosovo should make urgent efforts to open the electricity market and implement the requirements of the third energy package. The conclusions emphasize the alignment of the regulatory and contractual framework with the requirements for the creation of the "Day ahead" market and the mutual market with Albania. In addition, adoption of the law on mandatory oil reserves and the law on trade in renewable oil products and fuels in Kosovo remains a priority, as well as AI for bio-oils and bio-fuels. The Energy Strategy and Action Plan should be revised, also ensuring its coherence with the National Integrated Energy and Climate Plan.

In the framework of the decommissioning project of TPP Kosova A, the conclusion remains to continue with the process and to make a decision on the location that will be designated for the storage of hazardous waste and to prepare an environmental impact assessment in order to make the final decision for the location. In line with the sustainable green transition in Europe and the development of new energy sources, Kosovo will participate in the comprehensive study to assess alternative sources of sustainable energy. The appointment of the chairman of the ERO board remains a challenge. Regarding the new capacities, it is underlined that Kosovo should regularly inform the European Commission for drafting the state guarantee or any other state aid instrument and will provide the Commission with regular updates on the state of discussions on the assistance that the state will provide for potential investments for the possible construction of the 'Kosova e Re' TPP. Take the necessary measures to make the biomass plant in Gjakova operational. Kosovo needs to adopt a plan that includes a gradual adjustment of energy tariffs, reflecting expected cost increases and mitigation measures for vulnerable consumers.

## ***State of Play***

### *Legislative and policy framework*

On 25 October 2005 the Republic of Kosovo signed the Treaty establishing the Energy Community (TEC) and is a contracting party to the Energy Community.

Policy development, organisation, regulation and management of the energy sector in the Republic of Kosovo is done through a package of laws that are generally in line with the EU *acquis* in the area of energy. Institutions in this sector also include government and regulatory institutions and energy companies.

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

- Law No. 05/L-081 on Energy;
- Law No. 05/L-085 on Electricity;
- Law No. 05/L-084 on the Energy Regulator;
- Law No. 05/L-052 on Thermal Energy;
- Law No. 05/L-082 on Natural Gas; and
- Law No. 06/L 079 on energy efficiency.

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

- Regulation No. 715/2009/EC on conditions for access to the natural gas transmission networks – partially;
- Regulation No. 714/2009/EC on conditions for access to the network for cross-border exchanges in electricity – partially;
- Directive No. 2009/72/EC of the European Parliament and of the Council concerning common rules for the internal market in electricity – partially;
- Directive No. 2009/28/EC of the European Parliament and of the Council on the promotion of the use of energy from renewable sources – partially;
- Directive No. 2009/73/EC of the European Parliament and of the Council concerning common rules for the internal market in natural gas – partially;
- Directive 2012/27/EU of 25 October 2012 on energy efficiency, amending the Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8 /EC and 2006/32/EC – partially.

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

- Energy Strategy of the Republic of Kosovo 2017-2026;
- Kosovo Heating Strategy 2011-2018; and
- Strategy Implementation Programme 2018-2020.

The *institutional framework* in this area consists of the following institutions:

- Ministry of Economy and Environment (MEE);
- Ministry of Infrastructure (MI);
- Ministry of Finance (MoF);
- Energy Regulatory Office (ERO);
- Kosovo Energy Corporation (KEC);
- Kosovo Electricity Transmission, System and Market Operator (KOSTT);
- Kosovo Energy Distribution Services (KEDS);
- Kosovo Company for Supply of Energy (KESCO); and
- District Heating of Cities (Termokos-Prishtina, Gjakova, Mitrovica and Zvecan).

In the *framework of security of supply*, in terms of alignment of legislation in the area of oil, the law on mandatory oil reserves has not been adopted for several years due to major budgetary implications caused by the implementation of this law. Meanwhile, the other law on trade in oil and renewable fuels, as well as the AI on biofuels are expected to be approved within 2021.

The National Energy and Climate Plan 2021-2030 is being drafted with the participation of five thematic working groups. In this plan will be integrated and set targets for RES, EE and greenhouse gases. This plan is expected to be approved in 2021. The energy strategy 2021-2030 is also being reviewed which is expected to be adopted in 2021.

The internal energy market during 2020 has had positive developments in the framework of integration in the regional electricity market. Following the successful vote in April 2020 by the Regional Group for Continental Europe (RGCE), on 30 June 2020, the new Connection Agreement was signed between KOSTT and ENTSO-E. The new KOSTT / ENTSO-E Connection Agreement will start to be implemented on September 29, 2020. With the start of the implementation of the new Connection Agreement between the agreement, KOSTT and ENTSO-E, KOSTT will operate as an independent regulatory area within the AK Bloc (Albania-Kosovo) with the Republic of Albania, within the synchronous zone of Continental Europe. The allocation of interconnection capacities and the management of congestion of the interconnection network will be realized within the structure of this block and no longer by EMS (Serbia), where the revenues from these activities will be collected by the Block, respectively by KOSTT. This development, furthermore, paves the way for KOSTT to integrate into the regional energy market, its participation in the Albanian Energy Exchange (APEX), as well as putting into operation the Kosovo-Albania 400 kV line. The full implementation of the Kosovo-Albania Regulatory Bloc Agreement was signed in Tirana, on 29.09.2020. 05 October 2020 in Prishtina, KOSTT and the Albanian Transmission System Operator (TSO) signed the Shareholder Agreement for the establishment of the Albanian Electricity

Exchange (ALPEX) and approved its Statute. The establishment of the Albanian Electricity Exchange (ALPEX) marks a new standard of operation in the energy sector, which will guarantee more transparency and competition in the electricity market.

Furthermore, on 30 October 2020, in Tirana, the agreement for the data exchange process was signed for the final settlement of the exchanged energy between the two regulatory areas of the Transmission System Operators of Kosovo and Albania, as well as the memorandum on the capacity methodology of transmission network calculation, between the two regulatory zones, KOSTT and OST. By signing these agreements, KOSTT and OST agree to implement the rules and recommendations ENTSO-E for cross-border energy exchanges, by respecting the "Regulation no. 714/2009 of the European Parliament on conditions for access to the network for cross-border exchanges in electricity" Namely Regulation (EC) 714/2009 of the European Parliament. These important steps bring KOSTT closer to membership in the European Network of Transmission System Operators-ENTSO-E. From 14 December 2020, KOSTT has started functioning as an Independent Control Zone within the Albania-Kosovo Control Bloc.

In Kosovo: there is currently no physical infrastructure, functional infrastructure and natural gas market, however, energy laws and energy strategy provide for the development of natural gas infrastructure, through the connection (connection) with gas infrastructure projects in the region of Southeast Europe, through the project of the TAP pipeline ("Trans-Adriatic-Pipeline" - Trans-Adriatic Pipeline) and the North Macedonia-Kosovo gas interconnection project. Also in order to open the perspective and development of the natural gas sector, as well as fulfill the obligations that Kosovo has as a member of the Energy Community Treaty, Kosovo has Law no. 05 / L-82 adopted the Law on Natural Gas Natural Gas, which has addressed the eight elements and requirements of the third package of EU legislation related to natural gas (Directive No. 2009/73 / EC and Regulation No. 715 / 2009 / EC). 2009/73 / EC and Regulation no. 715/2009 / EC). In addition to the primary legislation, AI (MED) no. 08.2017 on security of natural gas supply.

Diversifying energy resources and increasing the security of energy supply is also a strategic objective of Kosovo. Referring to the Energy Strategy of the Republic of Kosovo 2017-2026, a document which orients the policies of the energy sector, within its objectives has addressed the component of the development of natural gas infrastructure. In this regard, the development of the natural gas sector in Kosovo, through the connection with gas infrastructure projects in the region, is considered a real opportunity for future supply of natural gas. Connection with regional natural gas supply lines is a key option for Kosovo to diversify energy sources in order to increase the security of supply.

Electricity production is based on coal (94.5% of total domestic production), while the rest of the supply of 5.5% is based on RES. Gross electricity consumption for 2019 was 6001 GWh (household consumption participates with 41.9%, commercial sector 17%, industry sector 16.3%). Distribution network losses are quite high: commercial losses account for 11.6%, technical losses 11.4%, while transmission losses 1.7%.

New generation capacities from RES, to address the long-term problem of security of energy supply, the Energy Strategy 2017-2026 envisages a capacity of 1,436 MW in 2025, 450 MW of which are from renewable sources. With this production capacity it is foreseen to produce about 7,703 KWh in one year, where 924 KWh or 12.1% of them are from renewable sources.

During 2020, four (4) hydropower plants with a capacity of 11.06 MW have been put into operation. While, in the process of construction (Hydropower plants) are 10 projects with installed capacity of 33.5 MW, which are expected to enter into operation during 2021. From the wind turbines are four (4) projects with installed capacity of 114.4 MW, which are expected to enter in operation during the years 2021-2022. From biomass under construction is a project with an installed capacity of 1.2 MW, which is expected to enter into operation in the second half of 2021. Whereas, there are none regarding new projects from solar energy.

A total of 21 RES generators are already in operation, with a total installation capacity of 105 MW: 13 HPP (61.1 MW); 6 PV-Solar (10MW) and two (2) of wind generators (33.73 MW).

### ***Donor Support***

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

#### *Current and Planned IPA Projects*

Donor Support is mainly concentrated on the project regarding the de-commissioning process of facilities related to TPP "Kosova A" that do not have an impact on the operation of TPP "Kosova A", the project for rehabilitation of Gjakova Heating Plant and expansion of the "Termokos" Network, as well as the project for rehabilitation of the 'Kosovo B' TPP, environmental section.

In the framework of IPA 2014, all activities related to the Decommissioning process are being carried out in accordance with the decision of the Government of the Republic of Kosovo on Decommissioning and dismantling of nitrogen, gasification, heating and other accompanying facilities which do not impede the normal operation of active units of TPP Kosova A.

The first phase of the project is supported within the programme and was completed in early November 2020. In this phase, a detailed dismantling plan, environmental and social impact assessment study, tender dossier for dismantling works and other documents were prepared necessary. **The second phase** includes dismantling of nitrogen facilities, gasification, heating and other ancillary facilities which do not hinder the normal operation of active units of Kosova A TPP and clearing the terrain. This activity will start following the first phase and is expected to be supported within the IPA programme, and according to preliminary plans the cost of implementation is about EUR 50 million.

In the IPA 2018 programme, for TPP "Kosova B" the project for installation of electrostatic precipitation (ESP) was supported, reduction of dust discharges (particles) and reduction of nitrogen oxides (NOx). The installation of electro-filters and equipment for NOX in the Kosovo B TPP, due to the situation with Covid-19, is postponed to 2021, while in unit B2 to 2022. The cost of the project is EUR 76 million.

Moreover, following the submission of the action plan on the project for doubling the generation capacities and expanding of network, the EU Office has expressed readiness to finance the project with EUR 13 million under IPA 2020, while the European Investment Bank is ready to give a loan of EUR 12 million to double the generating capacity. Also, PE "Termokos" JSC for the project of doubling of generation capacities and expanding of network within IPA 2020 commits for co-financing of the project from 2021-2025 with EUR 500,000.00 per year in total EUR 2.5 million.

POE "City District Heating" JSC Gjakova is the beneficiary of the funds allocated under the IPA II 2015 programme, for the construction of a biomass heating plant with co-generation technology. The contract for design and construction was signed with the Austrian company URBAS in the amount of EUR 13,978,180.63, while for the supervision of the works a contract was signed with the company EGIS International in the amount of EUR 850,000.00. According to the dynamic plan of works, it is expected that most of the project will be completed during 2020 and the beginning of 2021 with the full functioning of the biomass heating plant with co-generation technology - CHP.

On regional cooperation, the Minister of Economic Development of the Republic of Kosovo and the Minister of Economy of North Macedonia, in February 2019 signed a Memorandum of Understanding that is expected to further intensify cooperation between the two countries by defining priority areas in the energy sector. In order to implement this agreement, in the first part of 2019 through the WBIF platform a joint submission/application was made with the party of North Macedonia, the latter in the role of project promoter, for financial support in the form of a grant for conducting the feasibility study for the North Macedonia-Kosovo gas pipeline. According to reports, the WBIF Steering Committee has approved the grant in the amount of EUR 653,250.00. This study will be carried out through the technical assistance engaged by the WBIF platform which is planned to be implemented in the period 2020-2021.

In addition, based on the initiative of the Millennium Challenge Corporation (MCC), a pre-feasibility study on Kosovo gasification is being conducted by consultants hired by MCC. According to announcement by MCC, the preliminary results are expected to be ready in the second half of 2020, which will serve as

support for the preparation of the Master Plan on natural gas in Kosovo and the Feasibility Study for the interconnection North Macedonia - Kosovo.

GIZ, through technical assistance during 2020, has hired regional and local experts to assist the Working Group in drafting of the National Energy and Climate Plan 2021-2030. Also, from the project funded by the Norwegian Embassy for 2021, actors in the area of energy are beneficiaries of this project with objectives such as: capacity building in the alignment of legislation (training for officials in the country and abroad) as well as within "Gap analysis" for the sub-sectors of this chapter.

### *Medium-term Priority Objectives*

In order to meet the obligations deriving from the SAA and other EU accession documents and mechanisms in the areas within the scope of Chapter 15, the focus during 2021 – 2024 will be on the following medium-term priority objectives:

- Review of the energy law;
- Review of the law on electricity;
- Review of the law on the energy regulator;
- Drafting of the programme the implementation of the energy strategy;
- Drafting and adoption of new cross-border balancing rules;
- Carrying out activities for decommissioning of gasification, nitrification, heating plant and other facilities that do not obstruct the normal operation of active units of Kosova A TPP;
- Membership of ERO in ACER (Agency for the Cooperation of Energy).
- Preparation of the Master Plan for the distribution of natural gas in Kosovo (2021-2022); and
- Feasibility study "Development of the Gas Sector in Kosovo" (MCC Programme 1)

### **Energy efficiency and renewable energy sources**

#### *SAA Requirements*

Under Article 114 of the SAA, the Republic of Kosovo should align and implement the EU acquis on energy efficiency, renewable energy sources and the environment affected by energy activities, to promote energy saving, energy efficiency, the use of renewable sources energy, the reduction of environmental emissions and the research and development in these areas.

#### *Requirements from other EU accession mechanisms*

In addition to the obligations of the SAA, Kosovo must meet the requirements arising from the EC Report on Kosovo - 2020 and the meetings of the SAA Sub-Committee "Transport, Environment, Energy and Regional Development", to be held in March 2020 and 2021. These documents set out some of Kosovo's key areas for equipment, as follows:

Challenges identified by the EC's Kosovo 2020 Report, include completing secondary legislation on the law on energy performance of buildings and developing services for energy auditing and energy auditors, operationalizing the Energy Efficiency Fund and launching implementation of energy efficiency projects in municipalities; energy efficiency incentives to be included for the private and household sector; Kosovo needs to take measures to enable more cost-effective renewable energy and the introduction of renewable energy auctions.

New projects for small hydropower plants must comply with EU concession and environmental legislation and take into account the impact on natural protected areas. Competitive bidding procedures for renewable energy projects are affected by the use of excessive fixed feed-in tariffs by the Energy Regulatory Office.

While legislation is partially aligned with the Acquis, the electricity market needs to be restructured to enable the integration of renewable energy generation. A market-based scheme for supporting independent generators should be introduced. There has been no progress in meeting the criteria for the use of bio-fuels in transport. Kosovo must ensure the functionality of the Energy Efficiency Fund. Investments have been made in energy efficiency in public buildings, but incentives for the private sector

and households have lagged behind.. It is further stated that the Kosovo Agency for Energy Efficiency lacks staff and has very limited capacity to monitor the implementation of its energy efficiency policy. Kosovo needs to make the energy saving monitoring and verification platform functional. Kosovo should prioritize energy efficiency investments in residential buildings and the private sector (which account for 50% of final energy consumption).

Meanwhile, the challenges arising from the meeting of the *Subcommittee of the SAA 'Infrastructure' 2020* include the functioning of the Energy Efficiency Fund and the approval of EE incentives for the private sector and households. It also emphasizes updating and approving the renewable energy plan, including appropriate measures to ensure that Kosovo is achieving 25% of its renewable energy targets by 2020 and the operationalization of the "One stop shop" for RES. This mechanism is operationalized through the Institutional Coordination Commission, which includes all stakeholders involved in the licensing procedures for potential investors in the area of RES. According to the conclusions of the 'Infra' subcommittee, the activities of One Stop Shop should be reported every three months, to identify and reduce the administrative burden on investors. Regarding reporting, the Institutional Coordination Commission continuously prepares regular quarterly reports as provided in Regulation no. 05/2018 for One Stop Shop for RES. One of the conclusions remains the approval of the National AP for Renewable Energy by setting policies and measures to achieve the target of 25% of renewable energy at the lowest possible cost. Existing state aid rules for renewable energy producers, in order to comply with state aid legislation, need to be amended to include competitiveness (competitive auctions). Kosovo should properly evaluate the proposed hydropower projects, including through Environmental Impact Assessments, and the issuance, transfer and cancellation of guarantees of origin for RES, as well as the implementation of the sustainability criterion for biofuels and bioliquids. The report emphasizes the need to step up efforts to monitor and verify energy savings, including the operationalization of an online platform for monitoring and verifying energy efficiency.

### ***State of Play***

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

- Law on Energy Efficiency;
- Law No. 05/L-101 on Energy Performance of Buildings;
- Regulation for Inspection of Heating and Air-Conditioning System;
- Regulation on the Minimum Calculation Methodology for Energy Performance;
- Regulation on the Certificate of Energy Performance of Buildings;
- Regulation No. 05/2020 on the system of energy service providers and minimum criteria for energy audit.
- Regulation on minimum criteria for energy audits, including those performed as part of energy management systems;
- Regulation on minimum requirements for billing and billing information based on current consumption;
- AI on energy targets from renewable sources;
- AI on promoting the use of energy from renewable sources;
- AI on fuel energy content designated for end use;
- AI regarding the requirements for energy efficiency for the purchase of products, services and buildings from central level institutions;
- AI on the potential of energy efficiency in heating and cooling;
- AI on the methodology regarding the determination of efficiency from the co-production process;
- AI for calculation of electricity from cogeneration;
- AI on general conditions for cost-benefit analysis in relation to measures for promoting heating and cooling efficiency;
- AI on certificate/guarantee of origin for electricity produced by high efficiency cogeneration.

These normative acts have transposed the following acquis acts:

- Directive 2012/27/EU on Energy Efficiency – partially;
- Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources – partially; and
- Directive 2010/30/EU on the indication by labelling and standard product information of the consumption of energy and other resources by energy-related products – partially.

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

- Kosovo Energy Strategy 2017-2026;
- Third National Plan of Action for Energy Efficiency 2017-2019;
- Fourth national plan for EE 2019-2021;
- National Renewable Energy Action Plan 2011-2020;
- Kosovo Energy Efficiency Action Plan (KEEP) 2010-2018;
- Municipal energy efficiency plans.

In the framework of the implementation of the law on energy efficiency during 2020, nine AIs have been approved and four draft bylaws deriving from this law have been drafted. The fourth action plan for energy efficiency 2019-2021 has been approved on December 2020. The regulation for the organization of jobs in the Kosovo Agency for Energy Efficiency has been drafted and is expected to be adopted by the end of 2020. The strategy for the renovation of buildings is also being drafted, which is expected to be adopted in the first period of 2021.

While, in the framework of renewable energy sources, a concept document on RES is being drafted, that will define the policies of this area, which aims to promote economic and sustainable use of local potentials of RES, among others will guide the form of the new RES support scheme. Further, the incentive fee for renewable resource support for new projects was discontinued on 10 December 2020. Meanwhile, a gradual transition to premium tariffs and auctions for the 2021-2030 targets is expected.

The *institutional framework* in this area consists of the following institutions: Kosovo Agency for Energy Efficiency (KAEE), ME, MESPI, MFLT, Kosovo Energy Efficiency Fund, KOSTT, ERO and KEC.

#### ***Support from donors and international financial institutions***

Regarding the project by the World Bank on financing measures for energy efficiency in the buildings of central level institutions as well as the promotion of energy by RES through a soft loan in the amount of USD 31 million is underway. 30 buildings of the 5th package have been renovated and are expected to be completed in the 3rd quarter of 2020. The launch of the tender for the renovation of buildings for the 6th package is expected to be completed in the 2nd quarter of 2020, while the completion of the renovation is planned to take place during 2021. Within this project is also being carried out the study for "Lower cost planning for optimal mixing of renewable energy" as well as another study for RES "Lower cost generation planning and network integration analysis "variable renewable energy".

With the support of the World Bank, the project will be implemented, the value of which is 17,000 euros, and it aims to promote the results of KEEEP, and is in the selection phase of the winning company. Regarding the project financed by KfW and WBIF, a contract has been signed with the company that will do the Design and Energy Audit of the facilities (measures implemented in 15 public buildings in the municipalities of Prishtina, Gjilan, Gjakova and Ferizaj). The implementation of EE measures in 52 public buildings for 2020 (27 buildings funded by BRK and 25 by the World Bank). Of this amount, from BRK are EUR 4,950,000, from borrowing are EUR6 million and from donors EUR 3,833,000.

In 2020, four new HCV projects with an installation capacity of 14.6MW, at a cost of 17.52 million and three projects from wind energy with a capacity of 105MW and at a cost of 147 million in private investment, were implemented.

Regarding IPA 2021 programme, projects are being drafted that contain the component of energy efficiency and renewable resources that aims at the improvement of energy efficiency and the application of energy



technologies from renewable sources in residential buildings/private infrastructure, in line with the EU *acquis*.

### ***Medium-term Priority Objectives***

With the aim at fulfilling the obligations arising from the SAA and other EU accession documents and mechanisms within the scope of Chapter 15, the focus during the period 2021 - 2024 will be on the following medium-term priority objectives:

- Drafting and approval of the legal act on RES;
- Review of the Law on Energy Efficiency;
- Implementation of energy efficiency measures in households through the “Reliable Energy Landscape” project (RELP) in 1,200 homes and in 10 multi-storey buildings, and installation of meters for measuring heat consumption and thermostatic valves for about 4500 families in Prishtina; (MFK);
- Grants allocation for efficiency measures for women-owned businesses within the “Reliable Energy Landscape” project (MFK);
- Adopt incentive policy and implement energy efficiency measures in the household and business sector;
- Adopt legislation to support competitive schemes and announce RES auctions;
- Implement capital investment plan to strengthen, expand the network and medium voltage projects to reduce technical and commercial losses
- Implementation of energy efficiency measures in the household and business sectors;
- Implementation of capital investment plan for strengthening, network expansion and medium voltage projects to reduce technical and commercial losses (KEDS);

### **Radiation Protection and Nuclear Safety**

#### *SAA Requirements*

One of Kosovo's commitments under the SAA, namely under Article 114, is the approximation of legislation in the area of nuclear safety and ionizing radiation protection. Moreover, all provisions in the area of nuclear radiation generation, nuclear safety are based on the EURATOM Treaty (Treaty establishing the European Atomic Energy Community, 1957), which provides that members of the European Community must establish and provide uniform standards of security from nuclear technology to protect the population and the health of workers.

#### *Requirements from other EU accession mechanisms*

In addition to the obligations of the SAA, Kosovo must also meet the requirements of the EC Report on Kosovo - 2020 and the meetings of the SAA Subcommittee "Transport, Environment, Energy and Regional Development", held in March 2020 and 2021.

*The EC's Kosovo 2020 Report in the area of protection from radiation and nuclear safety* states that the licensing and inspection capacity of the Agency for Radiation Protection and Nuclear Safety remains weak and funding is insufficient to implement its mandate. No developments have been observed in radiation monitoring (e.g., depleted uranium) and radioactive waste is not controlled, nor is there an emergency radiological plan. The solution for permanent disposal of radioactive waste still remains to be found. Regarding international cooperation in this area, Kosovo has finalized a memorandum of understanding with Montenegro on radioactive waste management.

Meanwhile, the challenge arising from the meeting of the Subcommittee of the SAA 'Infrastructure' 2021 includes the approval of the Regulation on Emergency and Radiation Monitoring.

### ***State of Play***

#### *Legislative and policy framework*

- Law No. 06/L-029 on Radiation Protection and Nuclear Safety;

- Regulation No. 18/2018 on Radiation Sources and Practices; and
- Regulation on authorization.
- Regulation on dose limits and protection from radiation;
- Guideline for recognizing experts who provide professional and technical services for protection and safety from ionizing radiation

These normative acts have transposed the following acquis acts:

- Directive No. 2013/59/EURATOM laying down basic safety standards – partially;
- Directive No. 2011/70/EURATOM for the responsible and safe management of spent fuel and radioactive waste – partially;
- Directive No. 2013/51/EURATOM with regard to radioactive substances in water intended for human consumption – partially;
- Directive No. 2006/117/EURATOM on the supervision and control of shipments of radioactive waste and spent fuel – partially; and
- Directive No. 2014/87/EURATOM establishing a Community framework for the nuclear safety of nuclear installations – partially.

The *institutional framework* in this area consists of the following institutions:

- Ministry of Defence;
- Ministry of Environment, Spatial Planning and Infrastructure;
- Ministry of Economy;
- Ministry of Health;
- Ministry of Finance, Labour and Transfers;
- Ministry of Industry, Entrepreneurship and Trade;
- Kosovo Agency for Radiation Protection and Nuclear Safety.

In the framework of the adoption of primary and secondary legislation, the law on radiation protection and nuclear safety, three regulations and a guideline have entered into force. During 2020, the regulation on dose limits and radiation protection was approved by KARPNS. Also, on 22.06.2020, the guideline for procedures and criteria for recognition of experts who provide professional and technical services for protection and safety from ionizing radiation was approved. The regulation for emergencies and radiological monitoring is being drafted, which is expected to be approved during 2021.

Regarding the implementation of the legislation *in the area of radiation protection and nuclear safety*, during 2020 the following activities have been undertaken: 66 inspections have been carried out, while regarding the process of Authorization (Registration, Licensing) of ionizing radiation practices and permits of import and transport of radioactive sources, the agency has issued: 48 Licenses, 2 registrations and 53 permits for import-transport of radioactive sources. The agency has also recognized medical physics experts (6) and radiation protection experts (10) as well as 23 authorizations for the development of radiological practices for radiation protection experts.

For radiation monitoring (specifically for potential locations with depleted uranium), the agency through the cooperation agreement with the Institute for Radioelements IRE-ELiT carries out radiological monitoring of water and soil in the territory of Kosovo with special emphasis on potential locations with depleted uranium. By 2019, 84 water samples and 13 soil samples were collected and analysed. During 2020, 16 water samples and 3 soil samples were collected which were sent for analysis to the Institute for Radioelements 'IRE' in Brussels. It should be noted that during these years of monitoring, analyses of water and soil samples show that there is no trace of depleted uranium in the territory of the Republic of Kosovo.

Regarding the control of radioactive waste, the KARPNS, based on the annual plan of radioactive waste inspection, performs regular inspections of radioactive waste together with KFOR in the territory of Kosovo.

### *Medium-term Priority Objectives*

In order to meet the obligations deriving from the SAA and the other EU accession documents and mechanisms in the areas within the scope of Chapter 15, the focus during 2021 – 2024 will be on the following medium-term priority objectives:

- Regulation on Emergencies and Radiological Monitoring;
- National Radiological Emergency Plan;
- Treaty on the Prohibition of Nuclear Testing;
- Signing of the Convention on Assistance in the Case of a Nuclear Accident or Radiological Emergency;
- Signing of the International Convention on the Suppression of Acts of Nuclear Terrorism; and
- Signing of Safeguard Agreement and Additional Protocol; and
- Signing of Code of Conduct on the Safety and Security of Radioactive Sources, and supplementary Guidance on the Import and Export of Radioactive Sources.

### 3.16. Acquis Chapter 16: Taxation

The acquis in taxation consists in aligned legislation on indirect taxation (i.e. value added tax) and excise duties. The acquis defines the scope, definitions as well as principles of VAT. VAT legislation provides for equal treatment in terms of taxation for national and international transactions (imports). VAT is also based on the principle of neutrality, whereby the applied taxation is proportional to the price, independent to the number of intermediate transactions.

**Excise** duties for tobacco, alcoholic beverages and energetic products are also subject to the EU acquis. The EU acquis establishes the excise duties structure to be charged, as well as the minimal tariff system for each of the product groups. The goods are subject to charged excise duties if produced within the EU or imported from abroad. However, excise duties are paid only in the Member State where the goods are set in circulation/for consumption (with a few exceptions) under the excise duties system of that particular State. The EU acquis contains provisions on the production, retention and movement and monitoring of excise duty goods.

As concerns **direct taxation**, the acquis covers some aspects of taxing income from savings of individuals and of corporate taxes. The focus is to eliminate distortion of cross-border economic activities between Member State companies. Furthermore, all Member States are committed to complying with the principles of the Code of Conduct for Business Taxation, aimed at the elimination of harmful tax measures.

**Administrative cooperation** and mutual assistance amongst Member States aims at ensuring normal functioning of the internal market, in terms of taxation and ensures means to prevent fiscal evasion and tax avoiding within the Community. Member States should ensure there are sufficient capacities in place for implementation and enforcement, including linkages to the digital taxation systems used by the EU. As part of the operational capacity and digitalization, acquis on VAT covers the system of information sharing, allowing for direct electronic exchange of data between Member States' administrations. Similar IT systems are required also in the area of excise duties as well as direct taxes, in order to allow for information sharing between Member States. In addition, a specific IT system (VoeS) is required in order to enable information sharing between Member States, in relation to the special scheme on e-services provided by the non-resident EU traders to EU citizens.

#### *SAA Requirements*

The area of taxation is one of the most important areas covered by the Stabilisation Association Agreement (SAA, Article 39, Article 40, Article 70 and Article 105). Article 39 prohibits fiscal discrimination, while Article 40 covers taxes of fiscal nature. Article 105 covers Kosovo's development in terms of taxation and measures envisaged for further reforms of Kosovo's fiscal system. In addition, the above mentioned article also covers the restructuring of the tax administration in order to ensure the effectiveness of tax collection and fiscal fraud.

Moreover, it is these articles that envisage the priority areas linked to EU acquis, specifically, combating unfair taxation competition. EU acquis taxation legislation in the area of fighting unfair taxation competition is based on the Code of Conduct for Business Taxation, adopted by the Council and the Representatives of the Member States Governments.

In order to support the implementation of the measures against tax frauds as well as tax evasion, the cooperation will aim at promoting good governance principles in taxation area, including transparency, information sharing as well as fair tax competition in Kosovo.

With regard to EU company establishment in Kosovo, Kosovo will support the establishment of activities by EU companies in its territory. With a view to facilitating the process of company establishment, Kosovo will provide for equal treatment of its companies with those of a third country.

#### Requirements from other EU accession mechanisms

Based on the EC's Kosovo 2020 Report on tax-related issues, Kosovo should continue to strengthen the measures taken to combat the informal economy, tax evasion and reduce the remaining cases of unresolved complaints against the Tax Administration in fiscal division in the Basic Court in Prishtina. Kosovo in particular needs to systematically implement the strategy for combating the informal economy, money laundering, terrorist financing and financial crime (2019-2023). The report also calls for the adoption of the law on personal income tax and the law on VAT to harmonize legislation with the acquis. The capacities of the tax administration need to be further strengthened, and merit-based and transparent selection processes need to be ensured.

Conclusions drawn from the 2020 Subcommittee require that the Law on Tax Administration and Procedures and laws in the area of taxation (Value Added Tax, Corporate Income Taxes and Personal Income Tax) be adopted, in order to ensure alignment with EU acquis and practices. The conclusions highlight the need: to improve the tax payer registry through improving statistics by industry codes; to adopt the audit plan for 2020. Authorities should strengthen the approach of selecting tax control cases based on compliance risk. Authorities should also increase the rate of debt collected. Another conclusion is to align Kosovo's tax system with the minimal standards of the BEPS/OECD inclusive framework.

### **State of Play**

#### *Legislative Framework*

Regarding tax legislation, the Legislative Program for 2021 includes three main tax laws: the Draft Law on Tax Administration and Procedures, the Draft Law on Value Added Tax and the Draft Law on Personal Income Tax. On the other hand, the Law on Corporate Income Tax is not in this year's Legislative Program.

Procedures for drafting these three draft laws have already begun and the MFLT has established working groups to draft each respective law. The working group for the Draft Law on Tax Administration and Procedures has already drafted the first initial draft of the Law. The process of drafting these laws will be in line with EU recommendations and best practices.

The law on operation of games of chance has been annulled because the Government has taken a decision to ban games of chance in Kosovo. This has been included in the Law and approved by the Assembly.

As regards tax changes, the AI amending the list of products taxed at the rate of 8% of Value Added Tax was adopted, so Kosovo now implements a standard rate of 18% and a reduced rate of 8% in accordance with rules on defined rates in the EU Directive on the Common System of VAT.

These amendments to tax laws are being made for further alignment with EU Directives, in particular with the VAT Directive and recent developments related to international practices in the area of direct taxation, such as the Permanent Unit, Price Transfer, Company Taxes in the Financial and Insurance Sector, and alignment of the law with different requirements in the area of State Tax Policy.

#### *Policy Framework*

In the area of taxation, some strategic documents have been adopted and are being implemented:

- TAK Strategic Plan for the period from 2015 to 2020, as the highest document in the hierarchy of TAK documents; in this Strategic Plan, TAK has presented the values, priorities and objectives for the period from 2015 to 2020. In order to ensure a high level of tax compliance, the Tax Administration of Kosovo is consistently focused on three main issues: voluntary compliance, the provision of professional services and fair and equal treatment of all taxpayers. Strategy 2021-2025 sets out the future priorities, i.e. strategic goals and key performance indicators, such as: reducing the tax gap, collecting and handling tax debts, and developing the Organization in accordance with the best European standards.
- Compliance Strategy for the period 2021-2025. The purpose of the Compliance Strategy is to create a compliant environment, facilitating the compliance process through continuous improvement of the quality of services for all taxpayers who voluntarily fulfil their legal obligations while, on the other hand, applying the force of law based on risk through the identification and treatment of all taxpayers who are reluctant or have decided not to fulfil their legal obligations.

The TAK's Annual Work Plan for 2021 has been approved by TAK's senior management in February 2021, which has been prepared based on the defined specific objectives for the respective organizational units, based on 2021-2025 TAK's Strategic Plan.

Institutions will be committed to implementing the recommendations of the European Commission in the Progress Report regarding Tax Matters. In this context, Kosovo should continue to strengthen the measures taken to combat the informal economy and fiscal evasion and to prioritize the increase of efficiency by implementing the Strategy for Prevention of and Fight against Informal Economy, Money Laundering and Terrorist Financing and Action Plan. Challenges identified are addressed in the strategic documents (TAK's Strategic Plan 2015-2020) and in the annual operational plans. TAK will also continue to improve the organisation's capacities in order to combat corruption and strengthen internal control of institutional performance.

#### *Institutional Framework*

The institutional framework in this area consists of the **Tax Administration of Kosovo**. TAK is the key tax institution in the Republic of Kosovo, which functions as part of the Ministry of Finance, and is the authority responsible to implement fiscal legislation and to administer taxes and international tariffs. TAK's main objective is to support the taxpayers in paying their tax obligations in line with the applicable legislation and to ensure that the tax revenues go to the state budget, by offering the taxpayers an effective payment system.

The product of electronic verification for private persons and businesses has been launched. In addition, all tax payment statements are carried out in an electronic manner through the system Electronic Declaration of Incomes (EDI), which allows for a swift, simple and secure declaration by the taxpayers. The system has allowed the achievement of good results. Various IT modules have been created, thus making taxpayers statements as well as the internal work management processes easier.

Through the EDI System, it is also possible to provide new services in the case of the Covid-19 pandemic, with taxpayers electronically submitting their requests to benefit from the Emergency Fiscal Package measures, such as compensation of workers' salaries, compensation of payment of rent, request for additional payment for at-risk employees – in direct contact with the customer.

In addition, the EDI System allows generation of Certificates for employees (freedom of movement) based on the (NACE) work permission codes during the Covid-19 pandemic. The EDI System also allows for submission of a request for an Agreement for payment in instalments of unpaid debts. During this period, through the EDI system, it is possible to update the taxpayer data, providing to TAK accurate information in order to communicate with taxpayers. Also, through the EDI system is enabled the management of the bank accounts of the taxpayer, who has the opportunity to manage the bank accounts himself, if he wants, i.e., with which bank account to receive funds from TAK in case of reimbursement of funds, etc.

The Tax Administration, in order to provide the most efficient services, has made the electronic declaration system fully functional. During January - December 2020, the number of declarations is 2,593,516 and the total number of taxpayers registered in the online declaration system is 116,118. Furthermore, during the reporting period, 77,561 Tax Verifications were downloaded online.

TAK, as a modern institution oriented towards providing professional services to taxpayers, has carried out various activities to inform taxpayers. During January-December 2020 TAK held 9 seminars and provided 5,141 responses to taxpayers. Also, 13 Presentations were delivered to primary/secondary school students. Also, in order for taxpayers to be informed at every step of the procedures required by tax legislation, innovations and other changes, a total of 30 Notices for taxpayers have been prepared/provided, through the TAK website, Facebook, via email addresses of Taxpayers, etc. Regarding the application "Verify the employer" this is an electronic service that enables every citizen to verify whether his employer is paying pension contributions and tax as provided by tax legislation. Regarding the "Reimbursement Management" module this is an electronic service that is available to taxpayers who apply for Reimbursement, such as: Value Added Tax, Personal Income Tax and Corporate Income Tax. Through this service, the taxpayer can be informed to what extent he has managed to be reviewed by TAK, his request for Refund sent previously.

In the area of price transfer, the mission of the "Tax Inspectors without Borders" was carried out; it supported capacity-building of the price transfer division and tax inspectors to identify, deal with and control businesses that are obliged to report their transactions to related parties. In addition, the initiative for controlled transactions with the related parties to be done in electronic form has been initiated. TAK is dealing with annual notices submitted by the taxpayer are being processed, in order to verify the transactions and in case of need in cooperation with inspectors from the department of large taxpayers to open tax audits to verify the accuracy of controlled transactions.

The Tax Administration of Kosovo, through internal procedures, has reformed the process of reviewing VAT refund requests, thus making the refund procedure easier and shortening the review time to a maximum of 30 days. It has also completely eliminated the need for a separate request for VAT refund. The request for reimbursement is made simultaneously with the VAT tax return. The reimbursement module has been developed; it categorizes the claims into three categories: A, B and C. The aim of this module is to improve the return time of reimbursements.

TAK has started the implementation of the Modernization of Information Technology project. To date, TAK has normalized a functional and managerial structure of project governance and supervision by engaging experts and functional accountants from all relevant areas related to processes and developments in TAK. In addition, in the framework of joint activities with Economic Operators during this period it completed the initial phase of analysis of current work processes, system design and architecture, documentation of competencies for the development of the first phase and submission of software licenses for functional components and New System development. At the end of October, test/trial versions of the functions were released as planned in the first phase of the Project. Testing of these functions is taking place during November, to be completed during December 2020.

Complaints Division - The mission of the Complaints Division is to resolve tax disputes, without litigation, on a fair and impartial basis for the Government or the taxpayer, which will foster voluntary compliance and public confidence in the integrity and efficiency of the Tax Administration. During the period January - December 2020, the number of complaints received was 496, while 217 complaints were reviewed.

### ***Donor Support***

Since its establishment, the Tax Administration of Kosovo has been continuously supported by different international organisations.

The IMF has carried out four technical assistance missions to increase the capacity for tax debt collection; defining key performance indicators based on good international practices, and for the IT modernization project and for improving compliance risk management. Also, during the reporting period, the capacity

building mission was supported by the TAIEX instrument, in the area of VAT refund for tourists. In addition, two technical assistance missions were carried out by GIZ, i.e., the Bavarian Tax Administration regarding the re-examination of the tax compliance risk criteria in the risk analysis tool.

To improve the tax register, several activities have been carried out in cooperation with the World Bank, which is supporting TAK in these areas. In cooperation with USAID, the TAK 2021-2023 Integrity Improvement Plan has been finalized.

### *Medium-term Priority Objectives*

In the medium-term period, the main legal priorities foreseen to be implemented are the following:

- Implementation of the latest legislative framework in the VAT, CIT and PIT law in accordance with EU Law, in particular with the Code of Conduct for Business Taxation and Council of Europe directives;
- Drafting and adopting of bylaws on VAT, CIT and PIT law and alignment with EU Law, in particular with the Code of Conduct for Business Taxation and Council of Europe directives.

In the medium term, the main **implementing** priorities expected to be attained are:

- Increasing the collection of tax debts;
- Digitization of services that are currently provided physically and manually;
- Continuing implementation the tax compliance improvement approach based on assessment of the risks identified;
- Implementation of modernization of Information Technology in the Tax Administration;
- Fight against the tax evasion, tax avoidance and expansion of tax basis;
- Negotiation of Agreements for Elimination of Double Taxation in Incomes and Capital, tax avoidance and tax evasion.

### **3.17. Acquis Chapter 17: Economic and Monetary Policy**

Acquis in the area of economic and monetary policy consists in specific rules requiring the independence of central banks in Member States, by prohibiting direct financing of the public sector by the central banks and by prohibiting privileged access for the public sectors in financial institutions. Member States are expected to co-ordinate their economic policy and are subject to the Stability and Growth Pact on fiscal surveillance. New Member States are also committed to complying with the criteria laid down in the Treaty in order to be able to adopt the euro in due course after accession. Until then, they will participate in the Economic and Monetary Union as a Member State with derogation from the use of the euro and shall treat their exchange rates as a matter of common interest.

Acquis in the economic and monetary policy derives from Title VIII (Article 119-144) of the Treaty on the Functioning of the EU (TFEU), and from the respective implementing legislation.

#### *SAA Requirements*

Kosovo's main responsibilities in legislation alignment with the EU acquis derive from Article 74 of the SAA. Also, the Article 94 of the SAA highlights that the EU and Kosovo will facilitate the process of economic reforms through cooperation in order to improve the understanding of their respective economy fundamentals, as well as formulation and implementation of market economy policy.

This chapter describes the overall developments in terms of monetary and economic policy in the context of the strategy and objectives set by the Government. Given that Kosovo uses the Euro as its own currency, adopted unilaterally in 2002, Kosovo has no monetary policy and as a result the focus of this chapter in Kosovo case will focus on the Economic Policy section. Moreover, in the light of impossibility to use monetary policy as a development option, economic policies gain even greater importance. The chapter also assists in analysing and achieving the institutions' goals in the context of the Stabilisation and Association process with the EU, one of the priorities of which lies in ensuring macroeconomic stability.

According to the EC's *Kosovo 2020 Report*, the increase in public salaries along with substantial remittances do contribute to high reservation salaries and hinder the development of the private sector, which is already suffering from weak competition in an international context. Inequalities remain large due to a large informal sector and high level of inactivity, especially among women. Kosovo has had fiscal stability during 2019, but the increase in public spending, especially for war veterans remains a concern for fiscal sustainability and relations with international financial institutions.

### **Monetary policy**

The Central Bank of the Republic of Kosovo (CBK), transformed from the Kosovo Central Banking Authority, is a public legal entity based on the Articles 11 and 140 of the Constitution and the provisions of the law, enjoying administrative, financial and management autonomy.

Based on Article 6 (independence and autonomy) of the Law on Central Bank of Republic of Kosovo, the Central Bank, the members of the decision making bodies or the personnel of the Central Bank, will not receive instruction from a person or another subject, including government entities. The independence and autonomy of the Central Bank is respected at all time, and no person or entity will try to influence the members of the decision making bodies or the personnel of the Central Bank, in carrying out their responsibilities or intervene in the activities of the Central Bank. Moreover, the Central Bank legislation envisages that the accounts, records and financial records of the Central Bank are audited at least once a year, in compliance with International Audit Standards, by independent international auditors, who should be well renowned and should possess international expertise in auditing large international financial institutions.

Currently, the Law on Central Bank of the Republic of Kosovo is partially in line with the EU acquis. Even though many provisions are approximated, there is still a need for further legal efforts in order to ensure full compliance with the general principles of the EU acquis. Law No. 03/L-209 on Central Bank of the Republic of Kosovo was drafted with technical assistance from the IMF in accordance with best international practices and the legislative framework of the EU.

Also, on 10 March 2017, the Kosovo Assembly adopted Law No. 05/L-150 amending the Law No. 03/L-209 on Central Bank of the Republic of Kosovo, changes which further improved the CBK governing and controlling framework and, at the same time, further aligning the Law on CBK with provisions regulating this issue within the EU and international practices.

In 2002, Kosovo unilaterally adopted Euro as its legal currency, and since then, Euro has been the de facto currency in Kosovo, hence the Kosovo monetary policy is quite limited. The only traditional instrument of the monetary policy which is available to the Central Bank is the bank reserve requirements. Since the beginning of the functioning of the banking sector in Kosovo, banks have always retained abundant reserves, hence, during this time it was not deemed necessary to change the mandatory reserve norms.

The use of Euro limits the role of the Central Bank in its function as lender of last resort, in providing short-term credit to banks that could face lacking liquidity. With this in mind, the Government of Kosovo and the CBK have established the Emergency Liquidity Assistance (ELA), which is an emergency fund to be activated in case of lack of liquidity in the banking sector. The Government of Kosovo also maintains an adequate level of bank balances as buffers to respond to the potential economic shocks they face.

#### ***Medium-term priority objectives:***

- Capacity building for administering emergency situation, in case of crisis and providing solutions to banks in trouble.

### **Economic Policy**

In general, there is consensus on the essence of economic policy with a special focus on its orientation towards creating conditions for sustainable economic growth and also generation of sustainable employment.



Government of Kosovo has as its main objective in its fiscal policy to maintain macro-fiscal stability, which is closely linked to obligations deriving from the Stabilisation Association Agreement, which is related to preserving the macro-fiscal stability and alignment of the policies with the EU. An indicator of the Government's commitment in this direction is the adoption of the fiscal rule, which limits the deficit level at 2% of GDP. The goal of setting up such a mechanism was the stabilisation of the debt under the level as envisaged by law (40% of GDP). However, due to the situation created by the Covid-19 pandemic, the government has changed the fiscal rule by increasing the deficit as a percentage of GDP to 4.5%.

There is a broad consensus on market-oriented economic policy and reforms. This is reflected in the Government Programme 2020-2023, where it is underlined that one of the basic principles of government is to promote rapid and sustainable economic development based on Kosovo's human potential and natural resources. This is the core of my governing programme. The vision of the Government is the increase of welfare, the opening of new jobs and the eradication of extreme poverty in Kosovo. To reach these rates that substantially exceed the average of recent years, the Government will focus on the successful implementation of reforms that have a direct impact on improving the economic, fiscal and financial environment.

Programme measures are expected to result in increased economic activity, especially in the manufacturing, processing and service industries, by supporting export expansion, reducing imports and consequently improving the country's trade balance. In parallel, the Government will focus its resources on the implementation of major development projects which will be funded through various public-private modalities. The implementation of these projects, in addition to the medium-term stimulation, will have an effect on the long-term transformation of the economic structure and on the reduction of unemployment.

Throughout the mandate, programme development targets will be translated into annual growth targets through the Mid-Term Expenditure Framework, the Government Annual Work Plan, and annual budgets.

#### *Legislative Framework*

The applicable legal/sublegal acts in this chapter:

- Law No. 03/L-048 on Public Financial Management and Accountability,
- Law No. 03/L-175 on Public Debt
- Law No. 06/L-133 on the Budget Appropriations of the Republic of Kosovo for Year 2019
- Law No. 04/L-008 on Social Economic Council
- Regulation No. 01/2015 on the Work of the National Council for Economic Development of Kosovo.

#### *Policy Framework*

The Government Programme is the main document defining the orientation and development of the Government policy, which also is the basis for determining the priority policies in MTEF. The Government Programme is of political nature and includes Government plans and commitments for the midterm period. The Government is obliged to adopt a priority statement which serves as a basis of policies for preparing the Medium Term Expenditure Framework, the Budget and the Government Annual Work Plan. The Medium Term Expenditure Framework is the mechanism the Government uses to set up its fiscal policy and it serves as the main document for policy planning in Kosovo. The fiscal framework includes planning on revenues and expenditure for the next three years; sets expenditure limits for all budget organisations, defined based on government priorities, as well as financing of the deficit and the banking balance level.

Our government remains committed to maintaining a stable macroeconomic environment and potential growth and long-term employment perspective of Kosovo by maintaining the fiscal deficit and making the composition of the budget with a more favourable growth by creating space for important infrastructure projects (carried out through support by the current Stand-By Arrangement with the IMF); by further increasing the banking regulatory and supervisory framework and reducing the remaining barriers to bank

lending to the manufacturing sector; and improving the business environment of Kosovo by improving the public procurement system.

In order to ensure public finance sustainability, Kosovo, as a small open economy, has managed to experience positive economic growth mainly from consumption and investment, a budget funded mainly by remittances and donations of the Diaspora. The level of government debt remains the lowest in the region and also much below the maximum allowed level under the Law on Public Financial Management. One of the key factors contributing to such a low debt level is its short history of debt issuance from 2012.

#### *Institutional Framework*

##### *Institutional Framework for Economic Policy:*

- Ministry of Finance, Labour and Transfers: relevant departments in charge of economic and fiscal policy, treasury, budget, etc.;
- Other ministries which in their portfolio have certain economic policies.

##### *Institutional Framework for policy Coordination:*

- Office of the Prime Minister – Strategic Planning Office and the future AEI;
- Line Ministries – Departments of European Integration and Policy Coordination.

Except for the existing structure for policy formulation, the Government has established councils, consultative in nature, such as:

- National Investment Council, which has the role of providing a broad review of priorities and to ensure prioritised investments in competitiveness sectors. In this form the Council will determine the long term investments, which will influence the development rate of the country.
- Economic and Social Council, focused on setting up and developing social dialogue in Kosovo with the employers and employees, on important issues, related to their economic, social and professional rights, through resolving contests through bilateral or multilateral agreements.
- National Council on Economic Development of Kosovo, which, in close cooperation with the representatives of the business sector, aims at reviewing the economic policy so as to address the growth challenges in the country.

#### *Medium-term Priority Objectives*

In the medium term, the main implementing priorities expected to be realized are the following:

- Favourable fiscal policy including tax breaks, and collection of VAT within the country;
- Competitive trade policy and improvement of business environment, including market opening, functioning of free trade zones, fighting informal economy, elimination of legal barriers and reduction of bureaucracy;
- Support to small and medium enterprises by increasing the credit guarantee fund and other administrative facilities.

### **3.18. Acquis Chapter 18: Statistics**

The acquis in the area of statistics requires the existence of a statistical infrastructure based on principles such as impartiality, reliability, transparency, confidentiality of individual data and dissemination of official statistics. National statistical institutes act as reference and anchor points for the methodology, production and dissemination of statistical information. The acquis covers methodology, classifications and procedures for data collection in various areas such as macro-economic and price statistics, demographic and social statistics, regional statistics, and statistics on business, transport, external trade, agriculture, environment, and science and technology. No transposition into national legislation is needed as the majority of the acquis takes the form of regulations.

#### *SAA Requirements*

The statistics chapter is covered by Articles 74 and 95 of the agreement. SAA envisages the development of an effective and sustainable statistical system in Kosovo, which is able to ensure reliable, objective and

accurate data, which are comparable to European statistics, and which are needed to plan and monitor transition and reform processes in Kosovo. Such a system needs to enable the Kosovo Statistics Agency to better perform its duties and meet its clients' needs (both the public administration the private sector). The statistical system needs to be in compliance with the principles of the European Statistics Code of Practice, and the basic principles of the statistics by UN, citations from the European Statistics law, and it should be developed in line with implementation of EU acquis in the area of statistics.

#### Requirements from other EU accession mechanisms

The EC's Kosovo 2020 Report states that Kosovo has little preparation in the area of statistics. Progress has been made in addressing some of last year's recommendations, in particular by amending and adopting the Law on Official Statistics and improving the data collection methodology. Communication between statistical institutions has improved slightly but coordination at the technical level and use of available administrative data sources need to be updated. Approximation of sectorial statistics with European standards without much improvement during the reporting period. There was also a very modest increase in statistical products. The EC report, in the section on social policies, states that preparations for the next census in 2021 have been hampered by insufficient financial resources and territorial coverage. Considerable efforts are still needed, especially to ensure the approximation of macroeconomic, business and environmental statistics to European standards.

The conclusions of the 2020 Subcommittee call for the implementation of the amendments to the Law on Official Statistics and the adoption of legal amendments for the population census. It is also emphasized that the implementation and development of sectorial statistics should continue. KAS should implement the action plan on the implementation of Eurostat recommendations and increase the coordination role in the national statistical system and ensure that the Agency has an active role in creating and modifying the administrative data used for official statistics. KAS should continue the harmonization with Regulation 223/2009 on European Statistics.

#### **State of Play**

##### *Legislative and Policy Framework*

The legislative framework in the area of official statistics in the Republic of Kosovo consists of Law No. 06/L-058 amending Law No. 04/L-036 on Official Statistics of the Republic of Kosovo which clarifies the basic principles governing official statistics. This law was adopted in January 2019. Some of these principles are as follows: relevance, impartiality, reliability, spending effectiveness, professional independence, and transparency. The activity in the area of official statistics in the Republic of Kosovo is regulated by the Law on Official Statistics.

These normative acts have transposed the Regulation No. 223/2009 of the European Parliament, which deals with statistics at EU level, respecting the provisions of the Law on Official Statistics on data confidentiality, fundamental principles of official statistics (E/2013/24 (2013/21)).

For the purpose of implementing the abovementioned Law, the Government of Kosovo has issued relevant bylaws:

- AI on storing of statistical material;
- AI on special processing of statistics;
- Regulation 11/2013 on implementation of standards for classification of economic activities in NACE-Rev. 2 version, which is in compliance with the Regulation of European Parliament (No. 1893/2006).

For the 2021 census project, the concept document has been prepared and approved by the Government. A working group has been established for the preparation of the draft-law on Population and Housing Census 2021 which will be in line with the recommendations of the Conference of European Statisticians for the 2021 Censuses of Population and Housing, prepared in cooperation with Eurostat.

The legislative framework that is related to statistics consists in the following legal acts:

- Law No. 03/L-209 on Central Bank of the Republic of Kosovo (Official Gazette of Republic of Kosovo/Prishtina: year v/No. 77/16 August 2010);
- Regulation on Balance of Payments and International Investments Position Statistics;
- Regulation on Monetary - Financial Statistics and Financial Accounts Statistics;
- Law No.03/L-048 on Public Financial Management and Accountability, Amended by Law No. 03/L- 221, Law No. 04/L-116 and Law No. 04/L-194;
- Regulation MoF -No. 03/2014 on Annual Financial Statements of Budget Organisations;
- Law No. 05/L-020 on Gender Equality, which requires the collection, maintenance and processing of all official gender-disaggregated official data.

#### *Policy Framework*

One of the necessary instruments for the coordination of the statistical system is the 5-year programme of official statistics. KAS continues to implement the programme of official statistics 2018-2022. Moreover, during the preparatory phase of the programme, the main users of official statistics were also consulted. This Programme has been approved by the Government of Kosovo.

KAS is implementing the annual plan for 2019 and has prepared the annual plan for official statistics for 2021. This programme was adopted by the Government on 13 June 2020. The annual programme as a planning tool prioritizes activities from the medium-term programme taking into account the available resources. The 2020 Annual Plan aims to achieve objectives such as better utilization of resources through organisational efficiency and shorter deadlines in order to increase the number of statistical products. Setting priorities has been achieved by aiming to achieve efficiency, productivity, increase of the quality in the statistical system and meeting of EU standards and user requirements.

Following the publication of the report "Peer Review", the KAS has drafted a plan for implementing the recommendations from the report made by a team of experts. This plan has been finalized in full coordination with Eurostat. The plan for implementing the recommendations has been published on the official website of KAS and Eurostat. The most recent report on implementation of the Peer Review recommendations was submitted last year (2019), while for 2020 KAS is awaiting the request from Eurostat to draft the updated report on implementation of recommendations for 2020. In addition, the current state of play regarding SDG 2030 indicators has been identified for the part of KAS, and the process is ongoing.

#### *Institutional Framework*

Implementation of commitments deriving from the legislation in force in the area of statistics is under the responsibility of the following institutions that are part of the state statistical system:

- Ministry of Finance, Labour and Transfers;
- Kosovo Agency of Statistics;
- Central Bank of Republic of Kosovo;
- Other bodies authorized by KAS.

**Kosovo Agency of Statistics**, pursuant to the Law on Official Statistics, coordinates the state statistical system and is responsible to align official statistics data. KAS is also responsible to define the user needs and to filter them according to relevance. Moreover, they transform the relevant needs from the users in measurable concepts so as to ease up the data collection and their dissemination. KAS is the main coordinator amongst the statistics producers and ensures coherence and compliance with the statistical system and the agreed standards. Currently, KAS is focused mainly on collection of information from real sectors as well as developing as much as possible statistics in relation to them.

KAS is responsible to produce statistical products that provide information on economic, social, population, agriculture, environment and energy aspects etc. Statistical products are produced on different time intervals. The most frequent product, CPI, is published on monthly basis. KAS is responsible to get information on Gross Domestic Products, the budget of household economic units, employment and the structure of agriculture. Such information is made available to users, each year. At the end of the year, KAS

preannounces the publication of the calendar, providing information on the delivery of the statistical products for the next year.

KAS is responsible to create, manage, maintain and update the following:

- Population census;
- Registry of households;
- Registry of houses and apartments;
- Statistical registry of businesses;
- Registry of spatial units and
- Registry of agricultural economies and other registers in accordance with the plans and decisions.

KAS is responsible that the statistics methodologies used in Kosovo are approximated to those used in the countries of the region and Europe. In order to be able to implement such objectives, KAS continuously updates the procedures in the use of nomenclatures, data collection, data processing and dissemination.

The **Central Bank of the Republic of Kosovo**, in terms of statistical responsibilities, acts on the basis of the Law on Central Bank of the Republic of Kosovo and the Law on Official Statistics of the Republic of Kosovo.

The responsibilities of the CBK in terms of statistics are also regulated by the Regulation on Monetary - Financial Statistics and Financial Statistics Accounts as well as by Regulation on Balance of Payments and International Investments Position Statistics.

The statistics falling under the auspices of the CBK are those in the monetary and financial sector and the external sector. These statistics are in compliance with standards developed by the International Monetary Fund, European Central Bank, Eurostat etc. Monetary and financial statistics include data produced by the CBK, second level banks, insurance companies, pension funds, and financial assistance institutions. Statistics of the external sector include those of the balance of payment, statistics in international services, international investment position, direct investments and external debt. In general, Kosovo has fulfilled the obligations deriving from the acquis for monetary and financial statistics and external sector statistics. However, CBK should develop the framework for compiling the statistics of the Financial Accounts.

The **Ministry of Finance, Labour and Transfers** has the mission to make projections and analysis so as to support the decision-making processes in relation to formulation of economic policy. The implementation of this mission of the Ministry of Finance is linked to the tasks and responsibilities of Treasury and the Department for Economic, Public Policies and Financial Cooperation (DEPPFC). The statistics for the fiscal sector and those related to public debt are compiled and published by the Treasury within MFLT. It is responsible for providing information on the number of jobseekers, the number of services it provides, unemployment benefits, subsidies for families in need.

**Other bodies authorised by KAS:** There are also secondary providers of information used to compile official statistics in Kosovo. The Ministry of Education and Science is responsible to register the number of schools, students and teachers at all education levels. Ministry of Health and Public Health Institute are responsible to register health institutions, patients, doctors and illnesses, the Ministry of Labour and Social Welfare is in charge of providing information on the number of jobseekers, the number of services they provide, unemployment benefits, subsidies for the family in need.

The Ministry of Agriculture, Forestry and Rural Development is tasked to provide administrative data, such as: subsidies to farmers and other administrative data. The Ministry of Economy and Environment has been tasked to draft the Energy Balance, according to the EU requirements, as well as to collect data on natural resources in Kosovo and on biodiversity, the Ministry of Trade and Industry, namely KBRA, provides administrative data on registered businesses. All these data, in certain periods, are used by KAS to inform the public about the situation in these respective areas. However, KAS tries to combine this information with other sources coming from the conducted surveys.

*Administrative capacities* - for capacity development, KAS has hired 10 officials during 2019, which have been divided into production statistics with special emphasis on Economic Statistics and other production

departments. However, until the moment of reporting to KAS, 14 positions are vacant as a result of the retirement of staff. Recruitment of new staff continues to be a challenge due to the legal framework in place. The Department of National Accounts is now fully operational and exercises responsibilities in accordance with the plan and job description. KAS staff has participated in a number of trainings both at home and abroad. The number of different trainings and courses for KAS staff provided by the European Commission and Eurostat has increased (participation in various training forums in the short and long term).

Regarding enforcement, in the area of statistics, there have been activities that derive from the Law on Official Statistics, the 5-year programme of official statistics, the annual work plan, the European integration process as well as based on different requests and reports, be them national or international.

Regarding *sector statistics*, KAS has continued to produce and further develop economic statistics, agricultural statistics, social statistics and methodological and IT activities.

In terms of data entry technology, KAS policies have evolved towards the modernization of data collection by shortening data collection time and having higher quality, the integration of these new methods to strengthen KAS statistical data collection programmes as well as facilitating faster and automated data processing, elimination of paper questionnaires and eliminating the need for dedicated staff for data entry, cheaper cost etc. Over 80% of the data are collected through the CAPI and CAWI method.

The SIMS (Single Integrated Metadata Structure) metadata system is under development according to Eurostat standards. Through this system the same database is used for the distribution of metadata on the website of KAS and the same can be generated in SDMX format for transmission to Eurostat through their platform Metadata Handler.

SIMS will also be used for other institutions such as the Ministry of Finance and the Central Bank.

In accordance with Eurostat recommendations, the ASK data platform, created for the management and for the distribution of online data to all users, continues to be further advanced.

The KAS produces national accounts on an annual and quarterly basis (according to production and expenditure approach, at current and constant prices). The deadlines for publication of GDP results have been shortened, which means that for every quarter of the Gross Domestic Product, quarterly publication has been achieved according to the Eurostat standard (t+90 days), using the new methodology of the European System of Accounts (ESA 2010). KAS, in its operational plan for 2021 also plans to compile national accounts with revenue approach. KAS has shortened the annual deadline for GDP publication according to ESA 2010. Also, government accounts are published annually and quarterly. Data is transmitted regularly to Eurostat (after publication of results), using the SDMX format. The number of tables increases gradually.

Regarding *foreign trade statistics*, data on exports and imports of goods are published on a regular monthly and annual basis. Regular monthly publications are published with T+24 days. The annual publication is based on T+168 days. These data are regularly sent to Eurostat through EDAMIS.

Regarding *Energy Statistics*, KAS has shortened the deadline for publishing energy balance results and has increased the number of products sent to Eurostat. Energy statistics are published on quarterly basis in accordance with standards (T + 49 days). Furthermore, the deadline for publishing the Annual Energy Balance has been reduced and the publishing for 2019 was made in June 2020, while the Energy balance for Q1 2021 was made in May 2021.

Regarding *enterprise statistics*, deadlines for regular publications have been shortened and the number of products sent to EUROSTAT has increased

In terms of *hotels and tourism statistics*, hotel statistics for Q1 2020 were published in June 2020. The modifications in the questionnaires were aligned in line with EUROSTAT recommendations and requirements for short-term retail statistics, industry statistics and transport and telecommunications

statistics. A Memorandum of Understanding was signed with the Civil Registration Agency in the past regarding access to data on registered vehicles in Kosovo.

In social statistics, the Kosovo Agency of Statistics, for the first time published the results of the survey on income and living conditions (EU-SILC) 2018, in August 2020. Until 2017, information on key indicators of living conditions, welfare, poverty and other indicators is measured by the Household Budget Survey. So far, information on key indicators of livelihoods, welfare, poverty and other indicators has been measured by the Household Budget Survey. This study will allow KAS to compile statistics on income and living conditions of households and individuals, which are comparable to other statistics produced in the region and beyond. This research will be a reference source to provide Eurostat with comparative statistics on income distribution and social inclusion at European level for the Republic of Kosovo. Furthermore, these data will be used to monitor Europe 2020 strategy with a focus on poverty reduction as the primary goal. The SILC survey will continue to be conducted annually as a regular survey in KAS. The cleaning of the SILC 2019 database is in progress, while the results are expected to be published during March 2021. The collection of SILC 2020 data has also been completed.

KAS has continued with the development of the Survey on the Use of ICT for 2019. The ICT Survey is integrated within the statistical programme of KAS, i.e., for 2020 is conducted through the CAPI method. The results of the ICT 2020 survey will be published in December 2020. The results of the ICT 2021 survey will be published in December 2021.

The Labour Force Survey (LFS) continues to be published on quarterly basis according to the Eurostat standard (T + 90 days), using the new methodology of the European Labour Force Survey and also shortening the deadline for quarterly and annual publication of LFS data. The KAS has also improved data collection tools in order to minimize errors in area data collection through continuous monitoring and systematic evaluation of area work quality, improvement of quality audit mechanisms during and after areawork, preparing a manual for interviewers, etc. The KAS has continued sending LFS micro-data to Eurostat.

KAS has started to apply ISCO 08 in VET from January 2018 and in the near future plans to apply ISCED 2011. KAS has prepared the module for accidents at work which will be added to VET in Q4 2020. KAS has done review of data on "Wage Level in Kosovo 2012-2019 and has published the Wage Level for 2020.

In terms of population statistics, preparations are underway for the Population and Housing Census according to International recommendations for censuses and the country's needs for the issuance of socio-economic indicators.

The Roadmap for the Households and Housing Census 2021 has been developed. A census strategy is being developed and is expected to be finalized soon. The work plan and budget is broken down by activities and years.

The concept document was approved by the Government in September 2020 and at the beginning of October 2020, a Working Group was established in order to amend the Law on Registration. From 15 September to 14 October 2020, the Pilot Census took place. Working groups are working on the preparation of activities and important documents for the Census.

Data on Population Estimation for 2019, Birth Statistics for 2019, Death Statistics for 2019, and Marriage Statistics for 2019 have been published. The final data from the MICS6 Multiple Indicator Cluster Survey known as the MICS Survey are expected to be published on 20 November 2020. This data will be important for completing the SDG indicators.

KAS and UNICEF, based on the Memorandum signed in 2019, have cooperated in the implementation of this project (MICS6).

Regarding agricultural statistics, the data of the survey of agricultural holdings 2019 are published (data on areas, agricultural crops, production, irrigation, livestock by species, livestock production, etc.). In agromonetary statistics, the Quarterly and Annually Indexes of agricultural products and inputs are published

on a regular basis according to the methodology of Eurostat. The annual data of the economic accounts in agriculture 2019 have also been published. All these published data have been forwarded to Eurostat.

Regarding environmental statistics from administrative and other sources, water statistics in Kosovo 2018 and 2019 have been produced and published. These data have been submitted to Eurostat. The results of the Industrial Waste Survey 2019 are also published regularly on an annual basis. Preparations for the publication of the results of the Industrial Waste Survey and the results of the Municipal Waste Survey are in progress

Regarding the *Central Bank of Kosovo (CBK) statistics*, CBK has continued its regular work on data collection, production and distribution of monetary and financial statistics (MFS) and external sector statistics (ESS) for Kosovo. MFS and ESS are published regularly on the website of CBK; and they are also distributed to international organisations (including Eurostat, the International Monetary Fund (IMF), and the World Bank). Regarding the improvement of the data collection system, CBK has started the process of developing an online reporting platform for the collection, processing and distribution of statistical information by non-financial corporations. In addition, efforts have been made to improve data quality by optimizing the production system and collecting new information.

Balance of payments, international investment position statistics, statistics of international trade in services and statistics of direct investments are sent regularly to Eurostat. Currently, these statistics are aligned with the acquis requirements.

Monetary financial statistics are compiled in line with the latest international standards. In addition to data on pension funds, all other financial statistics are published on a monthly basis with a deadline of 25 days after the end of the reference month. The data are quite detailed and the quality of the statistics published is good. MFS are mainly published on CBK's website and a significant part of them are sent for publication to the International Monetary Fund.

External sector statistics are in line with the EU acquis. The statement of balance of payments is published on a monthly basis on the CBK website and is sent to Eurostat on a quarterly basis. International Investment Position (IIP) statistics are sent to Eurostat on a quarterly basis. International statistics and direct investment statistics are sent on an annual basis, in line with reporting requirements from Eurostat.

Regarding financial account statistics, they are not yet being compiled in Kosovo. CBK has undertaken some activities to begin this year with the establishment of the framework for compiling financial account statistics. Initially, staff recruitment is being done. Also, the SBK statistics department has made an analysis of the source data to be used for compiling financial account statistics. In general, data on the financial sector and the government sector are adequate; however, there are deficiencies for the data of the non-financial corporations and households sector.

### ***Donor Support***

The Kosovo Statistical System has been supported and continues to be supported continuously by various donors in technical and professional capacity-building. In addition to highly-beneficial approach projects (regionally), the KAS and the statistical system is also supported in national forms. The main donors are EC, respectively Eurostat, followed by SIDA, WB, IMF, UNICEF, UNFPA, etc. For the next 4-year period 2019-2022, the Kosovo Statistical System will be supported by the European Commission. The 2021 Population Census project is in consultation with donors, but until the reporting period there have been no commitments by donors, EU office with EUR 0.5 million, for the processes after the area census phase, mainly with the process of post-registration Survey (coordination is in progress).

KAS is being supported by the Norwegian Government project. The purpose of this project is to support the Kosovo public administration in the implementation of the SAA and in improving readiness for EU membership in several chapters including statistics. This project will strengthen the institutional capacities of the public administration of Kosovo, specifically in the Statistics chapter, by providing specialized



training on the content of EU requirements, transposing the acquis into national legislation and related policy reforms.

In addition to projects at the national level, KAS is also being supported by Eurostat through pilot projects with a focus on professional and technical capacity-building of KAS.

MB IPA-2015- (Multi-beneficiary Statistical Cooperation Programme) with these projects:

- Government Finance;
- Methodology of National Accounts;
- Sector Accounts;
- Programme of transmission of annual national accounts, quarterly national accounts and qualitative reporting;
- Macroeconomic Imbalance Procedures (MIPs).
- Regional accounts
- Compilation and publication of supply-user tables (SUT)
- Agricultural statistics (Agricultural Census or Structural Farm Survey; annual crop statistics and statistics on permanent crops (horticulture survey, viticulture survey); livestock production statistics (monthly and annual dairy and meat and eggs statistics);
- Environmental calculations.

IPA 2017

- Statistical Quality Management;
- Development of the Metadata System;
- With the support of the World Bank, KAS has organized surveys of the unobserved economy in four activities (businesses). The results of these surveys will be included in the national accounts for the period of 2008-2020, on an annual and quarterly basis, with current prices and constant prices.
- While with the support of Eurostat, it has continued to assess the informal economy in other areas, such as: health, drug trafficking, etc.
- Harmonized Index of Consumer Prices (HICP);
- Aligned Index of Consumer Prices (HICP),
- Purchasing Power Parity (PPP),
- Statistical Business Register,
- Short-term statistics of enterprises: implementation of standards and guidelines of the European Statistical System,
- Transport statistics: for passengers and goods,
- Information and communication technology - use in businesses (not conducted due to the lack of human resources) and
- Energy statistics.

In cooperation with the World Bank, we are conducting the enterprise productivity survey.

- Support has continued in other strategic areas of national and international character, such as the SEE 2020 strategy, SDGs 2030, etc.

***Medium-term Priority Objectives:***

- Preparing and conducting the 2022 agriculture census;
- Strengthening human resources and cost-effectiveness in KAS;
  - Ensuring sustainable resources;
  - Rationalization of job positions;
  - Developing internal and external training;
  - Compiling and monitoring indicators within the 2030 strategy;
  - Confidential commitment, as additional support by the Government of Kosovo for the quality of statistical productions.

- Strengthening methodology and quality management;
  - Modernization of the whole system for data collection through the implementation of the CAPI, CAWI and CATI method.
  - Strengthening the Quality management system and advancing GSBPM;
  - Further development and advancement of the SIMS (Single Integrated Metadata Structure) Metadata System as well as raising the quality of metadata description for all statistical and other research submitted by production statistics.
  - Update the sample framework to be used for sample design (the framework contains the households to be selected for interview).
  - Establishment of a secure IT infrastructure as well as application development and provision of hardware equipment for the 2021 census.
  - Strengthening the effective use of spatial information technologies for the production and dissemination of statistics and contributing to improving the skills of managing cartographic information and access to statistical offices;
  - IT system architecture, based on shared and documented processes
  - Strengthening the Quality Management System;
  - Monitoring and enhancing areawork control;
  - Continuing the enhancement of using electronic devices in data collection;
  - Continuing the further use of sub-phases from GSBPM statistical models;
- Increasing and improving official statistics;
  - Full implementation of the ESA 2010 Methodology in economic statistics, in particular in national accounts;
  - Increasing the number of GDP tables for the transmission programme, which will be sent to Eurostat;
  - Further improving National Accounts and Government Finance Statistics in accordance with ESA 2010, IMF manual and the one of GFSM 2014;
  - Compiling and publishing supply and use tables (SUT), where all data sources will be used, balancing SUT with current and constant prices (using all deflators);
  - Input-output tables (I/O) are prepared;
  - Assessment of the informal economy for new activities and integration of the results into GDP data. Creation of a framework for unobserved economy data - NOE (tabular approach for measuring NOE);
  - Continue the publication of Government Finance Statistics-GFS annually and quarterly based on the IMF and GFSM 2014;
  - Compilation of EDP tables and sending them to Eurostat;
  - Continuous improvement of government account data according to COFOG
  - Implementation of the International Classification of Crime for Statistical Purposes (ICCS);
  - Implementation of the International Standard Classification of Education ISCED 2011;
  - Further development of labour market statistics, development of ad-hoc LFS modules, development of labour costs survey, development of a survey on job vacancies, development of a survey on income structure;
  - Implementation of ESSPROS in social protection statistics
  - Development of the Health survey;
  - Development of the Adult Education Survey;
  - Development and improvement of transport, hospitality and tourism, construction statistics and other short-term statistics;
  - Development of investment statistics;
  - Development of statistics on the use of ICT by businesses.
  - Preparations for the implementation of the Agricultural Census or structural survey of farms;
  - Development of annual crop statistics (special survey);

- Development of statistics of permanent crops (structural data for trees and vineyards as separate surveys);
- Expansion of livestock statistics and livestock products (with a new indicator (statistics on meat, milk, egg production, etc. as separate surveys)

CBK will enrich statistical and research activities related to economy in general and the financial system in particular, through these strategic actions:

- Compilation and publication of statistics on Financial Accounts for Kosovo, in accordance with the methodology foreseen with ESA 2010;
- Further comprehensive advancement of monetary and financial statistics;
- Compilation of balance of payments statistics on a monthly basis for reporting to Eurostat;
- Development of the online reporting platform by non-financial corporations.

### **3.19. Acquis Chapter 19: Social Policy and Employment**

The acquis in the social area includes minimum standards in the area of labour law, equality, health and safety at work and anti-discrimination. The Member States participate in social dialogue at European level and in EU policy processes in the areas of employment, social inclusion and social protection.

Member States participate in EU policy processes in the areas of employment policy, social policy, inclusion and social protection. Social partners from Member States participate in social dialogue at European level.

In the area of disability, the EU has adopted a strategy aimed at aligning disability issues within the Union's respective policies and enhancing the integration of people with disabilities.

International agreements related to employment, work and social affairs, such as the relevant ILO conventions and the UN Convention on the Rights of Persons with Disabilities, should be considered.

With regard to Chapter 23 “Judiciary and Fundamental Rights”, it should be noted that the rights of workers' trade unions are essentially contained in Chapter 19. As regards anti-discrimination and equal opportunities, these issues are essentially covered in Chapter 19 with a specific focus on aspects of employment, while Chapter 23 covers cultural rights and minorities as well as violence against women.

#### *SAA Requirements*

Pursuant to SAA Articles 82 and 106, cooperation in this area aims to facilitate the employment policy in Kosovo. They also seek to promote social dialogue as a fundamental drive to economic growth, as well as gradual alignment of legislation on labour, health, safety at work and equal opportunities for women and men, for persons with disabilities and for persons belonging to minorities and other vulnerable groups. This may also include alignment of Kosovo's legislation with EU acquis in the area of labour law, with special focus on women's working conditions, and to promote adoption of social inclusion and anti-discrimination policies in Kosovo.

#### *Requirements from other EU accession mechanisms*

The conclusions of the *Sub-Committee on Innovation, Information Society, Social Policy and Employment 2020*, require to implement the legislation on Safety and Health at Work, to ensure the functioning of the Social Economic Council, to provide opportunities for the Labour Inspectorate so that the latter can fulfil its mandate, and to require the municipalities to provide social services, including an amendment to the Law on Local Finance in order to include the grant requested by them.

The EC's *Kosovo 2020 Report* calls for an amendment to the Law on labour in line with the EU acquis, including EU rules on non-discrimination in employment and social policy and maternity/paternity leave. It is emphasized that Kosovo has harmonized the legislation on Safety and Health at Work with that of the EU, now it is necessary to focus on the enforcement of this legislation. Improvement of the capacity of the Labour Inspectorate is also required. According to this report, Kosovo continues to face structural labour market challenges stemming from rapid growth of the working-age population not matched by sustained job creation, persistently low participation of women and generally precarious employment opportunities.

## *State of Play*

### *Legislative and Policy Framework*

The legislative framework in the area of occupational safety and health has made progress in approximating domestic legislation with the EU Acquis. So far, a total of 25 directives (individual directives under Article 16 (1) of Framework Directive 89/391 and others) have been transposed into 19 relevant regulations adopted. The adopted regulations are listed below. EU directives in the area of working conditions have been identified and analyzed. The seventeen (17) directives have been transposed into the draft-law on Labour and the draft-law on Maternity and Parental Leave.

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

- Law No. 03/L-212 on Labour;
- Law No. 04/L-161 on Safety and Health at Work;
- Law No. 04/L-205 on the Employment Agency;
- Law No. 04/L-008 on Social Economic Council;
- The new Law No. 05/L-077 on Registration and Providing of the Services for Unemployed, Jobseekers and Employers;
- Law No. 05/L-020 on Gender Equality;
- Law No. 03/L-019 on Training, Vocational Rehabilitation and Employment of Persons with Disabilities, as amended by Law No. 05/L-078;
- Regulation (MLSW) No. 04/2014 on Minimum Safety and Health Requirements for the Use of Work Equipment;
- Regulation (MLSW) No. 05/2014 on Minimum Safety and Health Requirements in the Workplace;
- Regulation (MLSW) No. 02/2016 on Minimum Safety and Health Requirements for the Use of Personal Protective Equipment in the Workplace;
- Regulation (MLSW) No. 03/2016 on Minimum Safety and Health Requirements for the Protection of Employees Related to Work with Loads;
- Regulation (MLSW) No. 04/2016 on Minimum Requirements for Providing Occupational Safety and Health Signs at Work;
- Regulation (MLSW) No. 05/2016 on Minimum Requirements Regarding Occupational Safety and Health of Employees at Risk from Explosive Atmospheres;
- Regulation (MLSW) No. 06/2016 on Minimum Safety and Health Requirements for Work with Display Screen Equipment;
- Regulation (MLSW) No. 01/2017 on the Protection of Employees from Risks Related to Vibration in the Workplace;
- Regulation (MLSW) No. 02/2017 on the Protection of Employees from Risks Related to Noise in the Workplace;
- Regulation (MLSW) No. 03/2017 on the Prevention of Injuries from Sharp Workplace Injuries in the Health Care and Hospital Sector;
- Regulation (MLSW) No. 04/2017 on the Protection of Employees from Risks Related to Carcinogens and Mutagens in the Workplace;
- Regulation (MLSW) No. 05/2017 on the Protection of Employees from Risks Related to Exposure to Biological Agents at the Workplace;
- Regulation (MLSW) No. 06/2017 on Minimum Occupational Safety and Health Requirements in Temporary or Mobile Construction Sites;
- Regulation (MLSW) No. 07/2017 on Minimum Occupational Safety and Health Requirements for the Protection of Workers from Risks Related to Occupational Safety at the Workplace;
- Regulation (MLSW) No. 08/2017 on Minimum Health and Safety Requirements Concerning the Exposure of Workers to Risks Due to Physical Agents (Electromagnetic Areas);
- Regulation (MLSW) No. 09/2017 on the Protection of Employees from Risks Related to Optical Radiation in the Workplace;

- Regulation (MLSW) No. 10/2017 on the Protection of the Health and Safety of Workers from Risks Related to Chemical Agents at the Workplace;
- Regulation (GRK) No. 22/2017 on Minimum Safety and Health Requirements of Employees in Underground Surface Mining Activities and Certain Mining Activities.
- Regulation on Active Labour Market Measures;
- AI No. 03/2018 on the manner, procedures and deadlines for monthly payment for employers who do not employ persons with disabilities;
- AI No. 04/2018 on the scope, competencies, composition and mandate of the medical-social commission for assessment of work abilities of disabled people;
- AI No. 05/2018 on the manner and procedures for assessment of work ability for people with disabilities;
- Regulation (GRK) No. 16/2018 for the customs and tax reliefs for employers employing persons with disabilities as well as for the persons with disabilities exercising independent activity.

These normative acts have transposed 25 directives and 22 regulations.

*Institutional framework:*

- Office of the Prime Minister;
- Ministry of Finance, Labour and Transfers;
- Ministry of Economy;
- Ministry of Industry, Entrepreneurship and Trade;
- Ministry of Health;
- Ministry of Education, Science, Technology and Innovation.

**Donor Support**

The Technical Assistance project "Support to the Labour Inspectorate in Combating Informality" aims to provide assistance worth EUR 1 million during July 2018 - July 2020 in capacity building for the Labour Inspectorate and Technical Assistance to the Ministry of Labour and Social Welfare.

The Technical Assistance Project "Capacity Building Support for MFLT and EARK" aims to provide assistance of EUR 1 million over the period May 2018 - May 2020. The overall objective of the project is to "increase employability and employment prospects sustainable for disadvantaged groups, especially youth and women in Kosovo". The aim of the project is to develop the capacity of the Ministry of Labour and Social Welfare and the Employment Agency to design, implement and monitor active labour market measures focusing on disadvantaged groups, especially youth and women, while the project has two components.

EYE project, second phase, "Enhancing Youth Employment" is funded by SDC. The purpose of phase II (January 2017 - December 2020) of the EYE project is: "An inclusive social and dynamic labour market that provides jobs increasingly, including youth self-employment in Kosovo".

The Technical Assistance project "Support to the Ministry of Labour and Social Welfare for Effective and Effective Implementation of Active Labour Market Measures" is funded by EU funds (IPA) and implemented by WYG savjetovanje d.o.o.

The project "Advice for Migration to Kosovo, Implementation Agreement between the Ministry of Labour and Social Welfare and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on 1 April 2016 until 31 October 2019 has been completed but the second phase 2020-2023 will continue where the content of the project will be expanded and many activities will be added.

The PME/DIMAK Project, implemented through GIZ, respectively the Global Project "Programme - Migration for Development. The main objective of the programme is: strengthening the contributions of migrants for development of their countries of origin and improving conditions for legal migration to the selected partner countries. This objective is being pursued actively in the following areas:

- Counselling on migration policy;

- Counselling on migration;
- Development-oriented return of migrants;
- Cooperation with the Diaspora.

This chapter is being supported by the Norwegian Government project, the purpose of which is to support the Kosovo public administration in implementing the SAA and increasing the readiness for EU membership in several chapters including statistics. This project will strengthen the institutional capacity of Kosovo's public administration, specifically in the Social and Employment Policies chapter by providing specialized training on the content of EU-derived requirements, transposition of the Acquis into national legislation, and reforms of relevant policies.

### *Medium-term Priority Objectives*

The main objective of MFLT in the area of legislation is continuous transposition of EU Acquis in the area of social policy and employment until 2022. A social protection system should be developed and put in place to support employment and increase the inclusion of the target groups through the development of policies and programmes designed to ensure and enhance the quality of social protection schemes, social services and increased coverage for social categories and other excluded groups.

In this regard, the following documents are planned to be approved in the medium term:

- The new law on social insurance and pensions funded by the state: through this law, it is aimed to create a reform in the social insurance system in Kosovo. The reform aims to establish a general and sustainable pension and disability system framework, namely establish a full social insurance system, aligning the current legislative framework, creating new legislation, building institutional, human and technological capacities. The reform as a process aims to have an impact on the increase of equality between different categories of beneficiaries in terms of social inclusion and long-term financial stability in the country
- The new Law on the Treatment of Persons with Disabilities: this draft-law will define the right definition for persons with disabilities, the inclusion of all types of disability and the division into categories according to the needs of persons with disabilities,
- Drafting of the Law on amending and supplementing the Law on Safety and Health at Work: The main purpose of this law will be the full transposition of European Council Directive 89/391/EEC of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work (Framework Directive). This law aims to better regulate and advance the legal basis of safety and health at work;
- Drafting specific bylaws that provide detailed requirements and guidelines for safety and health at work in specific sectors such as agriculture, forestry, health, hospitality and others;
- Develop a legal framework for the workers' health surveillance system: outlining the health surveillance procedure to make it clear to all stakeholders - employers, employees, SHW specialists/experts/services, medical institutions conducting medical examinations, as well as the determination of sanctions/fines for non-compliance with legal obligations;
- Drafting the legal framework that describes the procedure of investigation and registration of accidents at work, that describes the procedure of diagnosis and reporting of occupational diseases including a list of occupational diseases;
- The new Law on Social and Family Services that will enable the advancement of social services, strengthen the Centres for Social Work at the local level, define the licensing procedures and the operating framework of social service providers from the non-governmental and private sector.
- The new Law on the Social Assistance Scheme, which will eliminate discriminatory criteria for receiving social assistance, creates opportunities for activation in active labour market measures for the beneficiaries of the social assistance scheme and the inclusion of families in need.
- Drafting and approval of the secondary legal framework for the new Law on Social and Family Services, the Law on Child Protection and the new Law on Social Assistance Scheme.
- Drafting and approval of the AI on the funding formula and the Special Grant for Social Services;

- Support the licensed non-governmental sector and social enterprises registered with subsidies and grants for the provision of social and family services and involvement in the employment of vulnerable groups.
- Draft and approve the bylaws for the Law on Social and Family Services;
- Draft and approve the bylaws for the Law on Social Assistance Scheme;
- Draft and approve the AI on the formula for financing social services and the Special Grant for Social Services;
- Support the licensed non-governmental sector with subsidies for the provision of social and family services;

### **3.20. Acquis Chapter 20: Enterprise and Industrial Policy**

EU acquis for this chapter consists mainly of policy principles and instruments such as communications, recommendations and conclusions of the Council. To a great extent those are implemented through the Competitiveness and Innovation Programme at all EU levels. This chapter contains also sector policies. In general, the enterprise and industrial policies are closely related to the EU Strategy 2020.

Through these general principles, EU seeks to promote and enhance competitiveness and industrial strategy. These principles derive from Article 173 of TFEU aiming to speed up the structural changes, encourage an environment favourable for businesses and SMEs as well as domestic and foreign investments, as well as to encourage and support innovation and entrepreneurship.

Policy instruments for enterprises and industry are developed through specific programmes that provide support (including financial support) to enterprises and policy makers. These programmes are focused on promoting the access to finance, business related services, Enterprise Europe Network, national policies on innovation and SMEs. Currently this is implemented through the Competitiveness and Innovation Programme 2014-2020. Directive 2011/7/EU is one of the important policy instruments aiming to combat late payments in commercial transactions.

The EU promotes specific sector analysis on competitiveness within the sectorial enterprise and industrial policies. This consists on launching the initiatives for particular sectors, different studies, networking initiatives, policy forums, etc.

Formulation and implementation of enterprise and industrial policies requires the necessary administrative capacities in all levels of administrative organisation of the state, including also the cooperation and consultation mechanisms.

#### *SAA Requirements*

SAA provisions related to this chapter consist of Articles 51, 74, 98, 99, 100, 101 and 102, which mainly provide a cooperation framework and objectives and emphasize the requirements for alignment with the acquis. According to Article 51, upon entry into force of the SAA, Kosovo shall ensure treatment for EU companies no less favourable than that accorded to its own companies in respect to employment conditions, payments and equal treatment of employees and operations legally established in the territory of Kosovo. Article 74 defines the obligations for approximation of legislation for internal market and trade at an early stage. This Article requires also the effective implementation of that legislation.

Article 98 provides a framework of promotion and protection of FDI and aims to create a favourable doing business climate. The cooperation in this area aims to improve the legislative framework in order to favour and protect the investments. Article 99 provides a cooperation framework in the area of industrial policy. Among others, this Article aims to promote modernization and restructuring of industry, encouraging and developing the competitiveness and promotion of cross border cooperation on industry development. Article 100 is related to cooperation in the area of SMEs and enterprises in general with the aim of creating a favourable environment for businesses. The cooperation shall be carried out within the framework of Small Business Act and by taking into account the acquis in this area.

Article 101 on Tourism, envisages a balanced and sustainable development of tourism through studying the opportunities for joint operations and strengthening cooperation between tourism enterprises, experts and institutions and their competent agencies in the area of tourism, by always considering the EU acquis regarding this area.

In December 2017, an agreement was signed for Kosovo's participation in the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME). Kosovo should begin developing measures to raise awareness among business parties and ensure their active participation in the programme.

#### *Requirements from other EU accession mechanisms*

The EC's *Kosovo 2020 Report* states that Kosovo remains moderately prepared in this area. Some progress was made in further improving the business environment. There continues to be a need to further build up administrative capacity and to ensure stronger inter-ministerial coordination. The report underlines that the Kosovo Investment and Enterprise Support Agency (KIESA) needs to improve its support schemes and provision of advisory services to SMEs and an investor aftercare unit should be established.

The Subcommittee on Trade is requested by the responsible authorities to approve and start implementing a strategy to support the business environment and industrial development in Kosovo, taking into account the comments provided by the EU on the draft PSDS in 2019. It is also stressed that the SBA working groups should be operationalized to implement the evaluation recommendations on SBA. Furthermore, it is required to prepare a programme to reduce the administrative burden that focuses on concrete measures to improve the business environment in the short and medium term, especially through increasing digitalization and simplification, merging and revoking licenses and permits.

#### **State of Play**

##### *Legislative and Policy Framework*

##### Legislative and policy framework in the area of entrepreneurship and industry policy

- Law 04/L-220 on Foreign Investment;
- Law on Tourism No. 04/L-176;
- Law No. 04/L-034 on Privatization Agency of Kosovo and Law No. 06/L-023 amending the Law No. 04/L-034;

These normative acts have transposed the EU Directive 90/314 on package tours (partially).

The policy framework in this area consists of these documents:

- National Development Strategy 2016-2021;
- COSME agreement;
- Economic Reform Programme.

##### *Institutional Framework:*

- Ministry of Industry, Entrepreneurship and Trade (Department of Industry, Division of Industrial Policy);
- Kosovo Investment and Enterprise Support Agency (KIESA);
- Ministry of Education, Science, Technology and Innovation;
- National Council for Economy and Investment.

#### **Donor Support**

##### *Current and planned bilateral donor projects*

The Competitiveness and Export Readiness Project (CERP) is a World Bank-supported project that aims to strengthen the capacity of selected public institutions in Kosovo to contribute to improving exports and private sector competitiveness.



Private Sector Development Support Project to mitigate the impact of the crisis COVID-19 is an EU-supported project that will support existing start-ups and SMEs in accessing finance and technical knowledge to support their liquidity, to support the increase of sustainability and competitiveness that will affect production growth and job creation.

*Projects supporting the SMEs:*

- “Support for youth entrepreneurs”;
- “Triple Helix Competition” – The competition is launched by OECD and its partners in Kosovo for the best innovative idea from academia, business and public sector.
- Kosovo Credit Guarantee Fund has been established: This fund will increase access to finance for SMEs by covering 50% of the collateral for SMEs enabling them to get a bank loan. This guaranteed collateral will reduce the risk for the banks enabling them to decrease the interest rates and make their products more affordable. USAID, KfW and SECO contribute with around EUR 18 million, while Ministry of Industry, Entrepreneurship and Trade and Industry contributes with EUR 1 million to creation of this fund. MIET continues to supplement the fund with EUR 1 million each year until 2020.

***Medium-term Priority Objectives:***

*Entrepreneurship and industrial policy:*

- Drafting the strategy for industrial policies;
- Improving the environment for doing business and developing tourism;
- Promotion and support of investments;
- Supporting businesses in certifying their products with the European and International standards by providing small grants for SMEs, provision of grants and technical support to businesses for quality standards by 2020, ensuring, where possible, equal gender representation;
- Industry development through support of key sectors in order to increase productivity and export
- Promotion of export by preparing SMEs for export and identifying/developing potential markets
- Active participation in COSME and the Enterprise Europe Network, including the support to businesses to use these programmes.

*Innovation policy:*

- Development of innovation;
- Development and adoption of necessary secondary legislation;
- Establishment of the Innovation and Entrepreneurship Fund;
- Efficient use of the Innovation and Training Park in Prizren and the Center for Innovation and Entrepreneurship at the Faculty of Mechanical Engineering, funded by the government budget.

### **3.21. Acquis Chapter 21: Trans-European Networks**

This chapter covers Trans-European Networks known also as the main pillar of internal development of European markets. The aim of this chapter is to create the necessary transport, energetic and telecommunications network that connects European states with the possibility of including other states also. It enables the creation of a modern infrastructure that connects regional and national networks, ensuring free movement of goods, services, capital and workers, with aim of creating and empowering an equal society.

The goal of the Trans-European Networks (TENs) policy is to integrate an interoperable European infrastructure in the areas of transport, energy and telecommunications and in this context to identify technical standards and priority projects of common interest, as well as to develop funding instruments for their implementation.

The basic goal of TEN policies is to create a single market for these three sectors and thus facilitate the functioning of the European Single Market and make full use of the internal market, contributing to economic growth and job creation in the EU.

EU policies on trans-European transport networks (TEN-T) and energy (TEN-E) are based on three points: the legal basis for TEN; Articles 170-172 of the Treaty on the Functioning of the EU; Regulation (EU) No. 1315/201350 on Union guidelines for the development of the trans-European transport and energy network and Regulation (EU) 1316/201351 on the establishment of the *Connecting Europe Facility-CEF* fund, amending Regulation (EU) 913/2010 and repealing Regulations (EC) 680/2007 and (EC) 67/2010.

This framework sets out the objectives of the EU's trans-European network policy, which includes transport and energy networks and aims at adapting and developing networks and ensuring their interconnection and interoperability. The new funding instrument for trans-European networks - the *Connecting Europe Facility* (CEF) fund and the revised TEN-T and TEN-E guidelines came into force on 1 January 2014. The purpose of establishing and developing Trans-European Networks (TEN) and the promotion of interconnections and the interoperability of national networks are to make full use of the internal market and to contribute to economic growth and job creation in the EU.

#### Requirements from other EU accession mechanisms

Concerning **transport networks**, the EC *Kosovo 2020 Report* states that the institutional capacity to implement strategic projects should be strengthened at central and local government level in terms of public procurement and investment project planning, preparation and management. Priority projects in basic and inclusive networks remain to be carried out. Future investments in infrastructure should be implemented in line with EU standards on public procurement, state aid and environmental impact assessment. Projects should be channeled through a single project pipeline confirming the strategic orientation towards TENs. Implementation of the railway line project 10 and the highway project 6 is slower than expected. The authorities should take immediate measures to finalize the remaining railway border crossing protocols with North Macedonia. Additional efforts are also required to ensure the opening of the rail market with the indicative extension of the Orient/East-Mediterranean corridor. Although there has been progress in adopting maintenance plans for the entire underlying network (road and rail), Kosovo still lags behind in this regard and further efforts are needed. Among other things, the CR requires that current and future infrastructure investments be in line with EU standards for public procurement, state aid and environmental impact assessment, as well as based on cost-benefit analysis in line with best EU practices.

In the area of energy networks, the EC 2020 Kosovo Report 2020 states that in the area of Trans-European Networks TEN-E and TEN-T, Kosovo is somewhat prepared. However, many of the recommendations of the previous report are still unimplemented, so the 2019 recommendations are still valid. Next year, Kosovo needs, in particular, to:

- Proceed with harmonising the legal framework with the EU acquis and with the TEN-T and TEN-E regulation, as well as implement the connectivity reform measures and strengthen administrative capacities for the implementation of strategic infrastructure projects
- Progress has been made in integrating the electricity market. However, the new 400kV transmission line and load frequency control with Albania needs to functionalise.

Within the SAA Subcommittee on "Infrastructure", held in March 2021, it is stated that Kosovo urgently needs to address the lack of cross-border capacity between KOSTT and EMS to facilitate trade exchanges in the region and to ensure engagement with all neighbouring Transmission System Operators to coordinate the calculation of cross-border capacity and coordinate outages of network elements that affect their allocation. The report also states the approval of the action plan to increase the values of Net Transfer Capacities across all boundaries in order to reach the target of 70% by 2025.

On **telecommunications networks**, no progress was made on strengthening the institutional capacity of the Electronic and Postal Communications Regulatory Authority in drafting and implementing the regulations.

#### Transport

Kosovo is a regular member and active participant in the meetings at the level of ministries, steering committees and technical groups of SEETO (South East Europe Transport Observatory). The aim of these meetings is to develop strategic infrastructural documents and to develop basic and comprehensive infrastructure network in Southeast Europe, as an integral part of the Trans-European Network. Upon signature of the Memorandum of Understanding in 2004, all Southeast European states have committed to develop basic and comprehensive networks that will be an integral part of the basic and comprehensive Trans-European Network.

Kosovo has also adopted the Multimodal Transport Strategy which contains five main goals related to development of the basic and comprehensive SEETO network. The main goal of the strategy is: "Improvement, development and maintenance of transport infrastructure that is integrated in the Pan European corridors and is in conformity with European Standards". The basic and comprehensive SEETO network includes also the infrastructure projects of Kosovo that are part of the Southeast European network composed of infrastructure projects: road, railway and air transport. Kosovo also actively participates in the Transport Community established by the Treaty establishing a Transport Community on 12 July 2017 in Trieste, Italy and ratified by all signatory parties (Council Decision EU 2019/392).

The priority projects presented and identified in the multi annual plan of Southeast Europe as well as in Trans-European Network are the following: Route 6 which connects Prishtina with North Macedonia, Corridor VIII, Route 7 which connects Kosovo with Albania as well as Corridor X in Serbia, R6a (Prishtina-Mitrovica) and R6b (Prishtina-Peja).

As regards railway infrastructure, Kosovo has identified the project of Railway Line 10, which connects our country with Serbia, Corridor X and with North Macedonia through Corridor VIII. In addition to the Railway Line 10 which belongs to the Basic SEETO Network, Kosovo has taken the decision to also rehabilitate the Railway Line 7 (seven) which belongs to the comprehensive SEETO network and connects Railway Line 10 in Kosovo with the Corridor X in Serbia.

The Prishtina-Merdare-Nish highway project is part of the Basic Transport network within the Trans-European Network of Transport. This road passes through Kosovo from Vermica to the border with Albania and to Merdare to the border with Serbia with a total length of 128 km and provides the country access to the Adriatic and Black Seas, improving connections with other Balkan countries and European Transport Corridors IV and X. The project of the Highway from Morina to Prishtina was completed in 2012, while for the remaining segment of the Highway R7 Besi - Merdare (28 Km) financed by WBIF- have been completed:

- Feasibility and environmental impact study;
- Preliminary project for the segment Besi - Merdare.

The approximate cost of building this segment is EUR210-230 mil (without VAT).

Meanwhile, the segment of Highway R7 Duhël Joint - Connection with Highway R6 - passes through Kosovo from Joint to Duhël (highway R7) through Shtime, Lipjan and connects with Highway R6, in the territory of the Municipality of Lipjan. This segment of the highway is part of the Basic Transport network within the Trans-European Network of Transport with a total length of 29km and provides a shortening of travel time and transport costs for users of roads R6 and R7 and corridors VIII and X, within the basic network of Southeast Europe. The construction of this segment is necessary because the existing corridor of the national road N9, the segment Prishtina - Gjurgjica, is the busiest in Kosovo, where according to the feasibility and environmental impact study conducted within the technical assistance from WBIF, this corridor, by 2030, will reach its full capacity and there will be no possibility of circulation according to the design speed provided for this segment. For this segment the following need to be designed:

- Completion of the feasibility and environmental impact study;
- Preliminary project design.

After the design of the project, the route of the Highway segment and the construction cost are expected to be defined

After putting into function of the segments of the motorway R7, Morine – Gjurgjice (connection with N9) - Bresje - Besi, MI in cooperation with WBIF and EIB, finalized the complement the feasibility study and environment impact for segment Besi - Merdare (border with Serbia). Furthermore, terms of reference were defined for drafting the preliminary project for segment Besi – Merdare, which will be funded by WBIF and the consultancy company was selected for project drafting, which is expected to start soon, and will last 14 months. After the finalization of project, it will be continued with the definition of further steps of funding this project. On the other hand, in July 2015 a contract was signed between MI and the winning company Bechtel Enka for the construction of the Prishtina - Hani i Elezit highway in the amount of EUR 599,944,263.55 (VAT included). The project has been completed and the Prishtina - Hani i Elezit Highway has been put into circulation.

MESPI is continuing with the extension of the road axis R6a/N2 (Prishtina–Mitrovica). For this project, MI has managed to secure a loan of 60 million dollars from Islamic Bank for Development, Saudi Fund for Development OFID.

Regarding the Kijevo-Zahaq section, MESPI has completed, in cooperation with the WBIF (Western Balkan Investment Framework) and EBRD, the feasibility study and environmental impact study (2016), which has yielded positive results in terms of economic feasibility of the project. The terms of reference for the preliminary project design from Kijeva - Zahaq (32 km) have been defined and the consulting company for the project design has been selected. The implementation of the implementation project, which is expected to last 12 months, is also ongoing, and after the completion of the implementation project is expected to continue with the definition of further funding steps for this project.

In the railway system, Kosovo has made progress in the division of the Kosovo Railways into two companies, Infrakos which is in charge of the management and maintenance of the Railway Infrastructure and Trainkos which deals with passenger and freight transport. The Republic of Kosovo has also established the Railway Regulatory Authority which deals with market regulation, licensing, certification, safety and interoperability of the railway system in the territory of Kosovo, while it has established the Research Department of Rail Accidents as a separate entity within the Office of the Prime Minister. According to reports issued by SEETO, Kosovo has made progress in implementing the required laws and standards by ensuring that the railway market is opened to external operators.

One of the priority projects identified also by SEETO is the Railway Route 10 and Railway Line 7, which are part of the Trans European Network that connects the Republic of Kosovo with Serbia and North Macedonia, namely the Corridors X and VIII.

Regarding the developments of Railway Route 10, on 06 February 2019, a contract was signed with the Italian company Generale Costruzioni Ferroviarie which started construction works on 29 August 2019 under the first phase of rehabilitation (Fushë Kosovë - Hani i Elezit). Meanwhile, the project Technical Detail Design for the second phase (Fushe Kosove - Mitrovica) has been completed and approved on 08 November 2019 by Infrakos. Thus, the contract with the winning company for the construction works under this phase is expected to be signed in the fourth quarter of this year. Furthermore, finalization of works on general rehabilitation and modernization of Railway Route 10 is expected to be implemented until 2022-2023.

*Trans-European energy networks* cover gas transport and storage facilities as well as electricity transmission and make a significant contribution to the electricity and gas market. TEN-E responds to the growing importance of securing and diversifying the EU's energy supply, including the energy networks of Member States and candidate countries and ensuring the coordinated operation of energy networks in the EU and neighboring countries, security of power supply, completion of energy insulation and operation of internal energy.

This framework sets out the objectives of the Community policy on trans-European network policy involving transport, energy and telecommunications networks and aims to adapt and develop networks and ensure their interconnections and interoperability.

*The institutional framework in this area consists of the following institutions:*

- Ministry of Economy;
- Kosovo Electricity Transmission, System and Market Operator
- Energy Regulatory Office.

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

- Law on Electricity;
- Law on Natural Gas;
- AI on Security of Supply of Natural Gas;
- AI on the Promotion of Joint Regional Investments in the Energy Sector.

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

- Directive 2009/73/EC;
- Regulation No. 715/2009/EC;
- Regulation (EU) 347/2013.

The policy framework in this area consists of the Energy Strategy of the Republic of Kosovo 2017-2026.

### Energy

During 2020, progress was marked towards integration in the regional electricity market. Following the successful vote in April 2020 by the Regional Group for Continental Europe (RGCE), on 30 June 2020, a new Connection Agreement was signed between KOSTT and ENTSO-E. The new KOSTT/ENTSO-E Connection Agreement commenced being enforced on 29 September 2020. With the start of the implementation of the agreement, KOSTT operates as an independent regulatory zone within the AK (Albania-Kosovo) unit with the Republic of Albania, within the synchronous zone of Continental Europe. The allocation of interconnection capacities and the management of congestion of the interconnection network will be realized within the structure of this unit and no longer by EMS (Serbia), where the revenues from these activities will be collected by the Unit, respectively by KOSTT.

This development paves the way for KOSTT to integrate into the regional energy market, participate in the Albanian Power Exchange (APEX) and put into operation the 400kV line of Kosovo-Albania. The full implementation of the Kosovo-Albania Regulatory Block Agreement was signed in Tirana, on 29.09.2020. Further, on 05 October 2020 in Prishtina, KOSTT and the Albanian Transmission System Operator (OST) signed the Shareholders Agreement for the establishment of the Albanian Power Exchange (ALPEX) and approved its Statute. The establishment of the Albanian Power Exchange (ALPEX) marks a new standard of operation in the energy sector, which will guarantee more transparency and competition in the electricity market. The pre-feasibility study for the Albania-Kosovo gas pipeline (ALKOGAP Project) was carried out through the WBIF platform. The main objective of this study was the initial feasibility assessment for the construction of the ALKOGAP gas pipeline - as a natural gas supply line from the Caspian region through the regional TAP/IAP pipelines, which in the first phase will connect Albania with Kosovo and potentially in the future to continue towards other countries in the region.

This development paves the way for KOSTT to integrate into the regional energy market, participate in the Albanian Power Exchange (ALPEX) and put into operation the 400 kV line Kosovo-Albania. This is an important step that brings KOSTT closer to membership in the European Network of Transmission System Operators-ENTSO-E. Meanwhile, the benefits from the operationalization of the Agreement are great:

- Collection of revenues from the use of the interconnection transmission network or capacity allocation and congestion management, which approximately captures the value in the annual average of 4-8 million Euros and from transit about 0.5-1.0 million Euros;
- Commissioning of the 400 kV interconnection line, Kosovo-Albania;
- • Merger of electricity markets with Albania;
- • Participation with shares in the Albanian Electricity Exchange (APEX).

There is no functional infrastructure and natural gas market in Kosovo, but energy laws and energy strategy provide for the development of natural gas infrastructure, through connection with gas infrastructure projects in the region of Southeast Europe, through the TAP (“Trans-Adriatic-Pipeline”) project and the North Macedonia-Kosovo gas interconnection project. Also, in order to open the perspective of development of the natural gas sector and fulfil the obligations that Kosovo has as a member of the Energy Community Treaty, Kosovo has adopted the law on natural gas, which addresses the elements and requirements of third package of EU legislation related to natural gas (Directive No. 2009/73/EC and Regulation No. 715/2009/EC). In addition to the primary legislation, the AI on security of supply of natural gas was also approved.

The pre-feasibility study for the Albania-Kosovo Gas Pipeline (ALKOGAP Project) was carried out through the WBIF platform. The main objective of this study was the initial feasibility assessment for the construction of the ALKOGAP pipeline - as a natural gas supply line from the Caspian region through the regional TAP/IAP pipelines, which in the first phase will connect Albania with Kosovo and potentially in the future will continue connecting other countries in the region.

In the framework of regional cooperation, the Ministry of Economy and Environment and the Minister of Economy of North Macedonia, signed a Memorandum of Understanding in order to intensify the cooperation between the two countries by defining priority areas for cooperation in the energy sector. In order to implement this agreement, in the first part of 2019, through the WBIF platform, a joint application with the party of North Macedonia was conducted, the latter in the role of promoter of the project, for financial support in the form of a grant to conduct a Feasibility study for the pipeline North Macedonia - Kosovo. According to reports, the WBIF Steering Committee has approved the grant in the amount of EUR0.650 mil. This study will take place through technical assistance engaged by the WBIF/EBRD platform, which is planned to be carried out in the period 2020-2021.

Also, based on the initiative of the Millennium Challenge Corporation (MCC), at the beginning of the first half of 2020, a pre-feasibility study for Kosovo gasification was conducted by consultants engaged by the MCC. These results will serve as support for the preparation of the Master Plan for natural gas for Kosovo and the Feasibility Study for the interconnection with North Macedonia.

### ***Donor Support***

As far as donor support is concerned, the Government of the Republic of Kosovo is preparing applications for the 5<sup>th</sup> call for investment under WBIF, with the application deadline being in the late November. The projects being currently prepared for application with WBIF are the following:

- General Rehabilitation of Railway 10 Phase 3, - Border with Serbia - Leshak-Fushe Kosove-Hani i Elezit-Border with the Macedonian Railway Section including signalling and Telecom;
- General Rehabilitation of the Eastern Railway Line (Border with Serbia - Podujeva - Fushë Kosovë);
- Construction of the highway (7 SEETO Road) Section E from Prishtina to Merdare.

Whereas, regarding the donor support to TEN-E through the Millennium Challenge Account (MCC), the feasibility study “Development of the Gas Sector in Kosovo” will be implemented (MCC Programme 1).

### ***Medium-term Priority Objectives***

#### TEN T:

- Construction of the R7 Morine-Prishtine-Merdare highway, the Besi-Merdare segment;
- Completion of the expansion segment of the National Road N9, Zahaq - Peja and the construction of the segment of the Kijeve-Zahaq highway;
- Construction of National Road N2 Prishtina - Mitrovica;
- General Rehabilitation and Modernization of the 10th Railway Line (Border with Serbia - Leshak - Fushe Kosove - Hani i Elezit - Border with North Macedonia);
- General rehabilitation and modernization of the 7th Railway Line (Border with Serbia - Podujevo - Prishtina - Fushë Kosovë).

### TEN-E:

- Establishment of a common electricity market with Albania;
- Membership of KOSTT in ENTSO-E;
- Feasibility study and SEIA for the North Macedonia-Kosovo Pipeline (2020-2021);
- Preparation of the Master Plan for the distribution of natural gas in Kosovo (2021-2022);
- Feasibility study “Development of the Gas Sector in Kosovo” (MCC Programme 1).

### **3.22. Acquis Chapter 22: Regional Policy and Coordination of Structural Instruments**

This chapter covers all aspects of structural and cohesion funds that the EU grants to acceding countries as part of the enlargement package aiming to align the level of development of the respective country in all its territory in order to achieve development convergence of all regions. This is necessary so that the future member state is able to operate in all its territory in compliance with the criteria set forth by the acquis and other relevant standards. In more concrete terms, this chapter includes drawing up, approving and implementing Structural Funds and Cohesion Fund programmes reflecting each country’s territorial organisation. These programmes are negotiated and agreed with the Commission, but implementation is the responsibility of the Member States. This is relevant only after membership, while during the accession process it is necessary to undertake the preparatory measures in this direction. The acquis under this chapter consists mostly of framework and implementing regulations, which do not require changes to national legislation but only transposition of legal provisions of the EU into Kosovo legislation, in order to ensure the implementation of EU financial instruments in accordance with the rules set out by the EU.

In this context, in the pre-accession period, before granting the candidate status, Kosovo shall set out the legal, institutional and administrative framework so that by the time of accession Kosovo is able to successfully and appropriately implement these programmes. Therefore, this chapter provides an overview of the needs of Kosovo with regard to such measures, as well as the needs to prepare for further benefit from the EU assistance during the accession process. Based on these needs, Kosovo needs to develop conceptual policies for structural funds and regional policy and plan their sustainable administrative capacity building for their implementation.

#### *SAA Requirements*

The Stabilisation and Association Agreement, namely Articles 121, 122, 123, 124 and 125 enable Kosovo access to assistance provided by the EU as part of country’s European integration process. EU assistance is conditional upon the fulfilment of the political criteria for EU integration process and obligations of the stabilisation and association process and will focus on aligning the legislation with EU, economic development and improved governance. It will be based on annual or multi-annual programmes agreed between Kosovo and EU, within a multiannual indicative framework. EU assistance could also be provided in the form of macro-financial assistance, in coordination with international financial institutions, in the context of the implementation of programmes between Kosovo and the International Monetary Fund.

To meet its obligations under the SAA, Kosovo needs to ensure that financial cooperation will continue to support democratic, economic and institutional reforms, in line with the stabilisation and association process. Kosovo needs to strengthen donor coordination and financial assistance of the EU should be closely coordinated with other sources from member states and other countries outside the EU as well as international financial institutions. Kosovo is obliged to provide regular information on all sources of assistance.

Since 2007, EU has provided financial assistance to candidate and potential candidate countries for EU membership under the Instrument for Pre-Accession (IPA), in accordance with Council Regulation (EC) No. 1085/2006 dated 17 July 2006 establishing an Instrument for Pre-Accession (hereinafter: the Framework Regulation), in accordance with Article 17 of the Framework Regulation and Article 7 of Regulation (EC) No. 718/2007 implementing Council Regulation (EC) No. 1085/2006. Each recipient country has reached a framework agreement with the European Commission in order to set rules and principles of cooperation foreseen in the Framework Regulation. The assistance provided through the IPA has been extended for the

period 2014-2020 by the regulation 231/2014 of the European Parliament and the Council establishing an instrument for pre-accession (IPA 2), namely the regulation on the implementation of the IPA 2. The Government of the Republic Kosovo and the European Commission (EC) signed the Framework Agreement which entered into force on 16 April 2015. Based on the Framework Agreement, for each IPA annual programme a financial agreement will be signed.

### ***State of Play***

#### *Legislative Framework*

As stated above, the acquis in this chapter consists mostly of framework and implementing regulations, which do not require changes in national legislation, but need to be implemented through domestic legislation, in order to ensure the implementation of financial instruments of the EU in accordance with EU rules. However, the proper application of these funds requires transposition of the acquis in related areas, such as state aid, environment and public procurement. Measures in this regard are covered by the relevant chapters of this programme.

#### *Institutional Framework*

The institutional framework in this area consists of the following:

- Office of the Prime Minister;
- Ministry of Regional Development.

#### *Programming*

Programming of EU assistance through the IPA is based on the Strategic Indicative Document 2014-2020, which defines the sectors and long-term priorities for 2014-2020. The assistance granted within IPA for the period 2014-2020 includes an amount of over 602 million Euros. Programming is sector-based, based on sector planning documents containing information that are relevant to the sectors in which programming occurs. 7 documents are drafted in the following sectors: i) the rule of law, ii) energy, iii) agriculture, IV) public administration reform; and V) competitiveness and innovation; VI) education, employment and social policies; and vii) environment.

The first part of financial agreement for IPA 2016 entered into force, as well as the second part, by which Kosovo will benefit from direct budget support within the public administration sector, an amount of EUR 25 million, which will be disbursed starting from 2019. The financing agreement for IPA 2017, Part I, as well as for IPA 2017 Part II, which supports the public finance management at the same amount of EUR 25 million, as sector budget support, has also entered into force. During 2018 and 2019, the preparations for the programming of IPA 2019 and 2020 have started and during 2019 the agreement for IPA 2018 and for IPA 2019, the first part has entered into force, while during 2020 the financial agreements for the programmes within IPA 2019, the second part and the financial agreement for IPA 2020 have been completed.

In order to coordinate all the infrastructure investments in the Republic of Kosovo, financed from internal and external resources, the Government established the National Investment Council (NIC). On July 9, 2020 the decision was amended and the Strategic Planning Committee (PSC) was established, chaired by the Prime Minister and acting as the National Investment Council. While, on December 18, 2017, the Government of Kosovo approved the Priority List of Infrastructure Projects which includes 63 projects worth 3.4 billion Euros in four (4) sectors: Transport, Environment, Energy and Social sector.

In the context of cooperation with other countries, multiannual programmes (IPA 2014-2020) for Cross Border Cooperation Programme with countries in the region, namely Kosovo-Albania, Kosovo and Montenegro, Kosovo and North Macedonia are approved. Partnership agreements for managing the technical assistance for cross-border cooperation programme with each partner country for multiannual programme IPA II 2014-2020 were signed. During this period, due to the fact that Montenegro is expected to advance to a decentralized management system, on 10 February 2017, was carried out the signing of a bilateral agreement between Kosovo and Montenegro for the cross border cooperation programme.



Furthermore, annual tripartite financial agreements (for 2019 and 2020) on the cross-border cooperation programme between the European Commission, Kosovo and North Macedonia have been signed. In turn, the agreements between the European Commission, Kosovo and Albania as well as between the European Commission, Kosovo and Montenegro are also expected to be finalized. These agreements are expected to enter into force when the parties are notified through diplomatic channels.

Structures for the implementation of the cross-border cooperation programme with the partner countries are composed of: Operational Structure (OS) led by MLGA, where the secretary general of MLGA is the leader of the OS, delegated by NIPAC. Other structures for implementing this programme are the following: Joint Technical Secretariat (JTS) and the Joint Monitoring Committees (JMC) for each participating state in this programme. In the cross-border cooperation programme with Montenegro, the auditor's role within the Kosovo side is held by the Central Alignment Unit of Internal Auditing within the MoF, whereas the Control Body is within the MLGA.

#### *Monitoring*

IPA Joint Monitoring Committee conducts the monitoring of implementation of programmes and projects funded by IPA resources, and meets on an annual basis. Monitoring of donor assistance in general and EU assistance in particular is done in two ways: through the use of regular reporting to donors within the Aid Management Platform (AMP) and participation of officials in the meetings of Projects Steering Committees.

#### *Medium-term Priority Objectives*

While the IPA II programming has been completed and the new instrument - IPA III - is expected to start, yet the Kosovo's succinct obligations for IPA III have not been determined.

### **3.23. Acquis Chapter 23: Judiciary and Fundamental Rights**

Chapter 23 of the acquis covers the following areas: judicial system, anticorruption policy and fundamental rights. EU policies in the area of judiciary and fundamental rights aim to maintain and further develop the Union as an area of freedom, security and justice. The establishment of an independent and efficient judiciary is of a paramount importance. Impartiality, integrity and a high standard of adjudication by the courts are essential for safeguarding the rule of law. This requires a firm commitment to eliminating external influences over the judiciary and to devoting adequate financial resources and training. Legal guarantees for fair trial procedures must be in place. Equally, Member States must fight corruption effectively, as it represents a threat to the stability of democratic institutions and the rule of law. A solid legislative framework and reliable institutions are required to underpin a coherent policy of prevention and deterrence of corruption. Member States must ensure respect for fundamental rights and rights of citizens of EU, as guaranteed by the EU acquis and by the Fundamental Rights Charter.

#### *SAA Requirements*

##### *Judicial system*

In the light of the scope of judicial system, and in accordance with the obligations and requirements of the EU accession process deriving from the SAA (Art. 83), it is required to intensify the cooperation with the EU in the area of judiciary, focusing on strengthening the institutions with the view to consolidate the rule of law by strengthening the independence, impartiality and accountability of the judicial system. Cooperation will focus in particular on the administration of justice, development of adequate structures of courts and prosecutions, and other judicial bodies, to adequately prepare them for cooperation in civil, commercial and criminal matters and to enable them to effectively prevent, investigate, prosecute and adjudicate organized crime, corruption and terrorism.

##### *Anticorruption policy*

According to the obligations arising from the SAA, Article 83 (Strengthening of institutions and rule of law) and Article 91 (Preventing and combating organized crime and other illegal activities), is required to develop adequate structures for the police, prosecutors and judges and other judicial and law enforcement

bodies in order to effectively prevent, investigate, prosecute and adjudicate corruption activities (Article 83). Also, according to Article 91 the parties shall cooperate with the aim to reinforcing the Kosovo structures for combating and preventing criminal activities, particularly corruption and other forms of serious crimes with a cross-border/administrative border dimension. In this regard it is required that Kosovo respects the relevant international conventions and instruments in this area. At the level of prevention, Kosovo is required to target the implementation of measures that are equivalent to those laid down in the relevant legislation of the EU, and to abide by the relevant international conventions and instruments related to this area.

#### Fundamental rights, protection of minorities and cultural heritage

In terms of protection of fundamental rights and protection of minorities, and in line with requirements deriving from SAA, it should be observed the respect for democratic principles and human rights, as declared in the Universal Declaration of Human Rights of 1948 and as defined in the Convention for the Protection of Human Rights and Fundamental Freedoms of 1950, in the Helsinki final Act and the Charter of Paris for a New Europe (Article 3), must be ensured. Moreover, Kosovo institutions should ensure respect for international law and instruments, including those related to the protection of human rights and fundamental rights, up to protection of persons belonging to minorities, without discrimination on any grounds (Article 4).

#### Protection of personal data

Based on the obligations deriving from Article 84 of SAA, the institutions of the Republic of Kosovo shall ensure that the protection of personal data by corresponding to that of the EU acquis. Protection of personal data shall be developed in the way that it is in compliance with the EU acquis in this area.

#### Requirements from other EU accession mechanisms

##### Judicial system

According to the findings of the EC's 2020 Kosovo Report, the following shortcomings in the functioning of the judiciary have been identified: limited applicability of laws of the 2015 justice package; inability of the judiciary not to be subjected to excessive political influence, limited capacities of rule of law institutions, administration of justice efficiently and promptly. Kosovo should pay particular attention in:

- The adoption of Law on disciplinary liability of judges and prosecutors.
- The rule of law institutions to make continuous efforts for their capacity building. The COVID-19 pandemic limited the court hearings to take place in Kosovo; however, the Criminal Procedure Code of Kosovo stipulates that a trial must start soon after 3 months without any court hearing. A significant number of criminal trials (including high-profile ones) may be affected by this rule. Kosovo institutions should follow up on this issue and take the necessary measures to ensure effective and efficient administration of justice in Kosovo.
- The country's institutions must continue to strengthen the capacity of judges, prosecutors and support staff, as well as improve court administration, in particular through the full launch of the National Centralized Criminal Records System and the Case Management Information System throughout Kosovo;
- To finalize work on the Functional Review of the Rule of Law Sector and develop a comprehensive sectorial strategy aimed at strengthening the independence, impartiality, integrity, accountability, and overall capacity of the judiciary and prosecution, with a specific focus on combating corruption and organized crime;
- To augment efforts in reducing backlogs, including the use of alternative dispute resolution tools, and in particular, the mediation, use of which shall be properly funded and promoted.

According to the requests arising from the meeting of the Subcommittee on Justice, Freedom and Security, for 2020, it is required to finalize the process of reviewing the Rule of Law Sector, according to the deadlines set by the Ministry of Justice and to gradually enter the phase of implementation of the sector strategy. It was

also discussed to continue efforts in establishing mechanisms to solve the problem in the justice system, namely the impact of the **COVID-19 pandemic on the judiciary**, focusing as follows.

- To take all actions to minimize the impact of the COVID-19 pandemic on the justice system, in particular on ongoing criminal investigations and trials;
- To ensure accurate recording of all cases that have been affected and which will be affected by the quarterly rule of Article 311 of the CPC;
- The NCCR Unit to be formally established within the KJC Secretariat;
- The KJC NCCR Unit and the IT Unit will take full responsibility for the implementation and management of the operation and maintenance of the database by the end of 2020

In the framework of the conclusions of the last meeting of this Subcommittee, it was also requested that:

- When it comes to the Electronic Case Management Information System, to make sure the registration of all cases in it, in order to ensure its consistent use for all cases in all courts and prosecutors' offices;
- Ensure that the system makes the random division of cases, as well as the automatic appointment of judges to trial panels in accordance with the Law on Courts;
- The process of selecting the remaining members of the KJC and KPC is finalized without delay. To ensure that the selection process is transparent, based on merit and that the selected candidates meet the legal requirements for these positions;
- To carry out a comprehensive evaluation of the functioning of the system of disciplinary measures for judges and prosecutors.

#### Anticorruption policy

According to the findings of the EC's 2019 *Kosovo Report* regarding the fight against corruption, progress has been made on a track record for investigation and prosecution of high-level cases, including final convictions. Progress was also made on the preliminary confiscation of assets although final confiscations remain low.

Since the recommendations of the last report have been addressed only in part, they still remain valid, thus, Kosovo should particularly pay attention to:

- Amend the legal framework (for the suspension and removal of public officials under indictment and convicted of corruption, for the declaration of assets, as well as for the whistle-blowers) to approximate it with the European standards; specifically adopt the revised Criminal Procedure Code;
- Adopt relevant legislation, parallel to amendment of the Law on Anticorruption Agency, in order to provide the Agency with more competencies to verify the declarations of assets and to make the declaration system more effective in dealing with bribes;
- Ensure that financial reports and campaign reports of political parties are published and audited continuously, and that sanctions against violations of relevant laws are applied; amend the legal framework that regulates financing of political parties and financing of campaigns based on the opinion of the Venice Commission to ensure effective implementation, accountability and transparency.

The justice institutions should strengthen the efficiency of the confiscation regime by promoting the systematic use of extended and 'regular' confiscation by the prosecution and the police, by establishing a confiscation fund and by improving the process of selling sequestered and confiscated assets managed by the Agency on the Management of Sequestered or Confiscated Assets (AMSCA).

Also prioritize the full implementation of the revised legislative framework in the area of rule of law, including training and awareness raising, to make it an effective tool in the fight against corruption. According to the obligations arising from the Subcommittee on Justice, Freedom and Security, for 2020, the institutions of the Republic of Kosovo must be strongly committed to strengthening the structures for combating, preventing, investigating, prosecuting, and effectively prosecuting corruption. Ongoing

monitoring is also needed to review the institutions' progress in the register of high-level corruption and organized crime cases related to visa liberalization.

Furthermore, the authorities should establish the Confiscation Fund and strengthen the operations of the Agency on the Management of Sequestered or Confiscated Assets (AMSCA).

#### Fundamental rights, protection of minorities and cultural heritage

Based on the findings of the EC Report on Kosovo - 2020, in the field of fundamental rights, the legal framework guarantees the protection of fundamental rights and is in line with European standards. However, more needs to be done to promote and ensure the full implementation of human rights legislation and policies. Government coordination on human and minority rights protection mechanisms, both at the central and local levels, needs to be improved and fundamental rights issues need to be high on the political agenda. There is a lack of human and financial resources and the relevant authorities are still dependent on donor support. Inter-ministerial coordination mechanisms are often treated as a formality and have proven to be ineffective in advancing human rights.

More efforts need to be made to address the recommendations of the 2019 report, which are still applicable. Kosovo needs in particular:

- Reassess and strengthen the efficiency and effectiveness of mechanisms for coordinating and implementing human rights policies and strategies. Strengthen the role of anti-discrimination officials in ministries and municipalities;
- Strengthen the implementation of the Law on Gender Equality and take concrete actions to ensure the functioning of shelters for victims of gender-based violence;
- Approve the Strategy for Returns and Communities and ensure the proper implementation of the Strategy for the Inclusion of Roma and Ashkali Communities<sup>14</sup> in Kosovo society 2017-2021;
- Adopt the Law on Cultural Heritage and the Law on Religious Freedom and ensure the sustainable functioning of the Implementation and Monitoring Council. To advance the protection of cultural heritage by fully implementing the legislation on special protected areas and illegal constructions.

However, in the area of freedom of expression, limited progress has been made in addressing the recommendations of the previous report. Public defamation campaigns and threats against journalists remain a concern. There are particular concerns about freedom of expression in northern Kosovo, including self-censorship.

The legal initiatives of the Kosovo Assembly Committee on Local Governance, Public Administration, and Media (draft laws on the public broadcaster and on the Independent Media Commission) lacked transparency. The public broadcaster remains vulnerable to political pressure and influence. Lack of financial self-sufficiency leaves the media vulnerable towards political and business interests. This is further amplified by the lack of information and data on the final beneficiary of media ownership - provisions on this are not yet enshrined into law.

Next year, Kosovo needs to further improve the response of the responsible institutions to physical attacks on journalists and other forms of pressure, including through better inter-institutional cooperation. It must also ensure sustainable funding for the public broadcaster in a manner which preserves its independence. The Law on the Independent Media Commission needs to be reviewed to update its competencies, including with regard to audio-visual media, in line with the Audio-visual Media Services Directive; as well as to increase the availability of data on the audio-visual market, especially when it comes to media ownership.

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<sup>14</sup> All these groups are considered within the broader inclusive term 'Roma', according to the EU Framework for the National Strategies for Roma Integration.

According to the obligations arising from the Subcommittee on Justice, Freedom and Security, it is necessary the commitment of the institutions to implement the package of human rights laws, and give higher political priority to the protection of human rights. The country's institutions need to take concrete steps to strengthen the coordination of existing human rights mechanisms at the central and local levels, as well as to strengthen the role of human rights officials in ministries and municipalities. It is necessary to ensure proper monitoring of follow-up activities for reports and recommendations by the Ombudsperson, in order to further increase the level of implementation.

Rule of law institutions must continue to fully investigate attacks on journalists, cases of sexual and domestic violence, hate crimes, hate speech and discrimination, and attacks on LGBTI community, ensuring timely and complete investigations and adjudication of such cases.

Adopt bylaws on the Law on Child Protection. As well as to take more concrete steps for the implementation of the Law on Paraplegic and Tetraplegic Persons and the Law on the Blind.

The revised Law on Protection against Domestic Violence should be adopted in order to be in line with the current Criminal Code which defines domestic violence as a separate criminal offense, and the training of judges, prosecutors and police officers on criminal legislation in relation to domestic violence and other forms of gender-based violence should continue. The government should allocate a sustainable and permanent budget for financing shelters, in order for their operation to be sustainable and efficient and to prevent their temporary closures.

Within the scope of freedom of expression, sustainable funding for RTK must be provided without further delay in a way that preserves its independence. The Law on the Independent Media Commission should also be reviewed in order to update the competencies related to online audiovisual media services covered by the 2010 Audiovisual Media Services Directive.

#### Protection of personal data

According to the findings of *theEC's Kosovo 2020 Report* for the implementation of the Law on protection of personal data, the Commissioner of the new Information and Privacy Agency should be appointed. Also, to adopt the necessary bylaws and to provide budget for the Agency.

### **State of Play**

#### Judicial system

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

- Law on Courts;
- Law on State Prosecutor;
- Law on the Kosovo Judicial Council;
- Law on the Kosovo Prosecutorial Council;
- Law on Disciplinary Liability of Judges and Prosecutors;
- Law on the Academy of Justice;
- Law on Notary;
- Law on Mediation;
- Law on Enforcement Procedure;
- Law on Execution of Penal Sanctions;
- Criminal Code of the Republic of Kosovo;
- Criminal Procedure Code of the Republic of Kosovo;
- Law on Liability of Legal Persons for Criminal Offences.

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

- The Prosecutorial System Strategic Plan 2019-2021;
- National Backlog Reduction Strategy and Action Plan;
- Development Strategy of the Ministry of Justice 2018-2021;

- Legislative and policy framework in the fight against corruption.

#### Anticorruption policy

The anticorruption policy area in the Republic of Kosovo is regulated by the following laws:

- Law on Declaration, Origin and Control of Property of Senior Public Officials and on Declaration, Origin and Control of Gifts of all Public Officials;
- Law on Prevention of Conflict of Interest in Discharge of Public Functions;
- Law on Anticorruption Agency;
- Law on Protection of Whistle-blowers;
- Law on Financing of Political Entities,
- Law on Public Procurement.

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

- Strategic Plan 2019-2021 of the Prosecutorial System
- The Anticorruption Strategy and Action Plan
- The Anticorruption Action Plan

#### Fundamental rights

The legislative framework in this area consists of these main relevant normative acts:

- Law on Protection against Discrimination;
- Law on Ombudsperson;
- Law on Gender Equality, Law on Protection against Domestic Violence;
- Criminal Code of the Republic of Kosovo;
- Juvenile Justice Code;
- Law on the Civil Aspects of International Child Abduction;
- Law on Vocational Ability, Rehabilitation and Employment of People with Disabilities;
- Law for Blind Persons;
- Law on Material Support for Families of Children with Permanent Disability;
- Law on the Status and Rights of People with paraplegia and tetraplegia.

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

- National Strategy on the Rights of Persons with Disabilities 2013-2023;
- National Strategy on Property Rights;
- Standard Procedures of Action against Domestic Violence;
- Kosovo Programme for Gender Equality;
- National Strategy on rights of the child 2019 - 2023.

#### Protection of minorities and cultural heritage

Laws covering the area of protection of minorities and cultural heritage are as follows:

- Law on Protection and Promotion of the Rights of Communities and their Members in Republic of Kosovo;
- Law on the Use of Languages;
- Law on Special Protective Zones.

The policy framework in this area consists of these documents:

- Strategy and action plan for Inclusion of Roma and Ashkali Communities in the Kosovo Society;
- Strategy for Communities and Returns 2017 - 2021;
- National Cultural Heritage Strategy 2017-2027

#### Protection of personal data

- Law on Protection of Personal Data.

#### *Institutional Framework*

### Judicial system

The institutional framework in the area of judicial system consists of the following institutions:

- Ministry of Justice;
- Kosovo Judicial Council;
- Kosovo Prosecutorial Council;
- State Prosecutor;
- Academy of Justice;
- Basic Courts;
- Court of Appeals;
- Supreme Court;
- Constitutional Court.

Other institutions that cover the area of the justice system are the Notary Chamber of the Republic of Kosovo, Kosovo Chamber of Advocates and Kosovo Chamber of Private Bailiffs.

### Anticorruption policy

The institutional framework in the area of anticorruption policy consists of the following institutions:

- Anticorruption Agency;
- The Anticorruption Task Force of SPRK;
- National Coordinator on Combating Economic Crime;
- National Anticorruption Council;
- Basic Prosecution Offices;
- Follow-up mechanism for the establishment of inter-institutional cooperation - Kosovo Prosecutorial Council has created the database/ follow-up mechanism in order to align the statistical reports between the submitting entities of criminal reports.

### Fundamental rights

The institutional framework in the area of fundamental rights consists of the following mechanisms:

- Office for Good Governance, Human Rights, Equal Opportunities and Anti-Discrimination (OPM);
- Institution of the Ombudsperson;
- Agency for Gender Equality;
- Officials for Gender Equality in Ministries and Municipalities
- Officials for Protection from Discrimination in Ministries and the Municipalities;
- Kosovo Property Comparison and Verification Agency;
- National Coordinator for Protection from Domestic Violence;
- Inter-ministerial Committee on the Rights of the Child;
- Inter-Ministerial Coordination Group for Human Rights
- Advisory and Coordination Group on the rights of the LGBTI community;
- Kosovo Correctional Service;
- Kosovo Probation Service;
- MJ Inspectorate for KCS;
- National Mechanism against Torture and Other Cruel, Inhuman, or Degrading Treatment or Punishment;
- Agency for Free Legal Aid;
- National Council for Persons with Disabilities.

### Protection of minorities and cultural heritage

The institutional framework in the area of protection of minorities and cultural heritage consists of the following mechanisms:

- Ministry for Communities and Returns;
- Ministry of Culture, Youth and Sports;
- Consultative Council for Communities;
- Implementation and Monitoring Council;
- Office of the Language Commissioner;
- Office for Community Affairs; Office for Community Affairs; The Technical Working Group on Coordination of the Implementation of the Recommendations of the Framework Convention for the Protection of National Minorities;
- Local Public Safety Committees;
- Municipal Community Safety Councils;
- Municipal Action Committee for Monitoring implementation of the strategy and action plan for the inclusion of Roma and Ashkali communities in Kosovo society.
- Technical working group for protection from discrimination of RAE community

Protection of personal data:

- Information and Privacy Agency.

**Donor Support**

Judicial system

In the following is given a summary of EU and bilateral assistance projects in the area of the judiciary.

*The Case Management Information System* aims to support justice institutions in Kosovo. This project, supported by the Norwegian Ministry of Foreign Affairs, aims to provide technical assistance to the Kosovo Judicial Council (KJC) in automating the functioning of work in all courts and prosecution offices in Kosovo.

British Project: Strengthening of the judicial and prosecutorial system that aims to strengthen the capacity and role of the Kosovo Prosecutorial Council (KPC) by providing direct support to the KPC to identify the most pressing issues and challenges it faces, and to prepare the action plan to address these issues and challenges efficiently. This project is funded by the Government of the United Kingdom, represented by the Foreign and Commonwealth Office Association (FCOA), through the implementing partner - Axiom International. Duration: October 2018 - March 2021.

- The overall objective of the project is to contribute in improving the efficiency of the judiciary and fundamental rights.
- The specific objective pertaining to the judicial and prosecutorial system is to strengthen the professional capacities of judicial and prosecutorial management bodies with the necessary knowledge in strategic planning.
- Human Capacity Development Assistance - project funded by the Grand Duchy of Luxembourg and the Kingdom of Norway

The "Support for an independent, professional and impartial prosecutorial system" project, which will be implemented through the advancement of cooperation with the media and increase of the administrative capacity and efficiency of the KPC. This project is implemented by CILC and funded by the Dutch Embassy. Duration: September 2019 - May 2021.

The IPA project, EUKOJUST supports the justice system, is funded by the EU, and is implemented by a consortium between IRZ, CILC and the Ministry of Justice of Croatia. Beneficiaries of this project are: KPC, KJC, prosecutors and courts, Ministry of Justice and the Academy of Justice. The project started implementation on 1<sup>st</sup> October 2020 and will last 40 months. The main goal of the project *is to reform the justice system in line with European and international standards.*



The USAID-funded programme will also begin with the “Justice Matters” programme, with duration from June 2018 to June 2021, and aims to improve access to justice for all and the inclusion of marginalized groups, by strengthening institutions, stakeholders and processes for the provision of free legal aid services and legal information.

In October 2020, the implementation of the comprehensive IPA 2018 project for the support of the justice system in Kosovo in the amount of EUR 7.0 million has started. This project is implemented by the IRZ consortium, the Ministry of Justice of Croatia and the Centre for International Legal Cooperation - CILC. The project aims to strengthen the judicial system in Kosovo and approximation of its standards with European and the EU *acquis* standards. The programme will support the overall management of the justice sector and will develop activities to support institutions, capacity building and improving working conditions. In addition, the action will support the fight against domestic violence and increase access to justice for all citizens, with a particular focus on women, vulnerable and marginalized groups. In June 2020, the implementation of the PECK III Project with a value of EUR 2.25 million has started, which is funded by IPA 2018 and co-financed and implemented by the Council of Europe. The project aims to implement internationally recognized methodologies GRECO and MONEYVAL to strengthen Kosovo institutions in the fight against corruption, money laundering and terrorism.

The justice institutions will be further supported by the IPA 2020 programme worth EUR 3.5 million, respectively support with information technology equipment for the further functionalizing of the Case Management Information System in all courts and prosecutor’s offices as well as the construction of a recovery centre in cases where the main data centre has technical problems and failures. The project also aims to further support functionalizing and improving the conditions of the Academy of Justice. Since the Government of Kosovo has undertaken to build the new facility, the project will complement this investment with the necessary equipment and additional supply.

The justice system in Kosovo is further supported by the project "Support to Legal Professions in Kosovo - LINK" worth EUR 0.8 million. This project will be implemented by the Council of Europe and aims to increase the capacity of legal professionals (Kosovo Academy of Justice, Kosovo Bar Association, university students, professors) regarding the jurisprudence of the European Court of Human Rights and the HELP methodology.

This project is at an early stage of planning and will be further detailed in 2021, while tentatively contracted in 2022.

The EU also envisages the continuation of the EKOJUST project in the second phase to support the Justice system between IPA 2022 with a tentative value of EUR 9.0 million. The project aims to further increase the management capacity of the KJC and the courts, and strengthen their capacity to handle cases of special nature of cybercrime and domestic violence. The project will also support the administration of the prosecutorial system and improve the capacity of the administration of the Academy of Justice for the development, management and measurement of training programmes. Finally, the project will continue to support in legal and policy drafting and improve the mechanisms responsible for the protection of human rights.

Also, from 2019 until May 2022 with the implementation of the project KOSEJ II will continue, funded by IPA funds with many beneficiaries and implemented by the Council of Europe in amount of EUR 1 million. The project will continue to improve the day-to-day functioning and quality of the justice system with ongoing support to courts and central authorities: recognizing and using more effectively the methodology and tools of the European Commission for the Efficiency of Justice (CEPEJ) and implementing the recommendations made in the first phase of the project.

EU assistance in the area of fundamental rights includes the projects described in the following.

Return and Integration to Kosovo V (EU-RRK V), a Programme funded by the EU within IPA 2016, co-funded by the MCR and being implemented by the International Organization for Migration (IOM), aims to contribute in the efforts of the Government of Kosovo to promote a tolerant and multi-ethnic

environment based on respect for universal human rights, which are conducive for sustainable return and reintegration of displaced persons and families of refugees from the ranks of minorities. The project supports about 400 families returned to all stages of its activities in selected municipalities. Programme activities began in 2018, and are expected to be completed within 36-48 months.

The EU Community Stabilisation Programme - phase four (EU-CSP IV) under IPA 2018, which officially commenced in January 2020, and in this period started implementation-related meetings/activities. The programme, funded by the EU and the Ministry of Communities and Returns, aims to support the creation of a comprehensive multi-ethnic society in Kosovo, the creation of opportunities to generate income for non-majority communities, and the promotion of sustainable reintegration of returnees, by supporting socio-economic stability and community development initiatives, thus increasing the prospects for integration and social inclusion. First, by bringing support to the creation and development of collective/associated businesses, it will help them to develop collective business operations, create a new value-added product and joint benefit through their maximal results and strengthened position. Second, the action supports young entrepreneurs or non-majority operators to establish or increase their production through material assistance and know-how, as well as establishing business connections and expanded market access. Third, by implementing community-level projects, the action will directly support a wide range of initiatives to address the concerns, priorities and needs of the wider community, fostering opportunities for social (re)integration among community members. All activities are carried out in close cooperation with local authorities who play an important role in every step of the process. The implementation period of the project is 24-30 months.

The EU project "Support for the closure of Collective Centres" - phase two, a programme funded by the EU within the IPA 2018, co-financed by the MCR, which project officially started in January 2020 and in this period, meetings/activities for project implementation have begun. The project will contribute to the good implementation of strategies for families displaced to collective centres, supporting the implementation of sustainable solutions for their social and economic integration. The activity will take place through multilateral interventions aimed at supporting a dignified and sustainable integration for up to 70 direct beneficiary families (142 individuals) residing in these collective centres. As indirect beneficiaries, the municipalities of Leposavic, Zvečan and Gračanica will benefit from increased capacity to provide sustainable solutions for their displaced population. Three main outcomes are expected: the closure of 14 collective centres/centres and sustainable housing solutions provided to up to 70 displaced families which facilitates their departure from collective centres towards a dignified life; providing socio-economic support to up to 70 displaced families; and community development support and improved infrastructure in three municipalities. Activities in various sectors (housing, humanitarian aid, income generation, social integration) will be implemented in parallel. All activities are carried out in close cooperation with local authorities which play an important role in every step of the process. The implementation period of the project is 24-30 months.

The planned financial framework of IPA III, mainly IPA 2021, envisages the continuous support of the communities in Kosovo with the project "Community Stabilisation phase V (EU-CSP V) with a total value of EUR 3.0 million (2.5 from the EU and 0.5 co-financing from the MCR). The project aims to create opportunities to generate incomes for non-majority communities (especially women, youth and the RAE community) in key economic sectors in Kosovo, thus increasing their (re) integration prospects. Phase V- The project also aims to improve the social inclusion and sustainability of disadvantaged communities (especially Women, Youth and the RAE community) by stimulating tailored inter-ethnic community initiatives that contribute to building trust and reconciliation.

Also, with the IPA 2022 framework the project "Return and Reintegration in Kosovo phase VI (RRK VI)" is planned with a total value of EUR 8.0 million (6.0 funded by the EU while 2.0 co-financed by the NRM). The project will be implemented by IOM and aims to enable state and non-state actors in Kosovo to implement the return and sustainable reintegration of up to 260 displaced families, as well as to fund additional capacity building.

In 2020, a Twinning contract was also signed with Latvia and Germany for further support to the Information and Privacy Agency in amount of EUR 20 million. The project is expected to start with the implementation in 2021 and aims to improve the performance of the Information and Privacy Agency by strengthening institutional, legal and regulatory capacity and raising public awareness on data protection and access to public information.

Children's rights will also be supported by the project planned under IPA 2020 which envisages implementation by UNICEF in Kosovo with a total value of EUR 2.2 million (co-financed by UNICEF with 300,000). The aim of this project is to increase the number of boys and girls who benefit from multi-disciplinary approaches and services by responding to socio-economic weaknesses, violence, neglect, abuse and unequal access to justice.

Human rights are also supported by the project "Promotion of diversity and equality in Kosovo" worth EUR 0.3 million which is implemented under the Horizontal Facility II programme, co-financed by the multi-beneficiary IPA and the Council of Europe. The project started in May 2019 and it will end in May 2022. The project aims to strengthen the capacity and to support the authorities in improving the implementation of the policy/legal framework regarding anti-discrimination, combating hate speech and protecting the rights of LGBTI persons in line with standards and recommendations put in place by the Council of Europe - in particular those of the European Commission on Racism and Intolerance (ECRI). More concretely, the action will contribute to strengthening the capacities of the Office for Good Governance in the Office of the Prime Minister and the Institution of the Ombudsman regarding human rights protection mechanisms. Through its regional dimension, the action also aims to strengthen co-operation and synergy between Kosovo and the Western Balkans equality bodies in combating discrimination and hate speech in the region.

### ***Medium-term Priority Objectives***

#### ***Judicial system***

Aiming to fulfil the obligations arising from the SAA and other EU accession documents and instruments within the scope of Chapter 23, during 2020 – 2024, the Government of Kosovo will focus on these medium-term priorities:

- Finalize, approve and implement policies for the vetting process in the justice system, including the establishment of vetting process mechanisms in courts and prosecutors' offices.
- The justice system reform through further advancement of the legal and policy framework based on the analysis of the Functional Review of the Rule of Law sector;
- Advancing the legal framework and management system of sequestered or confiscated property.

In order to identify and define the strategic and development objectives in the area of rule of law, increase the effectiveness of the state institutions in law enforcement, the legislative framework regulating the rule of law and the processes and cooperation between institutions that have responsibilities in the area of rule of law will be reviewed. In addition, the capacities of institutions in charge of the rule of law will be evaluated; recommendations for improving the legislative framework, as well as cooperation processes will be provided. This process will be led by the MJ, which shall report to the Steering Committee on the performance, results, and recommendations of the functional review. The Steering Committee shall consist of representatives of the following institutions: MJ, MIA, MoF, KJC, KPC, KIA, and international donor representatives which provide technical assistance in support of the functional review. This Steering Committee is tasked to define the general lines of performance of the functional review based on the recommendations of the MJ, and to review and submit to the Government of Kosovo a proposal for the National Rule of Law Strategy in Kosovo. For this purpose, MJ will make memorandums of cooperation with independent institutions in the area of Rule of Law for cooperation and coordination of activities under this process:

- Increasing the number of notaries in accordance with the changes reflected in the new Law on Notaries;
- Increasing the number of private bailiffs;

- Increasing the number of intermediaries;
- Conducting trainings for notaries, private bailiffs and mediators.

In the *medium term*, in order to fulfil the obligations deriving from the SAA, the KJC will focus on the following *midterm priorities*:

- Development and implementation of the process of increasing the judicial positions and positions for support staff and monitoring the decisions of the KJC;
- Capacity building of courts in administration of justice by increasing the number of professional associates in accordance with the Law on Courts;
- Organizing continuous trainings for judges in all departments by respective areas and in particular specialized trainings for the Special Department within the Basic Court of Prishtina and the Court of Appeals, based on the training programme emerging from the training needs assessment process;
- Consolidation of the Centralized National Criminal Evidence System Project in Kosovo, this project aims to achieve setting up and functionalizing the centralized computerized register of criminal convictions covering court decisions from the past and the issuance of certificates, functioning this way in accordance with ECRIS requirements;
- Constantly updating and monitoring the electronic database to record all complaints and requests for initiating disciplinary investigations and information submitted by the competent authorities;
- Appointment of remaining members to complete the composition of the Kosovo Judicial Council;
- Implementation of the Action Plan for cases that may be affected by Article 311 of the PCPCK (2021-2023) to minimize the impact of the COVID-19 pandemic on the justice system, especially in ongoing criminal investigations and trials;
- Continuing with promotion of the use of mediation to judges and the public;
- Consolidation of the NCCR Project, this project aims to achieve the creation and operation of a centralized computerized registry of criminal convictions covering court decisions from the past and the issuance of certificates, operating in accordance with ECRIS requirements;.

In the *medium term*, KPC in order to increase the efficiency and effectiveness of the prosecutorial system, in accordance with the mandate and challenges identified in the EC Country Report, aims to:

- Advancing the administration and accountability system in the prosecutorial system;
- Strengthening the capacities of the KPC and KPC commissions;
- Advancing the process of collecting, processing and reporting statistics;
- Drafting the Strategic Plan of the Prosecutorial System after the expiration of the current plan;
- Further advancement of the file archiving system in the prosecutorial system;
- Advancing the process of collecting, processing and reporting of statistics;
- Further advancement of the professional capacities of the SPRK in the implementation of the new organizational structure in this prosecution;
- Strengthening the capacity of committees and staff responsible for developing disciplinary procedures and evaluating the performance of prosecutors and staff;
- Drafting a Guide for public institutions including central and local public enterprises specifically for conflict-of-interest prevention purposes;
- Building the professional capacity of judges and prosecutors in combating any form of corruption by prioritizing specialized training programmes in the fight against corruption, organized crime, money laundering, financial investigations and other corruption offenses.

In the medium-term period, the *Academy of Justice* will focus on building professional and interdisciplinary capacities of judges, prosecutors and judicial and prosecutorial administrative staff by implementing initial and ongoing training programmes, and by providing resources and other legal materials in accordance with Law on Academy of Justice and other bylaws.

In addition to implementing the programmes arising as a result of the needs of judges and prosecutors, the priorities in the medium term will be the following:

- Mandatory trainings with a focus on Professional Ethics for Judges, respectively referred to in the Law on Disciplinary Liability of Judges and Prosecutors;
- Legislative amendments in both criminal and civil area.

#### Anticorruption policy

Aiming to fulfil the obligations arising from the SAA and other EU accession documents and instruments in the area of Chapter 23, during 2021 – 2025, the Anticorruption Agency will focus on these medium-term priorities:

- Drafting an analysis for the mandate of the Anticorruption Agency. This analysis foresees the need to create mechanisms for assessing the risk of corruption in different sectors; assessment of legislative areas that enable *corruption legislation proofing*, and monitoring the implementation of integrity plans.
- Complementing the mandate with additional measures for the implementation of the preliminary investigation procedure and the control over the wealth of senior public officials;
- Establishment of the mechanism and institutional capacity building of the officials of the Law Enforcement Agency for protection of whistle-blowers.
- Drafting a Guide for public institutions including central and local public enterprises specifically for the purpose of preventing conflict of interest.

In the medium-term period, the *Academy of Justice* will focus on the following:

- Professional capacity-building of judges and prosecutors in combating any form of corruption by prioritizing specialized training programmes in the fight against corruption, money laundering, financial investigations and other corruption offenses.

#### Fundamental rights

In order to fulfil the obligations arising from the SAA and other documents and mechanisms of EU accession within the scope of Chapter 23, the priority of the Government of Kosovo in the area of fundamental rights during the period 2021-2025 will be to strengthen and empower inter-institutional coordination in the area of human rights, implementation of current laws and focus on updating and in this regard by implementing human rights strategies and programmes, ensuring long-term access. More concretely:

- Ensure proper monitoring of adhering to reports and recommendations deriving from the Ombudsperson with the aim at increasing further the level of implementation;
- Establish and fully functionalise institutional mechanisms for protection against discrimination in all ministries and municipalities, and establish a coordination system between them and the Office of Good Governance;
- Functionalizing of the Inter-Ministerial Coordination Group for Human Rights;
- Establish a system for monitoring human rights at the national level;
- Strengthening the role of women and girls in decision-making process, their economic empowerment and elimination of gender-based violence and domestic violence;
- To approve the bylaws for the implementation of Law no. 06 / I-084 on Child Protection;
- Align the electoral reform legislation with the Law on Gender Equality;
- Implement the Kosovo Programme for Gender Equality and establish a monitoring system for the implementation of the Law on Gender Equality;
- Adoption of the new Strategy against domestic violence;
- Implement the Gender Impact Assessment for the regulatory framework;
- Advance the sector of property rights, aiming at a clearer definition of property rights by law and providing more efficient, accessible and affordable mechanisms through which citizens will be able to benefit legal recognition of their rights;
- Improve the policies for the execution of criminal sanctions, as well as raising awareness of the courts to increase the number of cases of imposing alternative punishments against prison sentences.

- Fully investigate attacks on journalists, cases of sexual and domestic violence, hate crimes, hate speech and discrimination, and attacks on LGBTI people, ensuring timely and complete investigations and trials of tilla;
- Provide sustainable funding for the public broadcaster and review the legislative framework governing the functioning of the Independent Media Commission.

In the medium term, the Academy of Justice will focus on building the professional and interdisciplinary capacities of judges, prosecutors and judicial and prosecutorial administrative staff in the area of human rights and protection against discrimination in accordance with the case law of the European Court of Human Rights and providing legal resources to beneficiaries, through the library as well as various research materials.

#### Protection of minorities and cultural heritage

In the medium term period, actions for inclusion of marginalized groups and minority communities in higher education will be taken. At the same time, the efforts to improve the access of refugees and displaced persons to their properties and public services and to provide with greater economic opportunities shall be continued.

Revision of the legal framework, including:

- Law on Displaced Persons;
- Law on the Restoration of Illegally Received Cultural Heritage Objects;
- Law on Export of Cultural Property;
- Increase funding for the restoration of cultural heritage monuments: historical, cultural and religious.

With the view to protection, preservation and promotion of cultural heritage, special attention will be paid to cross-border cooperation and inclusion of heritage sites in Kosovo in regional development agendas of cultural tourism.

### **3.24. Acquis Chapter 24: Justice, Freedom and Security**

Chapter 24 of the acquis consists of the following areas: border management, migration, prevention and control of irregular migration, visa policy, document security, combating organized crime and police cooperation, the fight against terrorism, combating narcotics and judicial cooperation in criminal and civil matters. The area of justice, freedom and security is among the most dynamic areas of policy within the EU. EU policies in this area aim to maintain and further develop the EU as an area of freedom, security and justice and guarantee the security, rights and freedom of movement in the EU. The EU (EU) legislation (acquis) in this area is based on the general principles deriving from the Treaty on EU, the Treaty on the Functioning of the EU, as well as the jurisprudence of the Court of Justice of the EU.

The areas covered include the alignment of private international law, extradition between member states, policies of internal control and external borders, visas, migration, asylum policy, judicial and police cooperation and the fighting against crime (including fight against terrorism, organized crime, drug trafficking, human trafficking, cybercrime, etc.). Kosovo, as acceding country, should make gradual transposition of the acquis in this area as well as develop and implement an appropriate policy and institutional framework with the capacity to implement the transposed acquis. At the same time, Member States are required to have the necessary administrative capacity within the law enforcement agencies and other relevant bodies, which must attain the standards required in these areas. Even though the most detailed EU policy on justice, freedom and security is the Schengen acquis, including the lifting of internal border controls in the EU, however, for the new Member States, substantial parts of the Schengen acquis are implemented following a special decision to be taken by the Council.

#### *SAA Requirements*

The Stabilisation and Association Agreement explicitly establishes a set of obligations for Kosovo contained in Title VII, respectively, in Articles 83-93 of the SAA.

According to the SAA, in the area of border management, Kosovo will ensure the alignment of the relevant legislation with the EU acquis, the intensification of regional cooperation, and exchange of information, institutional capacity building and combating transnational crime. Regarding visa policy, in short term period, Kosovo shall ensure the transposition of national legislation in line with EU acquis. In particular, Kosovo shall ensure to expand and make operational the visa issuing network system.

With regard to the rule of law, requirements of the SAA and other EU accession mechanisms consist of strengthening and consolidating the rule of law institutions. This is especially noted in Article 83 of the SAA, which states that cooperation in this area will focus in particular on strengthening the independence, impartiality and accountability of the judiciary. In this regard, it is particularly necessary to build professional capacities among the ranks of police officers, prosecutors and judges to prevent, investigate, prosecute and adjudicate organized crime, corruption and terrorism.

Regarding migration in general, Kosovo shall align the national legislation with the EU acquis, regarding the conditions of entry and legal residence of foreigners in Kosovo, the conditions of their employment, family reunification, long-stay, study, research, qualified workers, seasonal workers, mobility of workers within enterprises and punitive measures on employers. Regarding management of regular migration, Kosovo shall respect the principle of fair and equal treatment of foreigners, including promoting their integration.

Regarding the prevention and control of irregular migration, Kosovo will continue to take necessary measures for prevention and control of illegal migration, including trafficking and smuggling of migrants, and will also ensure the protection of the fundamental rights of migrants and provision of assistance to migrants in need.

Kosovo will continue the repatriation and return of Kosovo citizens, nationals of third countries and stateless persons who have entered the territory of any state to the EU via Kosovo or who have entered the territory of Kosovo via an EU member state. Kosovo shall also start negotiations for signing of agreements in order to determine the specific procedures for the repatriation of these persons. In addition, Kosovo will provide its citizens with appropriate identity documents and will facilitate the administrative process for this matter. Kosovo will continue its efforts to sign readmission agreements with countries that are part of the Stabilisation and Association Process, and will take necessary measures to ensure the rapid and flexible implementation of these agreements.

Regarding asylum policy, Kosovo shall guarantee the international standards in accordance with the Geneva Convention relating to the Status of Refugees 1951 and Protocol relating to the Status of Refugees 1967. Special attention shall be paid to the rights of asylum seekers, thereby to ensure that the principle of "non-refoulement" is respected. In the short term, Kosovo shall ensure the alignment of national legislation with the EU acquis, especially regarding the acceptance of asylum seekers, the treatment of asylum requests and management of return process of asylum seekers to their country of origin.

With the view to prevent and combat organized crime and other illegal activities, Kosovo shall align its legislation with the EU acquis and strengthen mechanisms to prevent and combat all forms of organized crime. Kosovo shall participate and cooperate with regional and international mechanisms to combat organized crime and to adhere to international conventions and instruments in this area.

As regards money laundering and terrorist financing, Kosovo shall take the necessary measures in order to prevent the use of financial systems for proceeds from criminal activities and financing of terrorism. Kosovo shall align national legislation with the EU acquis and strengthen the mechanisms for combating money laundering and financing of terrorism, while simultaneously adopting the international standards in this area, especially the standards recommended by the FATF (Financial Action Task Force).

Regarding cooperation in combating illicit drugs, Kosovo shall continue to collaborate to ensure a balanced and integrated approach towards drug issues, by aligning the legislation with the EU acquis and by strengthening structures for combating illicit drugs. Kosovo shall also focus on the management of health and social consequences of drug abuse and effective control of precursors, in line with the common principles of the EU strategy on drugs and other relevant documents.

In the area of fight against terrorism, Kosovo shall continue to align its legislation with the EU acquis and to strengthen institutional mechanisms for prevention, combating and financing of terrorism, ensuring the rule of law, human rights, fundamental freedoms, international law on refugees and international humanitarian law. Kosovo shall observe international conventions and instruments in this area.

#### Requirements from other EU accession mechanisms

In the area of border management, the EC's Kosovo 2020 Report and the outcomes of the Subcommittee on Justice, Freedom and Security emphasize that further efforts are needed to ensure that the NCBM operates to its full potential, including other, by fully implementing the NCBM action plan approved in February 2019. Regarding inter-institutional cooperation in this area, the report states that this cooperation can be further improved in terms of information exchange and joint risk analysis even if Kosovo participates in the Western Balkans Risk Analysis Network, led by FRONTEX.

In the area of asylum, the EC's Kosovo 2020 Report emphasizes the need to continue with capacity building to handle asylum applications and increase the number of staff at the Asylum Seeker Centre. Also, according to him, the Asylum Centre and the Detention Centre for Foreigners face shortages related to inadequate housing units, lack of safe areas, lack of internal medical equipment and lack of proper specialized supervisory staff to providing basic rights and needs, especially psycho-social support. The report notes that challenges remain regarding communication between officials and irregular migrants and people in need of protection, despite the possibility of sharing interpreters between countries in the region through the Regional Initiative of Migration, Asylum and Refugees.

In the area of migration, *the EC's Kosovo 2020 Report* identifies several challenges, including the need for closer inter-institutional cooperation and coordination. Also, the Report and the subcommittee emphasize that the new five-year Migration Strategy should be adopted after the review to reflect Kosovo's main challenges in this area based on the recommendations of experts, as well as the evaluation of the previous strategy. In addition, the report stresses out that the Government Migration Authority (GMA) is in a good position to take a more proactive role in leading migration policy. However, according to the Report, the regulation on GMA needs to be adopted, which will further strengthen the role of the GMA and clarify its composition and function. Providing genuine care to most vulnerable groups of migrants remains a challenge. It also emphasizes the need to continue with efforts to prevent human smuggling. In the context of the conclusions drawn from the meeting of the Subcommittee on Justice, Freedom and Security 2020, it is emphasized that inter-institutional cooperation and coordination in the area of migration and asylum should be strengthened, especially between different policy and security institutions, including through the interaction of systems.

In the area of reintegration, *the EC's Kosovo 2020 Report* emphasizes the need for better inter-institutional coordination, including with municipalities, as well as improved systematic monitoring and evaluation. In this regard, a gender-sensitive system should be put in place that reaches the most vulnerable returnees and focuses more on sustainable community support. The report also states that returnees do not receive enough information, and that a review and reference tool for returnees is lacking to identify people in need, including victims of trafficking.

*The EC Report on Kosovo – 2020*, regarding money laundering and financing terrorism, states that the Law on Combating Money Laundering and Financing Terrorism is not yet in line with the acquis and other international standards. The report also mentions that money laundering is not investigated as a criminal offense in itself, but always in relation to other criminal offenses, and that parallel financial investigations are not being conducted systematically for organized crime cases. The EC report, as well as the conclusions



of the meeting of the Subcommittee on Justice, Freedom and Security - 2020, recommends that the recommendations of the FATF/Moneyval and GRECO reports be implemented, to increase cooperation between relevant authorities, and to strengthen capacities of the FIU to track suspicious financial transactions.

Regarding cooperation in the area of narcotics, the EC's Kosovo 2020 Report highlights the poor implementation of legislation. The report states that the National Narcotics Observatory is operational but with limited resources and without Head. The report and the JFS Subcommittee also recommend the development of an early warning system, including related risk assessment procedures and the follow-up mechanism for adding new psychoactive substances to its drug control legislation, as well as collection of data routinely. The report and the subcommittee also recommend proceeding with the drafting of a protocol or SOP for the storage, treatment and destruction of drug precursors.

Regarding *the fight against organized crime*, the EC Report 2020 states that Kosovo is at an early stage: it underlines that there is progress in legislative reforms in the rule of law, the investigation of high-level cases, and the preliminary freezing of assets, but the number of final sentences, financial investigations and final seizures of assets remains low. Measures are needed to strengthen the criminal prosecution and to ensure that there is no political interference in the operational activities of all law enforcement agencies. Generally, it has partially met the recommendations identified last year, namely those about the background of cases, intelligence-led policing and the adoption of legal reforms. However, the report still recommends that Kosovo should prioritize the full implementation of the legislative framework revised in the area of rule of law, including training and awareness raising, to make it an effective tool in combating organized crime; further increase the number of prosecutors in the Special Prosecution Office to investigate and prosecute high-level organized crime cases and provide training to strengthen their capacities to conduct financial investigations, confiscate assets and effectively protect witnesses; concretely implement intelligence-led and community policing approaches, including more relevant reporting of criminal intelligence and improved task assignments within police directorates, to enable more proactive policing. Furthermore, the Report recommends the rapid functioning of the Office for Asset Restitution within the Police, and its further development, including an increase in the number of requests from the parties involved. The report also calls for better exchange of information between institutions to combat crime, including access to databases, and increased institutional cooperation. Furthermore, the Office of Asset Recovery has recruited two new officials, thus increasing human capacities; however, the number of requests from the parties involved should be increased. The report also requires for better exchange of information between anti-crime institutions, including access to databases and increased institutional cooperation. The Kosovo Forensic Agency has signed an agreement with the European Commission for further cooperation in exchange, assistance and training for the protection of the Euro against counterfeiting. The EC 2020 report assesses that there are additional strategies and action plans for weapons control; informal economy, money laundering and terrorist financing; terrorism; prevention of violent extremism; trafficking in human beings; narcotics; and cyber security. However, there is still a need for better cooperation and coordination between all institutions. The Special Prosecution remains the weakest link in the fight against organized crime.

The EC Report on Kosovo – 2020 on cybercrime, states that there has been progress in detecting, tracing and prosecuting cybercriminals. However, the report emphasizes that challenges related to the handling of electronic evidence by persons with insufficient knowledge as well as the low number of cybercrime trainings for newly appointed judges and prosecutors need to be addressed

The report recommends that the threats identified in SOCTA and developed by the Kosovo Police be turned into operational priorities, supported by adequate resources.

Regarding the track record of cases, the report refers to the confirmation by the EC on achieving the goals for combating organized crime, and emphasizes that it will continue to follow the developments closely and actively. Operational procedures for the track record of cases should be reviewed, whereas it is recommended to increase the final convictions for cases of organized crime and corruption.

While it is noticed that the police has good capacities to combat organized crime, the report states that it remains subject to corruption and political pressure. As a possible solution to increase the integrity in the Police, the report suggests that the obligation to declare assets be extended beyond senior officials and become mandatory for lower but more exposed positions. The Subcommittee of JFS 2020 and the report emphasize that police performance is affected by a number of non-core tasks of the police force, such as securing government buildings and low-risk infrastructure, and that steps need to be taken to correct those. The report and the subcommittee note that intelligence-led policing is being poorly implemented, and that relevant capacity need to be strengthened, including the use of Task and Coordination Group processes suggests that the obligation to declare assets be extended beyond senior officials and made mandatory.

Regarding witness protection, it points out that in 2019 for the first time a witness was registered in the protected witness programme. The report reiterates that judges need witness protection training.

The *EC 2020 report* states that confiscation of property continues to be seen only as an ancillary aspect of criminal proceedings, with insufficient focus and insufficient resources dedicated to it. In general, although the institutional and legal framework is in place and has significantly improved with the entry into force of the new Law on Extended Confiscation Powers in January 2019, this has not yet yielded results. The concept of confiscation of property is poorly understood among prosecutors and judges, including a restrictive interpretation of legal principles. Willingness to seize assets is low. The prosecution remains the weakest ring in this regard. It needs to improve its technical shortcomings.

The *EC 2020 report* and the conclusions of the Subcommittee emphasize that the efficiency of the confiscation regime should be strengthened by promoting the systematic use of extended and 'regular' confiscation by the prosecution and the police, by establishing a confiscation fund and by improving the process of selling sequestered and confiscated assets managed by the Agency for Management of Sequestered and Confiscated Assets (AMSCA).

The *EC Report on Kosovo – 2020*, regarding the fight against terrorism, states that the Law on Combating Money Laundering and Terrorist Financing is not fully in line with EU and international standards. The counter-terrorism strategy is in line with the EU counter-terrorism strategy. A communication strategy needs to be finalized and adopted to raise awareness and gain wider support from stakeholders across society. In July 2020, the Government of Kosovo appointed the Minister of Internal Affairs as the National Coordinator for the Prevention of Violent Extremism and the Fight against Terrorism. The newly appointed coordinator should play a stronger role in inter-institutional coordination, with a clarified structure and reporting line.

The conclusions of the Subcommittee on Justice, Freedom and Security recommend continuing the consistent implementation of the anti-terrorism strategy and the strategy for the prevention of violent extremism and radicalization. The Subcommittee recommends ensuring that the Reintegration Division in the MIA has the necessary financial and human resources to carry out the rehabilitation and reintegration of foreign terrorist fighters and their family members. The Subcommittee also recommends that the Reintegration Division, within MIA be fully functionalized. Also, significant priority should be given to preventing the spread of radicalization and that local practitioners are given resources, support and knowledge needed to effectively address the problem; and also attention should be paid to the role of social media and external influence in the processes of radicalism. The EC report recommends that civil society organizations should be more involved in rehabilitation processes. It also stressed that Kosovo should increase information exchange and operational cooperation with its neighbours, EU Member States, Europol and Interpol. They also need to build capacities in responding to crisis and to protect critical infrastructure, ensuring effective implementation of its law on critical infrastructure.

The 2020 Country Report states that Kosovo is not a party to most multilateral treaties governing mutual judicial cooperation, unilaterally implements the standards of internationally recognized treaties. Kosovo's international legal cooperation in criminal matters is based on the relevant law of 2013 as well as 28 bilateral treaties. Four additional treaties entered into force during the reporting period: one with the Czech Republic, two with France and one extradition treaty with the USA. The cooperation with countries with

which Kosovo does not have bilateral agreements is based on the principle of reciprocity. The legal framework for judicial cooperation in civil matters is not yet consolidated, as the law is still being drafted. The work on a revision of the Law on Legal Cooperation in Criminal Matters is ongoing, and this will clarify the text on a number of points

### ***State of Play***

#### *Legislative and Policy Framework*

##### *Legislative and policy framework in the area of border management*

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

- Law No. 04/L-214 on State Border Control and Surveillance;
- Law No. 04/L-216 on Cooperation Between Authorities involved on integrated border management;
- AI No. 08/2010 on Form, Content and Manner of Placing of Warning and Written Signs on Border Crossing Points and Border Crossing Zone;
- AI No. 03/2010 on Marking the Border Line;
- AI No. 30/2012 on Rules on Local Border Traffics;
- 23 agreements and Protocols on Police Cooperation in the area of Borders (with Albania, North Macedonia, Montenegro and Serbia);
- 12 agreements for custom cooperation (with Albania, Montenegro, Finland, Hungary, North Macedonia, Slovenia, Turkey, France, Italy, Polonia, Austria and Great Britain).

These normative acts have transposed the following acquis acts:

- Regulation No. 562/2006/EC (Schengen Borders Code);
- Regulation (EC) No 1931/2006 of the European Parliament and of the Council Laying Down Rules on Local Border Traffic;
- Regulation (EU) 610/2013 of the European Parliament and of the Council amending Regulation (EC) No 562/2006 of the European Parliament and of the Council establishing a Community Code on the rules governing the movement of persons across borders (Schengen Borders Code);
- Convention implementing the Schengen Agreement, Council Regulations (EC) 1693/2013 and (EC) 539/2001 and Regulations (EC) 767/2008 and (EC) 810/2009 of the European Parliament and Council;
- Regulation (EU) No 1051/2013 of the European Parliament and of the Council amending Regulation (EC) No 562/2006 in order to provide for common rules on the temporary reintroduction of border control at internal borders in exceptional circumstances;
- Guidelines for Integrated Border Management in EU External Cooperation.

##### *Visa policy*

As of 1 July 2013, the Government of the Republic of Kosovo has placed a visa regime for citizens of 88 countries planning to enter the Republic of Kosovo. Visa regime continues to apply with complete legislation and functional system of KVIS in Kosovo's 15 diplomatic missions and 7 BCP.

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

- Law No. 04/L-219 on Foreigners; and
- AI MFA/No. 01/2014 on procedures for the issuance of visas to foreigners by the diplomatic and consular missions of the Republic of Kosovo.
- AI MFA No. 03/2015 on Visa Information System (VISK)
- AI MFA No. 02/2015 on the Form and Content of the Visa Sticker.
- AI MIA No. 08/2014 on Visa Issuance Procedures at Border Crossing Points.
- AI MIA No. 22/2013 on Conditions and Procedures for Visa Extension.

These normative acts have transposed the following acquis acts:

- Regulation (EC) No. 810/2009 (Visa Code);

- Directive 2014/66/EU of the European Parliament and of the Council of 15 May 2014 on the conditions of entry and residence of third-country nationals in the framework of an intra-corporate transfer;
- Directive 2014/36/EU of the European Parliament and of the Council of 26 February 2014 on the conditions of entry and stay of third-country nationals for the purpose of employment as seasonal workers.

### Migration

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

- Law No. 06/I-036 on Foreigners;
- Law No. 06/I-026 on Asylum;
- Law No. 03/L-208 on Readmission;
- 23 bilateral readmission agreements;
- Law No. 04/I-215 on Citizenship;
- Law No. 04/L-218 on Preventing and Combating Trafficking in Human Beings and Protecting Victims of Trafficking.

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

- Directive 2014/66/EU of the European Parliament and of the Council of 15 May 2014 on the conditions of entry and residence of third-country nationals in the framework of an intra-corporate transfer;
- Directive 2014/36/EU of the European Parliament and of the Council of 26 February 2014 on the conditions of entry and stay of third-country nationals for the purpose of employment as seasonal workers;
- Regulation (EC) No 810/2009 of the European Parliament and of the Council on establishing a Community Code on Visas - in part;
- Directive 2009/52/EC of the European Parliament and of the Council on providing for minimum standards on sanctions and measures against employers of illegally staying third-country nationals - fully;
- Council Directive 2009/50/EC on the conditions of entry and residence of third-country nationals for the purposes of employment - fully;
- Directive 2008/115/EC of the European Parliament and of the Council on common standards and procedures in Member States for returning illegally staying third-country nationals - fully;
- Council Directive 2005/71/EC on a specific procedure for admitting third-country nationals for the purposes of scientific research - in part;
- Council Directive 2004/81/EC on the residence permit issued to third-country nationals who are victims of trafficking in human beings or who have been the subject of an action to facilitate illegal immigration, who cooperate with the competent authorities - in part;
- Council Directive 2004/114/EC on the conditions of admission of third-country nationals for the purposes of studies, pupil exchange, unremunerated training or voluntary service - in part;
- Council Directive 2003/109/EC concerning the status of third-country nationals who are long-term residents - in part;
- Council Directive 2003/86/EC on the right to family reunification - in part;
- Directive 96/71/EC of the European Parliament and of the Council concerning the posting of workers in the framework of the provision of services - in part;
- Directive 2011/98/EU of the European Parliament and of the Council on a single application procedure for a single permit for third-country nationals to reside and work in the territory of a Member State and on a common set of rights for third-country workers legally residing in a Member State - partially;
- Council Directive 2001/51/EC amending the provisions of Article 26 of the Convention implementing the Schengen Agreement of 14 June 1985 - partially;

- Council Directive 2002/90/EC on defining the facilitation of unauthorised entry, transit and residence - fully transposed;
- Directive 2008/115/EC of the European Parliament and of the Council on common standards and procedures in Member States for returning illegally staying third-country nationals;
- European Convention on Human Rights;
- The UN Convention on the Status of the Refugees (Geneva Convention, 1951) and its Implementing Protocol (New York Protocol, 1967);
- UN Convention on the Rights of the Child; and
- The Charter of Fundamental Rights of the EU.

Policy framework in this area consists of the following documents:

- National Strategy on Reintegration of Repatriated Persons;
- National Strategy on Sustainable Reintegration of Repatriated Persons; and
- Light migration profiles (such as comprehensive documents with standard migration data and data on other areas potentially affecting the migration phenomenon, such as economic and social situation, labour market, human capital, education, trade, etc.).

Policy framework in this area is also based on the following international normative acts:

- Universal Declaration of Human Rights;
- Geneva Convention of 1951 on the Status of Refugees and its Protocol of 1967;
- The New York Convention on Non-Citizenship;
- The UN Convention on the Elimination of All Forms of Discrimination against Women;
- The Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment;
- The Convention for the Protection of Human Rights and Fundamental Freedoms;
- UN Convention on the Rights of the Child; and
- The International Covenant on Civil and Political Rights and its Protocols.

### Asylum

The legislative framework in this area consists of the new Law on Asylum (adopted on 5 May 2018), partially transposed the following acquis acts:

- Council Directive 2003/9//EC on standards for the reception of asylum seekers;
- Council Directive 2004/83/EC on minimum standards for the qualification and status of third country nationals or stateless persons as refugees or as persons who otherwise need international protection (Qualification Directive);
- Directive 2011/95/EU of the European Parliament and of the Council on standards for the qualification of third-country nationals or stateless persons as beneficiaries of international protection, for a uniform status for refugees or for persons eligible for subsidiary protection (Recast);
- Council Directive 2005/85/EC on Asylum Procedures; and
- Directive 2013/33/EU of the European Parliament and of the Council of 26 June 2013 laying down standards for the reception of applicants for international protection; and
- Directive 2013/32/EU of the European Parliament and of the Council of 26 June 2013 on common procedures for granting and withdrawing international protection.

### Combating Money-laundering and Terrorist Financing

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

- Criminal Code No. 04/L-082 of the Republic of Kosovo;
- Law No. 05/L-096 on the Prevention of Money Laundering and Combating Terrorist Financing, which transposed:
  - Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money

laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC and international standards established by the Financial Action Task Force (FATF);

- Law No. 04/L-050 on the declaration, origin and control of property of senior public officials and the declaration, origin and control of gifts for all officials.

#### Fight against narcotics

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

- Criminal Code of the Republic of Kosovo
- Criminal no, 04/L-123 Procedure Code;
- Law no, 02/L-123 on Narcotic Medicaments, Psycho-tropes and Precursors, which is based on the following Conventions:
  - United Nations Special Convention on Narcotic Drugs (New York, 30 March 1961), as amended by the 1972 Protocol (Geneva, 25 March 1972);
  - United Nations Convention on Psychotropic Substances (Vienna, 21 February 1971);
  - United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (Vienna, 20 December 1968, which applies also to judicial cooperation in criminal matters.
- AI No. 10/2010 on Methadone Administering and Managing for the Maintenance Programmes.

The policy framework in this area is composed of the new National Strategy against Narcotics and the Action Plan 2018-2022.

#### Fight against organized crime and police cooperation

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

- Criminal Code, in which partially has been transposed the following *acquis* acts:
  - The Framework Decision on the fight against organised crime (Framework 9Decision 2008/841/JHA);
  - Framework Decision on increasing protection by criminal penalties and other sanctions against counterfeiting in connection with the introduction of the euro (Framework Decision 2000/383/JHA);
  - Framework Decision on combating fraud and counterfeiting of non-cash means of payment (Framework Decision 2001/413. JHA);
  - Directive 2011/36/EU on preventing and combating trafficking in human beings;
  - Directive 2011/93/EU on combating the sexual abuse and sexual exploitation of children; and
  - Council Framework Decision 2004/757/JHA laying down minimum provisions on the constituent elements of criminal acts and penalties in the area of illicit drug trafficking.
- Criminal Procedure Code transposed the following *acquis* acts:
  - Directive 2010/64/EU on the right to interpretation and translation in criminal proceedings; Directive 2012/13/EU on the right to information in criminal proceedings;
  - Directive 2012/29/EU establishing minimum standards on the rights, support and protection of victims of crime, and replacing Council Framework Decision 2001/220/JHA;
  - Directive 2013/48/EU on the right of access to a lawyer in criminal proceedings and in European arrest warrant proceedings, and on the right to have a third party informed upon deprivation of liberty and to communicate with third persons and with consular authorities while deprived of liberty;
  - Council Framework Decision 2005/212/JHA and Council Framework Decision 2000/383/JHA.

- Law on Witness Protection;
- Law on Prevention and Fight of the Cyber Crime;
- Law no. 05/L-049 on Managing Sequestered or Confiscated Assets:
  - Council Framework Decision 2005/212/JHA;
  - Council Framework Decision 2007/845/JHA; and
  - Council Framework Decision 2006/783/JHA.
- Law on International Judicial cooperation in Criminal Matters transposing the following acquis acts:
  - Council Framework Decision 2003/577/JHA;
  - Council Framework Decision 2006/783/JHA on the application of the principle of mutual recognition to confiscation orders;
  - Council Framework Decision 2007/845/JHA;
  - Council Framework Decision 2001/413/JHA; and Council Framework Decision 2007/845/JHA.
- Law on Protection of Informants;
- Law on Police;
- Law on Narcotic Medicaments, Psycho-tropes and Precursors, which partially transposed
  - Regulation (EU) No 1258/2013 of the European Parliament and of the Council of 20 November 2013 amending Regulation (EC) No 273/2004 of 11 February 2004 on drug precursors.
- Law on Preventing and Combating Trafficking in Human Beings and Protecting Victims of Trafficking that partially transposed
  - Directive 2011/36/EU on preventing and combating trafficking in human beings and protecting its victims.
- Law on Crime Victim Compensation that has partially transposed:
  - Council Directive 2004/80/EC relating to compensation to crime victims, where this law reflects the requirement of the directive, concerning the procedures for compensation of crime victims in cross-border cases and the establishment of decision-making and assistance authorities in cases of compensation for the victims.
- Law on State Border Control and Surveillance;
- Law on Execution of Penal Sanctions;
- Law on Kosovo Intelligence Agency;
- Law on State Prosecutor;
- Law on Classification of Information and Security Clearances;
- Law on Courts;
- Law on the Protection of Personal Data; and
- Law on Interception of Electronic Communications.

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

- National Strategy and Action Plan of the Republic of Kosovo against Organized Crime;
- National Strategy and Action Plan of the Republic of Kosovo against Narcotics 2018-2022; and
- National Strategy on Controlling and Collecting Small Arms and Light Weapons.

#### Fight against terrorism

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

- Criminal Code of the Republic of Kosovo;
- Criminal No. 04/L-123 Procedure Code;
- Law No. 05/1-096 on the Prevention of Money Laundering and Combating Terrorist Financing; and
- Law No. 05/1-002 on Prohibition of Joining the Armed Conflicts Outside State Territory;
- Law on Prevention of Money Laundering and Prevention of Terrorism Financing; and

- Law on the Prohibition of the Union of Armed Conflict outside the territory of the country.

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

- National Strategy of the Republic of Kosovo against Terrorism 2018-2023;
- National Strategy for prevention and combating against informal economy, money laundering, terrorist financing and financial crimes 2019-2023; and
- Strategy on Prevention of Violent Extremism and Radicalisation Leading to Terrorism 2018-2023.

#### International judicial cooperation in criminal and civil matters

The legislative framework in this area consists of the Law on International Judicial cooperation in Criminal Matters that transposed the following acquis acts:

- Council Framework Decision 2003/577/JHA on the execution in the EU of orders freezing property or evidence;
- Council Framework Decision 2006/783/JHA on the application of the principle of mutual recognition to confiscation orders;
- Council Decision 2007/845/JHA of 6 December 2007 concerning cooperation between Asset Recovery Offices of the Member States in the area of tracing and identification of proceeds from, or other property related to, crime; and
- Council Framework Decision 2001/413/JHA of 28 May 2001 on combating fraud and counterfeiting of non-cash means of payment.

#### Institutional Framework

##### Border management

The Institutional framework in this area consists of the following institutions:

- Kosovo Police (Border Department);
- Kosovo Customs; and
- Food and Veterinary Agency.

In addition, the Executive Board for IBM and the National Centre for Border Management (NCBM) also functions.

##### Visa policy

The Institutional framework in this area consists of the following institutions:

- Ministry of Foreign Affairs and Diaspora, respectively the Department of Consular Affairs and Foreign Service missions;
- Ministry of Internal Affairs, respectively the Department of Citizenship, Asylum and Migration;
- Kosovo Police, respectively Border Police.

##### Migration

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

- Ministry of Internal Affairs, respectively the Department of Citizenship, Asylum and Migration (which also supervises the Asylum Centre and Detention Centre for Foreigners);
- Kosovo Police, respectively the Directorate for Migration and Foreigners, Department for Investigation of Organized Crime, Border Police and Directorate for Investigation of Trafficking; and
- Department for Reintegration of Repatriated Persons
- Municipalities (having a role in implementing reintegration policies).

##### Asylum



The institutional framework in this area consists of Ministry of Internal Affairs, respectively the Department of Citizenship, Asylum and Migration (within which the Centre for Asylum Seekers operates).

*Fight against money laundering and financing of terrorism*

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

- Financial Intelligence Unit;
- Ministry of Finance, Labour and Transfers, respectively Kosovo Customs, and Tax Administration of Kosovo;
- Kosovo Police, respectively, the Directorate against Economic Crimes;
- State Prosecutor; and
- Special Prosecution of the Republic of Kosova.

*Fighting against narcotics*

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

- Kosovo Police, respectively Directorate for Investigation of Drug Trafficking (with the support of other KP departments);
- Kosovo Customs;
- Kosovo Intelligence Agency;
- Ministry of Health, respectively Health Inspectorate, Kosovo Agency for Medical Products and Equipment;
- Kosovo Forensic Agency;
- Ministry of Justice, respectively Department of Forensic Medicine; and
- Kosovo Judicial Council.

In addition, there is also the National Coordinator and the Secretariat in charge of this area within the MIA.

*Fight against organized crime and police cooperation*

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

- Ministry of Internal Affairs, respectively the Kosovo Police:
  - Directorate against Organized Crime;
  - Directorate Against Trafficking with Narcotics;
  - Directorate for Investigation of Economic Crimes and Corruption, through Investigation Division, consisting of the Sector for Economic Crimes Investigation, Investigation of Corruption and Financial Crimes Investigation;
  - Directorate for Witness Protection;
  - Unit against Terrorism; and
  - Sector for Cybercrime Investigation;
- Ministry of Finance, Labour and Transfers, respectively
  - Kosovo Customs;
  - Financial Intelligence Unit; and
  - Tax Administration of Kosovo.
- Ministry of Justice;
- Kosovo Intelligence Agency;
- Kosovo Judicial Council;
- Kosovo Prosecutorial Council;
- Prosecutions; and
- Courts.

In addition, there is also the National Coordinator and the Secretariat in charge of this area within the MIA.

### Fight against terrorism

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

- Ministry of Internal Affairs;
- Kosovo Intelligence Agency;
- Ministry of Finance, Labour and Transfers, respectively
  - Kosovo Customs;
  - Financial Intelligence Unit; and
  - Tax Administration of Kosovo;
- Office of the Prime Minister;
- Special Prosecutor of the Republic of Kosovo.

In addition, there is also the National Coordinator and the Secretariat in charge of this area within the MIA.

### International judicial cooperation in civil and criminal matters

The institutional framework in this area consists of the Ministry of Justice, respectively:

- Department of International Judicial Cooperation;
- Department of International Judicial Cooperation, which consists of two divisions:
  - Division for Cooperation in Criminal Matters, and
  - Division for Drafting and Negotiating Agreements.

### ***Donor Support***

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

#### Current and planned projects under IPA

*Support for police reform in line with EU standards:*

- Description: Assistance in the implementation of police reforms, including the implementation of intelligence-led policing, combating cybercrime, providing training and equipment related to advanced investigation techniques in the area of trafficking in drugs, human beings, etc. creating an early-warning system of new drugs; addressing the issue of reducing the average age of the Kosovo police;
- Beneficiary: Ministry of Internal Affairs (KP);
- Implementation period: 2017-2020.

*Support for police reform in line with EU standards:*

Digitalization of Certified Copies of Civil Registry Books - Phase III Linking of Certified Copies of the e-archive and the Central Registry of Civil Status of Kosovo

- Period: March 2020 – June 2022

Regional Project for Combating Serious Crimes in the Western Balkans

- Period: 1 July 2020 - 30 June 2023

*Project against economic crime in Kosovo (PECK III):*

- Description: this project aims to improve the implementation of anticorruption (AC), money laundering/combating financing of terrorism (AML/CFT), counter-terrorism measures and their compliance with European standards;
- Beneficiary: Office of the Prime Minister, Financial Intelligence Unit, Anticorruption Agency, and Ministry of Finance;
- Implementation period: after completing PECK II.

Internal affairs institutions will also be supported by the IPA 2020 program by strengthening the fight against organized crime, terrorism and corruption in Kosovo.

The EU Rule of Law Mission (EULEX) supports and assists Kosovo's authorities in the area of rule of law,

particularly in the areas of police, judiciary and customs. As a technical mission, EULEX monitors and advises Kosovo authorities as long as a limited number of executive responsibilities remain, as in the case of the Special Prosecution Office. This institution's duty is to deal with sensitive cases such as war crimes, terrorism, financial crime, corruption, and organized crime cases.

#### Current and planned projects of bilateral donors

Besides the support provided by the European Commission, MIA also continuously benefits from projects by ICITAP, assisting Kosovo in strengthening the rule of law in Kosovo and building the capacities of judicial, prosecution and rule of law institutions in combating organized crime, human trafficking, corruption, money laundering and terrorism. ICITAP programme is funded by the Bureau of International Narcotics and Law Enforcement Affairs within the U.S. State Department. ICITAP is currently supporting Kosovo through the programmes described in the following.

*Support to Kosovo police executive management:* this programme provides advice to the General Director of the Kosovo Police on cooperation with the Serbian Police, extension of the rule of law in northern Kosovo, raising the level of professionalism, accountability and integrity within executive and middle level police.

*Support to the Ministry of Internal Affairs to improve the executive management practices,* and support to MIA agencies such as Kosovo Police Inspectorate, Kosovo Forensic Agency, Emergency Management Agency, and Kosovo Academy for Public Safety, in building capacities.

*Support in the area of combating serious crimes and complex criminal investigations:* which aims to improve MIA's capacity to prevent and combat organized crimes, corruption, terrorism, trafficking in narcotics, trafficking in human beings etc., and improving the capacities of the crime investigation department within the KP, to carry out investigations on complex cases using modern investigative techniques.

ICITAP also provides support in the area of integrated border management and in the area of security in community.

In addition, the MIA benefits from the support provided by UNDP Programme Kosovo Safety & Security – KSSP (UNDP)

- Budget: ~3 mil Euro;
- CIAT – Combating Illicit Arms Trafficking
- Period: July 2019 – December 2021.

MIA also benefits from the *Support to the process of European Integration* project, which supports the Department for European Integration and Policy Coordination within the MIA regarding the coordination capacity building in the process of visa liberalization. The project also provides support to the Department for Citizenship, Asylum and Migration, as well as Department on Reintegration of Repatriated Persons.

MIMAK 2 - Support to Kosovo Institutions in Migration Management (Swiss State Secretariat for Migration, Swiss Agency for Cooperation and Development)  
Period: January 2020 – January 2022; Budget: 1 million Euros.

MIA also benefits from the project *Support for the Governmental Authority on Monitoring of Migration Movements* funded by the Swiss Agency for Development and Cooperation which is implemented by the International Centre for Migration Policy Development. The project aims to increase the capacity of the Governmental Authority for Migration in drafting and preparing migration policies through technical assistance and training.

#### **Medium-term Priority Objectives**

In order to meet the obligations arising from the SAA and other EU accession documents and mechanisms in areas within the scope of Chapter 24, the focus over the period 2021-2025 will be in these medium-term priorities:

Border management:

- Advancing international cooperation with authorities such as Frontex, Selec etc.;
- Opening new border crossing points with neighbouring countries;
- Advancing border surveillance and control equipment.

Visa policy:

- Inclusion of KVIS to other diplomatic and consular missions of the Republic of Kosovo.

Asylum:

- Establishment of a sustainable system of cooperation at the central and local levels for asylum seekers seeking international protection.

Migration:

- Advancing international cooperation in combating irregular migration; and
- Promotion of regular and circuit migration.

Fight against money laundering and terrorist financing:

- Further improvement of policy framework in the area of the fight against Money laundering and terrorist financing;
- Kosovo's membership in Moneyval;
- Strengthening capacities of the Financial Intelligence Unit (FIU) in the fight against Money laundering and terrorist financing
- Strengthening inter-institutional cooperation, including inter-institutional cooperation with law enforcement authorities and reporting entities, particularly in the area of treating suspicious financial transactions.

Combating narcotics:

- Advancing cooperation with the EMCDDA.

Fight against organized crime and police cooperation:

- Creating a database for criminal records, including evidence for convicted persons;
- Finalize, approve and implement policies for the vetting process in the subordinate agencies of the MIA, including the establishment of vetting process mechanisms;
- Increasing the number of prosecutors and judges and their specialization in the area of organized crime;
- Increasing technical capacity building of Kosovo Forensic Agency Laboratories;
- Increasing the number of orders for confiscation of assets and generally improving the results in the permanent confiscation of illegally acquired assets;
- Development of a legal framework for vetting in the justice system, subordinate agencies of the Ministry of Interior and public safety.

Fight against terrorism:

- Building of technical, logistical and technological capacities in the area of terrorism and preventing the spread of extremism by internet and social media;
- Merging of anti-terrorism, radicalism and violent extremism strategies;
- Building of technical, logistical and technological capacities in the area of terrorism;
- Cyber capacity building against terrorism;
- Strengthening of de-radicalization and re-integration capacities and approach.

International judicial cooperation in civil and criminal matters:

- Advancing international legal cooperation in matters of extradition and mutual legal assistance in criminal and civil matters.

### **3.25. Acquis Chapter 25: Science and Research**

The acquis on this chapter does not require transposition of EU rules into national legal order but it requires from member states to ensure the necessary implementing capacities to pursue the EU objectives and activities in the area of research and technological development. The necessary implementing capacities are related to the existence of conditions for participation in EU programmes for research and innovation to facilitate integration into the European Research Area (ERA).

## *SAA Requirements*

Under Article 118 of the SAA, the Parties should encourage cooperation in scientific research and technological development on the basis of mutual benefit, taking into account available resources, adequate access to relevant programmes subject to appropriate levels of effective protection of intellectual, industrial and commercial property rights. Cooperation should take into account priority areas related to the EU acquis in the area of technical development and research.

### *Requirements from other EU accession mechanisms*

According to *EC Kosovo 2020 Report*, Kosovo is at an early preparation stage of science and research. A limited progress has been achieved in the area of innovation.

In the following year, Kosovo must particularly: increase governmental expenses in research and give its efforts on promoting private sector investments by completing the Smart Specialisation strategy; focus efforts in increasing participation in the EU Horizon 2020 programme; provide statistical data on the numbers of researchers, on the percentage of GDP spend on research and innovation, and on the performance related to European Research Area priorities.

Kosovo has made efforts to develop its research and innovation policy. However, the Law on scientific research activities is not being implemented due to lack of funding. Government spending on research amounts to only 0.1% of GDP. Kosovo has made some efforts to spend this limited amount more efficiently (e.g. building lecture rooms and laboratories that address plagiarism). In 2018, EUR 1.1 million was allocated for specific labs and equipment at two regional innovation centres. In higher education, the post-graduate programmes that prepare students for research careers are of poor quality, with both private and public higher education institutions apply very uneven criteria for promotion based on scientific research and publications. Since the last Research Strategy expired in 2016, Kosovo has not developed new strategic targets to support the development of research activity. There has been no progress on integration into the European Research Area. Kosovo needs to submit reliable statistics to monitor progress in this area.

On framework programmes, Kosovo participates in the EU's Horizon 2020 research and innovation programme (H2020) as a third party. It has so far participated in 11 Horizon 2020 projects (10 in 2017 and a new one in 2018). The level of Horizon 2020 participation remains below Kosovo's potential. Kosovo has already taken some initial actions to improve its Horizon 2020 performance and particularly through better linking of researchers, an improved National Contact Points' network, exchange of best practices and mentoring with other countries. Kosovo needs to continue and further strengthen these efforts.

According to the conclusion of the 2021 meeting of the Subcommittee on Innovation, Information Society, Social Policy and Employment, Kosovo should: provide statistical data on numbers of researchers, percentage of GDP spent on research and innovation, and performance related to the European Research Area priorities (by October 2019), prepare for its participation in the exercise of European Innovation Scoreboards, engage itself more actively in the development of a Smart Specialization Strategy. Also to continue with the approval of legal acts related to Research and Innovation. To complete the drafting of research and development infrastructure.

## ***State of Play***

### *Legislative Framework*

Science and research in Kosovo is regulated by Law No. 04/L-135 on Research Activity. This Law contains the best European practices that support the scientific research focusing on economic and social development. Moreover, the law contains provisions regulating the link of scientific research with the economy and industry. As a responsible structure for the management of national research priorities is the National Council on Science, while the Department of Higher Education, Science and Technology in the MESTI is the main policy making institution in the area of science and research.

In November 2018, the Assembly adopted the Law on Scientific Innovation and Transfer of Knowledge and Technology. In 2019, the AI and the Regulation on the Voucher Scheme were adopted.

#### *Institutional and Policy Framework*

Kosovo in the EU Framework Programme for Scientific Research and Innovation "Horizon 2020" shall participate as an international cooperation partner country. The success of the application in the Horizon 2020 programme is 18.6% with 11 projects funded. In order to functionalize the system of national contact point, MES has adopted the Regulation on operation and functionalization of Kosovo's national contact points for Horizon 2020. Measures have been taken to promote the programme through delivering training sessions to the scientific community and beyond in order to compile project proposals, through training of national contact points, supporting the participation of NCPs in central thematic sessions in European countries within their networking programme. During 2018, Kosovo has advanced its status (neighbouring country of cooperation) in COST Association (COST - European Cooperation in Science and Technology). Measures have been taken to promote the programme. The central activity for promotion of the programme was implemented in Prishtina in cooperation with COST Association. So far 13 researchers from Kosovo are part of COST shares (compared to 2018 where there was only one researcher).

#### *Medium-term Priority Objectives:*

- Draft and approve the Law on Financing of Scientific Research Activities;
- Draft the bylaws pursuant to the Law on Scientific Innovation and Transfer of Knowledge and Technology where a total of 5 bylaws will be drafted;
- Improving the policy and strategic framework and capacity building on research and innovation, ensuring equal gender representation and reflecting gender aspects;
- Based on EU enlargement policies, it is intended that Kosovo has advanced status in the next Horizon 2020 program, which has been named Horizon EU and will start implementation in 2021-2022.

For more information regarding the innovation priorities, please refer also to Chapter 20.

### **3.26. Acquis Chapter 26: Education and Culture**

The areas of education, training, youth and culture are primarily the competence of the Member States. Treaty on the Functioning of EU (TFEU) foresees that the Union encourages the cooperation and support among Member States by supporting their actions and by fully respecting their responsibilities for the content of learning, organisation of the education and vocational training systems, and the national and regional cultural diversity.

The acquis on education and culture mainly consists of a cooperation framework using programmes and an open method of coordination to move towards convergence of national policies and the attainment of shared objectives. In the area of education, training and youth, Member States need to have the legal, administrative and financial framework as well as the necessary implementing capacities in place to ensure sound management, including financial management of decentralized EU programmes. The acquis contains also the Directive for educating of children of emigrant workers' and the decisions of European Court of Justice for the cases related to non-discrimination between citizens of EU member states and another EU citizen.

The objectives of education and training systems approved in 2001, as well as the Copenhagen process for vocational training and the Bologna process on higher education, give instructions on improving the quality of education and training systems. The working programme "Education and Training 2010" and the strategic framework "Education and Training 2020" integrate all actions at the European level and contribute on improving the quality of education and training systems. Shared objectives for EU's youth policies are defined in EU's Strategy for Youth (2010-2018) which is based on an open method of coordination. In the area of sports, Commission Communication of 2011 "Development of the European

Dimension in Sport” proposes concrete actions for supporting and coordinating policy measures, with the aim to potential adoption by the Council of the multiannual EU working plan for sport.

Regarding the cultural policy, Member States should uphold the foreseen principles in Article 167 of TFEU and in particular, to ensure that their international commitments allow the development and implementation of policies and instruments that aim preservation of and promotion of cultural diversity. In accordance with these principles, UNESCO Convention for Protection and Development of Divers Cultural Expression is a key element of acquis in the area of culture. Commission Communication for the European Agenda for culture in a globalized world introduced a structured dialogue in the culture sector and an open method of coordination, in order to implement three common sets of objectives: cultural diversity and intercultural dialogue; culture as a catalyst for creativity; and culture as a key component in international relations.

#### *SAA Requirements*

Therefore, Article 107 of the SAA requires cooperation between the parties with the aim of raising the level of education in general, vocational education, training and policy development for youth work in Kosovo with the aim of developing skills, employment, social inclusion and economic development in Kosovo. A priority for higher education system should be to achieve adequate quality standards of institutions and programmes in accordance with the objectives of the Bologna process and Declaration. Parties should cooperate in order to ensure that access to all levels of education and training in Kosovo is done without discrimination on grounds of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. In addition, also the needs of students with disabilities in Kosovo must be addressed.

Article 108 of the SAA requires cooperation between the parties aiming to promote cultural cooperation for increasing the operator’s capacity and understanding between individuals and minorities. This cooperation should support cultural diversity in the country based on the principles of the UNESCO Convention on the protection and promotion of diversity of cultural expression.

#### *Requirements from other EU accession mechanisms*

Based on the EC *Kosovo 2020 Report*, it is indicated that Kosovo is at an early stage of education and culture preparation. No progress has been made in the previous year and the quality of education has yet to be improved. Since the previous report recommendation has not been addressed, in the following year Kosovo must in particular: approve a new law on higher education in order to implement a standard-based reform, including the provision of autonomy and independent operation of higher education institutions and quality assurance mechanisms; graduate reform efforts in pre-university education (including vocational education and training programmes), focusing on competency-based learning; improve access to quality education for marginalized groups to enrol in the preschool education.

According to the conclusions of the Subcommittee on Innovation, Information Society, Social Policy and Employment 2021, Kosovo should improve the quality and coverage of online training and continue with online teaching and training for teachers. The information management system in Education should continue to develop with further in order to meet existing and future needs. To publish data in the field of education and youth which should be measurable and can be easily traced. The Commission recommended that the OECD be notified of the final decision regarding Kosovo's participation in PISA 2022. Regarding the Strategic Education Plan in Kosovo 2017-2021, the implementation should continue and at the same time the preparation of the new Strategy should begin. Regarding primary legislation, start drafting and approving laws on: the Law on Early Childhood, the Law on Textbooks, the Law on Higher Education, and the Law on the Accreditation Agency. Kosovo will increase efforts to increase the early child enrollment rate for children 0-5 years old. Improve the quality of education at all levels by systematically applying existing quality assurance mechanisms, such as quality coordinators, school inspections in basic education and ensure stricter monitoring of the conditions of the Kosovo Agency for Accreditation of higher education programs. In the framework of this, to continue with the increase of the enrollment of students with special needs. Support higher education institutions.

In the area of cultural heritage, it is required to draft a law on cultural heritage, to enforce the Constitutional Court's ruling on the property dispute in Deçan, to raise awareness and share information on the “Creative Europe” programme, to ensure the continued functioning of the Implementation and Monitoring Council, and to ensure performance in punishing cases of damages or illegal constructions in cultural heritage protected areas.

### ***State of Play***

#### *Legislative Framework*

##### Education

The area of *higher education* is regulated by:

- Law No. 03/L-060 on National Qualifications and National Qualification Framework.

##### Vocational Education and Training

- Law No. 04/L-138 for Vocational Education and Training;
- Law No. 04/L-143 on Adults Education and Training;
- Law No. 03/L-060 on National Qualifications.

##### Preschool education

- Law No. 02/L-52 on Preschool Education;
- Law No. 04/L-032 on Pre-University Education;
- Law No. 06/L -046 on Education Inspectorate in the Republic of Kosovo.

##### School dropout

- AI No. 08.2018 on the Establishment and Strengthening of Prevention and Response Teams towards Abandonment and Non-Enrolment of Students in Pre-University Education.

##### Culture

- Law No. 02/L-57 on Institutions of Culture;
- Law No. 04/L-065 on Copyright and Related Rights;
- Law No. 2003/24 on Sport;
- Law No. 04/L-056 on the National Ensemble of Songs and Dances “Shota”;
- Law No. 04/L-59 on Philharmonic, Opera and Ballet;
- Law No. 2004/22 on Cinematography;
- Law No. 02/L-88 on Cultural Heritage;
- Law No. 04/L-106 on Theatres.

#### *Institutional and Policy Framework*

Upon the decision of the European Network of Agencies for Quality Assurance in Higher Education (ENQA) on changing the status of KAA to an “under review” member, the KAA has undergone a re-evaluation process. The ENQA team of experts came to a conclusion that the general level of fulfilling the European standards and guidelines (ESG) is not sufficient to renew the KAA’s membership in ENQA. On this occasion the Board of ENQA notifies that KAA has the right to reapply two years after the receipt of this Decision. During these two years, KAA will undergo also an evaluation from ENQA’s experts in order to assist and advice the KAA prior its formal application for re-evaluation.

Kosovo, as a result of an agreement between the European Commission and MESTI, participates in the EU Tempus education program since 2003. The Tempus program has continuously contributed directly to the development of curricula, cooperation with society, management of university, teacher training and quality assurance projects, which cover almost the entire higher education sector in Kosovo. The successor of Tempus is already the Erasmus + program which implements projects through the Erasmus + Office for Kosovo. This office is focused on the field of higher education and contributes to raising awareness, visibility, adaptability, sustainability, effective access to the international dimension of the Erasmus + Program. Higher education institutions in Kosovo have increased their interest in participating in schemes



under the ERASMUS + program by increasing their absorption capacity. Regarding HORIZON 2020, now that it will be called Horizon Europe, MESTI, in order to enable HEIs the opportunity to apply for Horizon Europe schemes, has started the procedure for advancing our status in this program as an affiliated country. This advancement will enable participation in some schemes that we could not apply before, while this process is in the negotiation phase that will be part of the conclusion of the agreement. MESTI will have budgetary implications for the participation in the amount of 1 million All Advisory Bodies (industrial Boards) in Public Universities have drafted and signed the rules of procedure for their operation. The University of Prishtina, in 10 academic units, the University of Applied Sciences in Ferizaj has established 1 Advisory Body. University of Gjakova "Fehmi Agani" has established 2 Advisory Bodies. Haxhi Zeka University has established 3 advisory bodies. The University of Mitrovica "Isa Boletini" is in the process of drafting a regulation for advisory bodies, while the University of Gjilan has approved the regulation.

The basic strategic document which sets the development objectives in the education system in the Republic of Kosovo is the Kosovo Education Strategic Plan 2017-2021, approved by the Government of Kosovo. This strategic document is a comprehensive strategic document, which includes all education levels in Kosovo, starting from the pre-primary up to university level. Other strategic documents on education development are the following: Communication Strategy; Strategy against Drop Out; Strategy on Schools Promoters of Health 2009-2018, Strategy on Integration of Roma, Ashkali and Egyptian 2007- 2017 and the Strategy on Pre-University Development 2007-2017.

On vocational education, there are vocational schools and 4 centres of competence have been established. The VET system created by the legislation in force is 3 + 1 + 1, also based on demands of the labour market. Profiling of existing vocational education profiles, based on sectorial areas as per ISCED, has been completed.

Regarding pre-university education, the curriculum is being implemented in Kosovo schools, with new curricula/subjects implemented for both the preparatory grade and grades 1, 2, 3, 6, 7, 8, 10, 11 and 12. For the new school year 2020/2021, it is expected that the teaching/subject programmes for grades 4 and 9 will be ready, while in 2021 with the 5<sup>th</sup> grade, the finalization and implementation of the curriculum and new curricula will be completed.

To enhance quality management in pre-university education, MESTI stressed the internal quality improvement guidelines, implementation of external quality assessment mechanisms and capacity building of Education Inspectorate, also this inspectorate has joined SICI (The Standing International Conference of Inspectorates).

The AI 4/2017 on evaluation of performance of pre-university education institutions, as well as the Guideline on Internal Evaluation of school performance and the Guideline on External Evaluation of school performance, were adopted in April 2017, and are being implemented in those schools that are implementing the new curriculum framework. Following adoption of the Law No. 06/L-046 on the Education Inspectorate in the Republic of Kosovo (August 2018), the AI No. 14/2018 on evaluation of teachers' performance was adopted in October 2018. Based on the Law on the Education Inspectorate, MESTI is preparing an AI on evaluation of performance of the director and deputy director of the public educational institution and pre-university trainers. Following adoption of this bylaw, the Education Inspectorate will commence with evaluation of performance of directors and deputy directors.

The program for capacity building of municipal assessment teams "how to use instruments for pedagogical assessment of children with special needs" has been drafted and approved. Within this program, one hundred and eighty (180) members of the municipal assessment teams were trained in a three-day training, and the package of documents for the municipal assessment teams was drafted to document the process of assessing children with special needs. The drafted package contains 12 documents which are provided electronically. These activities are supported by the Council of Europe project - "Building Capacity for Inclusion in Education - INCLUDE".

In terms of strengthening external mechanisms for quality measurement, Kosovo has participated in the International PISA Test, and MESTI has organized the Achievement Test for ninth grade students and the State Matura Exam. MESTI has also prioritized the professional development of teachers and the modernization, training of teachers in accordance with the new curricular framework of Kosovo. In addition to the international report on the PISA test, a national report has been drafted that aims to identify opportunities for improvement regarding student performance under the PISA test.

As regards the cultural heritage, the institutional framework consists of the Ministry of Culture, Youth and Sport as the main legislative institution for this area, the Ministry of Economy as the implementing and monitoring institution regarding spatial construction plans, the Ministry of Local Government Administration as the institution for monitoring the work of municipalities and other law-enforcement institutions.

### ***Donor Support***

Education sector projects:

- Within IPA 2016, the European Commission supports the capacity building for professional development of teachers. The project delivers training sessions for pre-primary and primary teachers in a total of 50 schools in 10 municipalities of Kosovo. The project is expected to be completed in 2022;
- Supporting the improvement of education infrastructure is another component within IPA 2016. This activity includes evaluation analysis on subsidizing the construction of pre-primary education infrastructure and the public municipal infrastructure that contributes to the development of education. All locations for the construction of kindergartens foreseen under IPA 2016 funds have been designated;
- IPA 2017 Education, Employment and Social Policies (a total of EUR 4.5 million, EU contribution in the amount of EUR 3.8 million) The main purpose of this activity is to improve employability through vocational education and training that would lead to increased participation in the labour market especially for youngsters and women;
- Within IPA 2018, education will be supported by the EU in the amount of EUR13 million. Under this assistance will be aimed to increase access to pre-primary, primary and secondary education for students of vulnerable groups. Strengthening capacities for overall and effective management by providing quality teaching at central and municipal level;
- The Quality, Accountability, Integrity, and Transparency in Higher Education – QAIN project aims to provide support for the development and implementation of regulations, procedures and best practices for enhancing quality in higher education. The development of two schemes to promote research-based teaching;
- The Aligning Education With Labour Market Needs - ALLED II project will focus on strengthening the quality and relevance of education and training programmes for the labour market and will support the adaptation of the legislative framework and mechanisms as a prerequisite for increasing employability. The project has begun to be implemented in 2018 and is expected to be completed in 2021. The total cost of the project will be EUR 4,500,000;
- Support for the education sector is expected to continue with IPA III. Under IPA 2022, it is planned to continue supporting the inclusion of the RAE community in education.

### ***Medium-term Priority Objectives***

#### *Pre-university education:*

- Harmonization of vocational education and training with the demands of the labor market, including the implementation of the new curricular framework;
- Effective management of the education system at all levels;
- High quality education and integrity, in line with international standards.

#### *Institutional capacity-building:*

- Strengthening the capacities of the Education Inspectorate, in accordance with European legislation and international standards;
- Profes Professional development of teachers;
- Increasing the capacity for inclusion in pre-primary education.

### 3.27. Acquis Chapter 27: Environment

This chapter covers EU environment policy that aims to promote sustainable development and protect the environment for present and future generations. It is based on preventive action, namely the “polluter pays” principle, fighting environmental damage at source, shared responsibility and the integration of environmental protection into other EU policies. The acquis comprises over 200 major legal acts covering horizontal and bylaws. Compliance with the acquis requires significant investment. A strong and well-equipped administration at national and local level is imperative for the application and enforcement of the environment acquis.

#### *SAA Requirements*

The SAA, in Articles 115, 116 and 117 defines the cooperation between the Republic of Kosovo and the EU in the area of Environment, Climatic Change and Civil Protection. Article 115 foresees prevention of further environmental degradation and commencement of improving the environmental situation with the aim of sustainable development in Kosovo. It also foresees strengthening Kosovo’s administrative structures and procedures, and gradual approximation of Kosovo’s legislation to the EU acquis and adapted to the EURATOM acquis. Article 116 on climate change, is focused in developing the climate change policies, namely mitigation (reduction of greenhouse emissions) and adaptation to them (climate change), taking into consideration other relevant policies, including sectors such as energy, transport, industry, agriculture, education, etc. It also focuses on gradual approximation of Kosovo’s legislation to EU acquis on climate change, in particular the effective monitoring, reporting and verification of results for greenhouse gas emissions as well as inclusion of Kosovo in international mechanisms. Article 117 on civil protection, foresees improvement, prevention, preparation and response to natural and man-made disasters. Moreover, foresees also enhancing Kosovo’s civil protection capacities and Kosovo’s gradual approximation to the EU acquis related to disaster management.

#### Requirements from other EU accession mechanisms

The EC’s *Kosovo 2020 Report*, estimates that Kosovo is at an early stage of preparation in the area of environment and climate change. Limited progress has been made. There are improvements in environmental reporting and air quality monitoring. Stronger political will is needed to address environmental degradation and the challenges of climate change. Kosovo is encouraged to significantly increase its ambitions towards a green transition.

While from the requirements drawn from the “*INFRA*” 2020 and 2021 Subcommittee meeting in the area of Environment, in the sector of air, the Municipality of Prishtina should approve a plan for air quality of Prishtina, identify sources of air pollution and commence the effective implementation of reduction measures.

In the waste sector, the operator for the storage of hazardous waste should be operational, including funding, personnel, facilities and preparation of a waste management plan, and the national waste strategy and action plan for solid waste should be reviewed. Moreover, it should be decided on the location of the new landfill in Prishtina.

In the water sector, progress should continue in implementing the Groundwater Directive for “Drini e Bardhë”, identifying and monitoring other hazardous areas related to groundwater and surface water. Start with the preparation of river basin management plans for the remaining water bodies (Ibri, Morava e Binçës and Lepenci).

In Nature, the drafting of the detailed regulatory plans for the National Park “Sharri” and “Bjeshket e Nemuna” should be finalised. In Forestry sector, it should be reported on the efforts to combat illegal logging/cutting of trees, and the Law on Forests should be adopted by transposing the EU Timber Regulation 995/2010.

In Civil Protection, it should be more actively involved in activities under the Civil Protection Mechanism of the EU, such as training, exchange of experts, prevention and preparedness projects, etc. Regarding the Industrial Pollution, an AI on emission limitations of pollutants must be approved urgently.

In the area of Climate Change, the inter-institutional cooperation should be improved in order to ensure the integration of climate change into other sectors, especially in the sector of energy and transport, and to strengthen the role of the National Council on Climate Change. In this context, an integrated National Plan of Climate and Energy and a long-term decarbonisation strategy should be prepared.

### ***State of Play***

#### *Legislative, Policy and Institutional Framework*

##### Horizontal legislation

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

- Law on Environmental Impact Assessment (EIA);
- Law on Strategic Environmental Assessment (SEA); and
- Law on Environmental Protection.

These normative acts have transposed the following acquis acts:

- Directive No. 2001/42/EC on Strategic Environmental Assessment, fully transposed;
- Directive No. 85/337/EEC on Environmental Impact Assessment, fully transposed; and
- Directive No. 2003/35/EC on Public Inclusion, fully transposed.

Directive establishing an Infrastructure for Spatial Information (INSPIRE Directive No. 2007/2/EC) is being transposed within the draft-law on Establishment of National Infrastructure on Spatial Information in Kosovo, which sets out the comprehensive rules for the establishment of National Infrastructure on Spatial Information in Kosovo, on enforcing the environmental policies and activities which could have environmental impact.

The Ministry of Environment and Spatial Planning and Infrastructure, namely the Department of Environmental Protection and Water/Division for the Protection from Industrial Pollution is responsible authority for the implementation of the horizontal environmental legislation.

##### Air quality

The legislative framework in this area consists of the Law No. 03/L-160 on Air Protection from Pollution, which has transposed the following acquis acts:

- Air Quality Framework Directive No. 2008/50/EC, partially transposed;
- Directive No. 2004/70/EC on arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons in ambient air, fully transposed;
- Directive No. 70/220/EEC on measures to be taken against air pollution by emissions from motor vehicles, partially transposed;
- Directive 1999/13/EC on the limitation of emissions of volatile organic compounds due to the use of organic solvents in certain activities and installations, fully transposed;
- Directive No. 2001/81/EC on national emission ceilings for certain atmospheric pollutants, partially transposed;
- Directive No. 96/61/EC on prevention and control of pollution from industrial plants, partially transposed;
- Regulation No. 1005/2009 on substances that deplete the ozone layer, partially transposed; and

- Regulation No. 842/2006 of the European Parliament and of the Council on certain fluorinated greenhouse gases partially transposed.

For further transposition of the Air Quality Framework Directive no. 2008/50/EC, MEE is in the process of preparing a draft-law on air protection from pollution. On the other hand, the air quality action plan 2018-2020, (approved on 05.06.2018), provides the framework by which will be achieved protection and reduction of air pollution in the country, in accordance with established EU standards and principles of best practice.

Also, the National Emission Reduction Plan (NERP) 2018-2027, (approved on 29.05.2018), provides the framework by which to reduce air emissions from the Kosovo Energy Corporation (TPP Kosovo A and TPP Kosovo B), which will reflect the reduction of air pollution in the vicinity of KEK but also in the entire territory of the country in accordance with the set EU standards and obligations arising from the Energy Community Treaty.

The authority in charge for air quality is the Ministry of Environment and Spatial Planning and Infrastructure, respectively the Department of Environmental Protection and Water management/Division of Protection from Industrial Pollution, Kosovo Environmental Protection Agency/Hydrometeorological Institute, with a total of 9 officials. Other institutions related to this area are mainly: Ministry of Agriculture, Forestry and Rural Development, Ministry of Health, and Ministry of Local Government Administration.

#### Waste management

The legislative framework in this area consists of the Law No. 04/060 on Waste, which has transposed the following acquis acts:

- Directive No. 2008/98/EC on Waste, partially transposed;
- Directive No. 86/278/EEC on Sewage Sludge, partially transposed;
- Directive No. 2000/53/EC on end-of-life vehicles (ELV), partially transposed;
- Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment, fully transposed;
- Directive No. 2002/95/EC on Waste Electrical and Electronic Equipment (WEEE), fully transposed;
- Directive No. 1999/31/EC on the Landfill of Waste, fully transposed; and
- Regulation No. 1013/2006/EC on shipments of waste, partially transposed.

During 2019, supported by GIZ, the Strategy and Action Plan for integrated waste management 2020-2029 have been drafted, which were recently approved (June 2021) and are now in force. According to the Law on Waste, Article 13, the competent authority designated for waste management is the Ministry of Environment and Spatial Planning and Infrastructure (MESPI) and the Municipalities of the Republic of Kosovo. The Department of Environmental and Water Protection, namely, the Division for Chemicals and Waste, as well as the Environmental Protection Agency, function within the MESPI. Other institutions involved in various forms in the waste sector are mainly: Ministry of Agriculture, Forestry and Rural Development (MAFRD), Ministry of Health (MH), and Ministry of Local Government Administration (MLGA). While the municipalities, according to the Law on Waste, are competent for the management of solid waste, bulky waste, construction waste and the waste from demolition of construction building.

#### Water quality

The legislative framework in this area consists of the Law No. 04/L-147 on Waters of Kosovo, which has transposed the following acquis acts:

- Water Framework Directive No. 2000/60/EC, partially transposed;
- Directive No. 91/271/EEC concerning Urban Waste-Water Treatment, partially transposed; and
- Directive No. 98/83/EC on the quality of water intended for human consumption, partially transposed.

The Law on Waters of Kosovo is in the process of amending and supplementing, on the other hand, regarding the implementation of the State Water Strategy of Kosovo 2017-2036 (approved 30.05.2018), the decision was issued on (15.10.2019) which according to the law authorizes the Regional River Basin Authority as a responsible institution to coordinate and consult with all relevant parties to draft and approve a plan for the implementation of the state water strategy of Kosovo. Action Plan 2020-2022 for the implementation of the state water strategy in Kosovo 2017-2036.

The authority in charge on water protection and management is the Ministry of Environment and Spatial Planning and Infrastructure, namely the Water Department/Agency for Environment Protection with 30 officials. Other institutions involved in the area of water include mainly the following: Ministry of Health, Ministry of Agriculture, Forestry and Rural Development, Ministry of Local Government Administration, and Regulatory Office for Water and Sewage.

#### Nature protection

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

- Law No. 03/L-233 on Nature Protection;
- Law No. 04/L-086 on National Park "Bjeshket e Nemuna";
- Law No. 04/L-087 on National Park "Sharri";
- Law No. 2003/3 on Kosovo Forests; and
- Law No. 2006/41 on Hunting.

These normative acts have transposed the following acquis acts:

- Directive No. 2009/147/EC on the conservation of wild birds, fully transposed;
- Council Directive No. 92/43/EEC, of 21 May 1992, on the conservation of natural habitats, wild fauna and flora, fully transposed;
- Council Directive No. 1999/22/EC relating to the keeping of wild animals in zoos, partially transposed;
- Directive No. 83/129/EEC concerning the importation into Member States of skins of certain seal pups and products derived therefrom, partially transposed;
- Regulation No. 338/97 (EC) on the protection of species of wild fauna and flora by regulating trade therein, with amendments, partially transposed;
- Regulation No. 3254/91 (EEC) prohibiting the use of leghold traps in the Community and the introduction into the Community of pelts and manufactured goods of certain wild animal species originating in countries which catch them by means of leghold traps or trapping methods which do not meet international humane trapping standards, partially transposed;
- Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market Text with EEA relevance, partially transposed;
- Regulation No. 2173/2005 (EC) on the establishment of a FLEGT licensing scheme for imports of timber into the European Community, partially transposed; and
- Regulation No. 348/81 (EEC) on common rules for imports of whales or other cetacean products, and amendments, partially transposed.

The strategic framework for nature protection in the Republic of Kosovo consists of the strategy and action plan for biodiversity 2011-2020; Forest Strategy 2010-2020; National Strategy for the sector of non-timber forest products 2014-2020 and Strategy for climate protection in the forestry sector in Kosovo.

In addition, the Biodiversity Action Plan 2016-2020 (approved on 30.05.2018) identifies specific activities, responsible and supporting institutions, sources of provided or potential funding and the time frame.

The authority in charge for protection of nature is the Ministry of Environment and Spatial Planning and Infrastructure, namely the Department for Environmental Protection, division for nature protection, Agency for Environment Protection, with a total of 15 officials. Other institutions related to this area include

the following: Ministry of Agriculture, Forestry and Rural Development, Ministry of Culture, Youth and Sports, Ministry of Local Government Administration and Municipalities.

#### Industrial pollution control

The legislative framework in this area consists of the Law No. 03/L-043 on Integrated Prevention Pollution Control.

It has transposed the following acquis acts:

- Directive No. 2012/18/EU SEVESO III on the control of major-accident hazards involving dangerous substances, partially transposed; and
- Directive 2004/42/CE of the European Parliament and of the Council of 21 April 2004 on the limitation of emissions of volatile organic compounds due to the use of organic solvents in certain paints and varnishes and vehicle refinishing products, partially transposed.

Furthermore, the law on integrated pollution prevention and control is in the process of amending and supplementing, and is expected to be adopted in Q3 2021.

The AI on the prevention of major accidents involving hazardous substances (approved on 06.09.2018), further transposes the SEVESO III Directive. On the other hand, in order to implement the transposed EU legislation, the Environmental Protection Strategy 2013-2022 and the Kosovo Plan for Environmental Action for the period 2013-2017 are in force.

The assigned authority in charge for the control of industrial pollution is Ministry of Environment and Spatial Planning and Infrastructure, the Environmental Protection Department, namely the Division for the Protection from industrial pollution being assisted by the Environment Protection Agency, with a total of 15-20 officers, and the Ministry of Local Government Administration.

#### Chemicals

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

- Law No. 04/L-197 on Chemicals;
- Law No. 03/L-119 on Biocide Products.

These normative acts have transposed the following acquis acts:

- Council Directive No. 87/217/EEC of 19 March 1987 on the prevention and reduction of environmental pollution by asbestos, partially transposed;
- Regulation No. 528/2012/EC, EU concerning the making available on the market and use of biocidal products, partially transposed;
- Regulation No. 1907/2006/EC on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), partially transposed;
- Regulation (EC) No. 1272/2008 on classification, labelling and packaging of substances and mixtures, partially transposed;
- Regulation (EC) No. 689/2008 on the export of chemicals, namely Regulation No. 649/2012/EU for export-import -PIC procedure, partially transposed; and
- Regulation No. 648/2004/EC on Detergents, fully transposed.

During this period, the draft AI on the classification, labelling and packaging of hazardous chemicals has been completed, and is expected to be approved during 2021

The authority in charge for the control of pollution by chemicals is the Ministry of Environment and Spatial Planning and Infrastructure, namely the Department of Environmental Protection, Division for chemicals and waste, as well as the Environmental Protection Agency, with a total of 4 officials, and Ministry of Local Government Administration.

#### Noise protection

The legislative framework in this area consists of the Law on Noise Protection, which has partially transposed Directive no. 2002/49 / EC of the European Parliament and of the Council of 25 June 2002 concerning the assessment and management of environmental noise.

In order to further approximate local legislation with the EU acquis in the area of noise protection, Kosovo has decided to amend the Law on Noise Protection, is expected to be adopted during 2021. Through this law will be further transposed the Directive No. 2002/49/EC of the European Parliament and of the Council of 25 June 2002 concerning the assessment and management of environmental noise.

The authority in charge on protection from environmental noise is the Ministry of Environment and Spatial Planning and Infrastructure, namely Department of Environment Protection/Division on protection from industrial pollution and the Agency for Environment Protection/ Hydro-meteorological Institute, with a total of 4 officials, Ministry of Local Government Administration and Municipalities.

### Forestry

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

- Law No. 2003/3 on Forests;
- Law No. 02/L-53 on Hunting;
- Law No. 2006/02- L41 on Fire Protection; and
- Law No. 02/L-26 on Agricultural Land.

These normative acts have transposed the following acquis acts:

- Directive (EU) No. 92/43/EEC on the conservation of natural habitats and of wild fauna and flora, partially transposed;
- Directive (EU) No. 79/409/EEC on the conservation of wild birds, partially transposed;
- Regulation (EU) No. 691/2011 on European environmental economic accounts, partially transposed; and
- Regulation (EU) No. 995/2010 laying down the obligations of operators who place timber and timber products on the market, so called "EU TR", partially transposed.

Further, on 23.05.2019 the Law on Kosovo Forests was approved by the Government of Kosovo. This draft-law was forwarded for approval to the Assembly, but due to the dissolution of the Assembly it was returned for re-procedure for approval. It is expected to be approved in Q4 2021.

On the other hand, the policies, strategies and action plans for the development of the forestry sector in Kosovo adopted by the Government of Kosovo are summarized in the document "Forestry Development Strategy 2010/2020". While for these years it is expected to approve the Strategy for the Development of the Forestry Sector 2021-2030 until Q4 2021.

The competent authority designated for forestry is the Ministry of Agriculture, Forestry and Rural Development, as the highest body of forest administration and management in Kosovo, respectively the Department of Forestry and the Kosovo Forest Agency. The number of employees in the Forestry department is 7, while KFA as executive authority has 140 employees. Other institutions related to the field of forestry are mainly: the Ministry of Environment and Spatial Planning and Infrastructure and the Ministry of Administration and Local Government.

### Climate change

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

- Law No. 03/L-160 on Air Protection from Pollution;
- AI No. 01/2016 on Mechanisms for Monitoring and Reporting Greenhouse Gas Emissions; and
- AI No. 09/2015 for Monitoring Greenhouse Gas Emissions.

These normative acts have transposed the following acquis acts:

- Directive No. 2009/30/EC as regards the specification of petrol, diesel and gas-oil, partially transposed;



- Directive No. 2011/83/EU on consumer rights, fully transposed;
- Regulation (EU) No. 525/2013 on a mechanism for monitoring and reporting greenhouse gas emissions and for reporting other information at national and Union level relevant to climate change, partially transposed; and
- Regulation No. 842/2006 on certain fluorinated greenhouse gases (F-Gases), partially transposed.

Regarding the policy framework, the Strategy and Action Plan for Climate Change 2019-2028 / 2019-2021 (approved on 19 February 2019) is in force. Also, the concept paper on climate change is drafted which is expected to be adopted during 2021 and which precedes the process of drafting the law on climate change.

Furthermore, the national plan on energy and climate is being drafted by the inter-ministerial group led by the MEA. As a result, 5 thematic subgroups have been established such as: greenhouse gases, RES, security of supply, internal energy market and the subgroup for innovation and competitiveness. This plan is expected to be completed by 2021.

The competent authority designated for climate change is the Ministry of Environment and Spatial Planning and Infrastructure, respectively the Department of Environmental Protection/Division for Protection from Industrial Pollution, and the Agency for Environmental Protection/Hydrometeorological Institute.

### Civil protection

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

- Law No. 04/L-27 for Protection against Natural and other Disasters;
- Law No. 04-L-230 on the Agency for Emergency Management;
- Law No. 04/L-012 on Fire Protection; and
- Law No. 04/L-049 on Fire-Fighting and Rescue.

These normative acts have partially transposed Directive No. 2012/18/EU- SEVESO III.

So far, Kosovo has drafted the National Response Plan as well as the Disaster Risk Reduction Strategy and Plan of Action 2016 - 2020. The medium-term priorities will also include the drafting of the Disaster Needs Assessment and Recovery Strategy which is expected to be completed in 2022. Whereas, the Regulation (RKS No. 28/2020) on the Methodology for Assessing the Risk from Natural and other Disasters was approved in December 2020. This Regulation integrates aspects of the Law on Critical Infrastructure Protection, as well as accommodates the standards and guidelines issued by the IPA DRAM program.

The competent authority designated for Civil Protection is: Ministry of Internal Affairs, Agency for Emergency Management, as well as the Ministry of Environment and Spatial Planning and Infrastructure, respectively the Department of Environmental Protection, respectively the Division for Protection from Industrial Pollution, KTA Hydrometeorological. Other institutions related to the field of civil protection are mainly: Ministry of Foreign Affairs and Diaspora, Ministry of Finance, Labor and Transfers, Ministry of Agriculture and Rural Development, National Institute of Public Health; Kosovo Firefighting Unit, Ministry of Local Government Administration.

### **Donor Support**

#### Horizontal legislation

Regarding Donor Support, the SIDA-funded project "Kosovo Environmental Programme 2016-2020" worth EUR 6,810,000 is being developed in support to MEE. The project consists of eight (8) components, including strengthening of institutional capacities for monitoring, conservation of biodiversity through the Red Book of animal species in Kosovo; strengthening of the management of transboundary natural parks; establishment of the groundwater monitoring system in Kosovo; strengthening capacities for the implementation of the environmental legislation at the local and central level; study on groundwater of the Drini i Bardhë/White Drin basin; support to the drafting of management plan of White Drin basin and support to the Inter-Ministerial Water Council. Also, a project supported by WBIF "Preliminary Flood Risk Assessment in the White Drin, Lepenc and Sitnica River Basin is being developed in the water area.

### Air quality

With the support of the European Commission Office in Prishtina, the software for collecting data from monitoring stations has been installed. This software enables real-time reporting of air quality monitoring from the 8 monitoring stations. Investments in improving the air quality monitoring system will continue with additional support from the US Government through the Millennium Challenge Corporation Programme and from the Japanese Government through the Japan International Cooperation Agency.

Under the IPA 2018 and IPA 2019 programme, rehabilitation of Kosovo B will be supported at an amount of EUR 78 million, EUR 40 million under IPA 2018 and EUR 38 million under IPA 2019, which will reduce the pollution generated by the plant's operation.

Under IPA 2021 programme, it is foreseen to develop the project for decommissioning of Kosovo A with an indicative value of 50.000.000 euros.

### Waste management

Under the IPA 2018 programme, the EU has allocated EUR 11 million for the environment. These funds will be used to assist the solid waste management system in the municipalities of Kosovo through investments in establishment of new landfills, rehabilitation of the existing ones and assisting the institutional capacities of MEE and municipalities. IPA 2020 also provides further environmental support in the amount of EUR 16 million for the waste management system.

Under IPA 2021 programme, it is foreseen to develop the project for the construction of a landfill for hazardous waste with an indicative value of 12,000,000 euros.

### Water quality

Regarding donor support in this sector, a project "Prishtina III" is being developed. Municipality of Prishtina, Fushë Kosovë and Gračanica benefit directly from this project, while 8 other municipalities in which RWC Prishtina operates benefit indirectly. The value of this project is EUR 35 million (EUR 20 million loan from KfW, EUR 5 million from IPA 2010, EUR 5 million from the Government of Kosovo and EUR 5 million from the Municipality of Prishtina).

The project "Prishtina II", which includes the rehabilitation of water supply networks in 30% of the city of Prishtina and 70% of the city of Fushë Kosovë, as well as the rehabilitation of the plant in Badovc, which is of great importance because it was one of the oldest water plants, is under implementation. The value of this project is EUR 17 million (EUR 11 million grant from WBIF/EU and EUR 6 million loan from the German Government).

Also, with the support of the German Government, 6 wastewater projects are being implemented and prepared in six phases: First and second phase - construction of the plant for wastewater treatment in Prizren, with MEE. The third phase - construction of the plant in Gjakova, in cooperation with the Swiss Government. The fourth phase - construction of the plant in Peja, also with the Swiss Government. The fifth phase - rehabilitation of the network in Gjakova, Peja and Prizren. The sixth phase remains for additional intervention needs.

### Nature protection

Under IPA 2021 programme, it is foreseen to develop the project for the construction of the wastewater treatment facility in Kosovo B with a total indicative value of 8.000.000 euros.

### Industrial pollution control

With regard to donor support in this area, MEE benefits from JICA 2017-2020 project at a value of approximately USD 4 million for capacity development for air pollution control.

### **Medium-term Priority Objectives**

In order to meet the obligations arising from the SAA and other documents and mechanisms for EU accession in the areas within the scope of Chapter 27, the focus during 2021 – 2024 will be on following medium-term priorities:

- Transposition of Directive no. 2004/35 / EC on Environmental Responsibilities, Directive no. 2003/04 / EC on Access to Information, Directive no. 66/2010 / EC on Eco-label, Regulation no. 1221/2009 / EC EMAS, as well as Regulation no. 2011/832 / BE EMAS Global;
- Drafting of the Environmental Strategy 2021-2030;
- Revision of the National Air Quality Plan and drafting of the Air Quality Action Plan 2021-2023;
- Drafting the National Plan for Energy and Climate;
- Approval of the AI on extended liability of the waste producer based on the "polluter pays" principle;
- Continuation of the drafting of the management plan for the Drini i Bardhë river basin;
- Surface and groundwater monitoring programme;
- Management plans of the Ibar river basin, Morava se Binçës and Lepenc;
- Preparation of Flood Risk Maps;
- Rehabilitation of the sanitary landfill in Peja, construction of a new cell, and closure of the illegal landfill in Istog;
- Forestry Development Strategy 2021-2030;
- Biodiversity Strategy and Action Plan 2021-2030;
- Administrative / human / professional capacity building for the designation of NATURE 2000 sites;
- Increasing the number of nature protected areas for another 40 areas;
- Finalization of the Detailed Regulatory Plans for the national parks 'Sharri' and 'Bjeshkët e Nemuna';
- Drafting of 4 Detailed Regulatory Plans for national parks;
- National programme for wildlife management and hunting;
- National forest inventory III.

### 3.28. Acquis Chapter 28: Consumer and Health Protection

The EU acquis on the Chapter of Consumer Protection and Public Health consists of measures, regulation, recommendations, coordination and support for activities of Member States, including financial support. The Chapter deals with the interest of citizens in relation to consumer safety policies, economic interest and public health.

The acquis in the area of **consumer protection** includes consumer protection, product safety, selling of consumption products and their guarantees, unfair contract conditions, online sale, door to door sale, misleading information, unfair commercial practices, consumer loans, as well as cross-border implementation and cooperation. The EU Rapid Alarm System (RAPEX) is part of this as well.

In the area of **public health**, the EU acquis deals with issues related to tobacco control, transmissible diseases, blood, tissues, cells and organs, mental illness, prevention of drug abuse, and cancer diagnosis. The acquis in this area also regulates the patient rights in cross-border health care, promotion of healthy environment and prevention of injury.

Implementation of policies in consumer protection and public health requires adequate administrative capacities and infrastructure at all administrative organisational levels. In terms of consumer protection this means effective market surveillance and adequate judicial and non-judicial mechanisms for claim and dispute resolution. The EU policies aim at public involvement in policy consultation and awareness-raising in consumer protection.

*SAA Requirements*

Regarding **consumer protection**, Article 81 of the SAA obliges Kosovo to create active consumer protection policies, in line with the EU law, including enhancement of information and development of independent organisations in Kosovo, alignment of national legislation on consumer protection with the existing EU acquis, effective legal protection of consumers to ensure improvement of the quality of goods consumed, and maintaining the adequate safety standards, monitoring the regulations by the respective authorities and ensuring access to adequate legal compensation in cases of disagreement, as well as exchange of information on hazardous products.

#### Requirements from other EU accession mechanisms

In the area of consumer protection, the EC's *Kosovo 2020 Report* and the findings of the Subcommittee on Internal Market, Competition and Consumer Protection and Health, emphasize that legislation in the area of consumer protection should be harmonized with EU legislation as well as to continue raising awareness of consumer rights and obligations of traders.

According to the conclusions of the Subcommittee on Internal Market, Competition, Health and Consumer Protection, held in early 2021, regarding Consumer Protection, it was recommended by the Commission to work on further approximation of primary and secondary legislation with that of the EU. Regarding the policy framework, the Consumer Protection Program 2021-2025 is emphasized to be approved as soon as possible. It was recommended to increase the human capacities of MIET, especially of inspectors, in order to better protect consumers. Finally, it was recommended to continue with awareness-raising activities regarding the rights of consumers and the obligations of vendors, especially for online shopping.

Regarding public health, the EC Report on Kosovo - 2020 states that more financial resources should be allocated to health to allow implementation of the health sector reforms, including further roll-out of the electronic public health information system, and meet general recommendations for funding of health systems.

According to the conclusions of the 2021 Subcommittee on Internal Market, Competition, Health and Consumer Protection, on Public Health, it was stated that the legislative framework should be approved and the Law on Health and Law on Health Insurance should start implementation, together with the implementation of existing legislation, Action Plan for tobacco control. Measures should be established to provide adequate primary health care services and compulsory health insurance and further measures should be adopted to improve quality standards in health care, including investment in health promotion activities and training, while also preparing the package of benefits and placing it on the public consultation platform before starting the collection of premiums. With regard to communicable diseases, the Commission has recommended that an action plan for communicable diseases be adopted based on the ECDC recommendations. Efforts should continue to improve the level of capacity of the microbiological system for public health based on the findings of the ENLabCap survey.

### **State of Play**

#### *Legislative and Policy Framework*

#### Legislative and policy framework in the area of consumer protection

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

- Law No. 06/L-034 on Consumer Protection;

These normative acts have transposed these acquis acts:

- Directive 93/13/EEC on Unfair Contract Conditions, Directive 98/6/ EC on consumer protection in the indication of the prices of products offered to consumer;
- Directive 1999/44/EC on certain aspects of the sale of consumer goods and associated guarantees, Directive 2002/65/EC concerning the distance marketing of financial services;
- Directive 2005/29/EC concerning unfair business-to-consumer commercial practices in the internal market;
- Directive 2008/48/EC on credit agreements for consumers;

- Directive 2008/122/EC on the protection of consumers in respect of certain aspects of timeshare, long-term holiday product, resale and exchange contracts;
- Directive 2009/22/EC on injunctions for the protection of consumers' interests,
- Directive 2011/83/EU on Consumer Rights;
- Directive 1999/44/EC of the European Parliament and of the Council and repealing the Council Directive 85/577/EEC and Directive 97/7/EC.

Policy framework in this area consists of Consumer Protection Programme 2016-2020.

The Law on Consumer Protection is supported by the following secondary legislation:

- AI No. 13/2018 on the Complaints Treatment Procedure by the Department of Consumer Protection.
- AI No. 18/2018 on the form for information, time and procedures for the implementation of withdrawal from Contracts in distance and outside the business premises.
- AI No. 01/2019 on determining the form, content and use of the flag on the origin of the product.
- AI No. 05/2019 on Determining Standard Consumer Information Forms on Time-Sharing Contracts and Related Contracts
- AI No. 01/2020 on Keeping the electronic register of collective lawsuits finalized with a final judgment
- Government Decision dated 3 December 2018 on the composition of the Consumer Protection Council;

The policy framework in this area consists of the Consumer Protection Programme 2016-2020.

The legislative framework in the field of financial services consists of the following main normative acts:

- Law no. 04 / L-155 on Payment System for Users of Payment Services;
- Law no. 04 / L-018 on Compulsory Motor Third Party Liability Insurance;
- Regulation on Effective Rate and Disclosure Requirements;
- Internal Regulation for Handling Complaints;
- Regulation on the Internal Complaints Handling Process

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

- Directive 2007/64/EC on Payment Services in the Internal Market - partially;
- Directive 2009/13/EC, as well as Regulation No. 2001/25 on Licensing, Supervision and Regulation of Insurance Companies and the Insurance Intermediaries - partially;
- Directive 2008/48/EC on Credit Agreements for Consumer, which among others defines calculation of the effective rate.

### Health protection

Legislation in the area of public health consists of Law No. 04/L-125 on Health. This law has the aim of establishing legal grounds for the protection and improvement of health of the citizens of the Republic of Kosovo through health promotion, preventive activities and provision of comprehensive and quality healthcare services.

The legislative framework in the area of Health Protection consists of the following laws:

- Law on Combating and Preventing COVID-19
- Law No. 04/L-192 on Transplantation of Tissues and Cells;
- Law No. 04/L-156 on Tobacco Control;
- Law No. 02/L-78 on Public Health; Law No. 02/L-76 on Reproductive Health;
- Law No. 02/L-109 on Prevention and Fighting Against Infectious Diseases;
- Law No. 02/L-128 on Narcotic Medicaments, Psycho-tropes and Precursors;
- Law No. 05/L-025 On Mental Health;
- Law No. 2004/38 on the Rights and Responsibilities of the Kosovo Residents in the Health Care;

- Law 02/L-76 on Reproductive Health;
- Law No. 03/L-110 for termination of pregnancy;
- AI No. 06/2013 on Medically Assisted Conception;
- AI No. 05/2011 on Prevention and Control of Hospital Infections;
- AI No. 05/2010 on Vaccinoprophylax, Seroprophylax and Kimioprofilax;
- AI No. 08/2015 on Clinical and Protocols;
- AI - On the activity, structure and functions of health services for HIV/AIDS.

These normative acts have transposed the following acquis acts:

- Directive 2002/98/EC on setting standards of quality and safety for the collection, testing, processing, storage and distribution of human blood and blood components regardless of purpose;
- Directive 2004/33/EC, through which is applied Directive 2002/98/EC in relation to technical requirements for blood and blood components;
- Directive 2005/61/EC, through which is applied Directive 2002/98/EC in relation to traceability and reporting of serious adverse reactions and events;
- This Law partially transposes Directive 2004/23/EC on the Establishment of Quality and Safety Standards for the Donation, Procurement, Testing, Proceeding, Preservation, Storage and Distribution of Human Tissues and Cells.
- The Law in question partially transposes Directive 2001/37/EC on the Production, Presentation and Sales of Tobacco Products, Directive 2003/33/EC on the Advertising and Sponsorship of Tobacco Products and the Council Recommendation 2002 on the Prevention of Smoking and Tobacco Control Improvement Initiatives.
- This law partially transposes Directive 2006/141/EC on Infant Formula and Subsequent Formula.

Regarding the policy framework, the competent institution for the development of health protection policies is the Ministry of Health. This legislation implementation institution possesses a number of strategies, programmes and action plans described in the following.

The Health Sector Strategy 2017-2021 defines three strategic objectives for the development of health sector, including: Health Preserving and promoting, ensuring sustainable health financing and reorganizing the health sector. The Ministry of Health in order to continue improving the health of mother, child, adolescent and reproductive health has finalized the Strategic Plan 2019-2021 on mother, child, adolescent and reproductive health (SPMCHARH).

The Strategic Plan provides a comprehensive framework in efforts to achieve the goal of reducing the morbidity and mortality of mothers and children in the Republic of Kosovo.

This document promotes an integrated approach for implementation of activities and recommendations that support policies and programmes of the Ministry of Health, as well as global goals of this area in general.

Taking into account the state of mother and child health in our country, the need to address the problems in this area is considered a priority of the Ministry of Health and for this purpose the Sectorial Health Strategy 2017-2021 has foreseen within the Strategic Objective "Health Preservation and Promotion", Specific Objective 2: Improvement of mother and child health.

The expanded immunizations programme is a document that determines the mandatory vaccines, which are used to immunise children of certain age at certain time intervals. Aiming at addressing the inequality, the Ministry of Health, in cooperation with the relevant partners and supported by the World Health Organisation (WHO), has started the process of reorienting the programme in order to increase the level of immunization for children of Roma, Ashkali and Egyptian communities. With this in mind, a number of activities are taking place, in order to ensure the inclusion of such children in the regular vaccination.

*Institutional Framework*

*Consumer protection*

Institutional framework in this area consists of following institutions:

- Ministry of Industry, Entrepreneurship and Trade, namely the Department for Consumer Protection and the Market Inspectorate;
- The Central Bank of Kosovo, specifically the Division on Appeals Review for Financial Service Users in CBK.

Another important body in consumer protection is the Council for Consumer Protection, established through the Law on Consumer Protection. The Council has been expanded from 7 to 16 members, by the Government's Decision No. 05/77, dated 4 December 2018. Members of the Council represent MIET, Food and Veterinary Agency (KFVA), Kosova Chamber of Commerce (KCHC), Kosovo Business Alliance (KBA), Central Bank of Kosovo, Energy Regulatory Office, Independent Media Commission, the Non-Governmental Organisations "Konsumatori", "LENS", "FOL" and "Kallxo.com", and the GAP Institute. The Council responsibilities are of a counselling nature in the area of consumer protection, while it is also responsible to draft the Programme for Consumer Protection, and the monitoring of its implementation.

#### Health protection

The main body in the area of Health Protection is the Ministry of Health. The Competent bodies for the implementation and monitoring of the law on tobacco control are: Central Inspectorates of line ministries: Health Inspectorate (MH), Sanitary Inspectorate (FVA), Market Inspectorate (MIET), Labour Inspectorate (MFLT), Education Inspectorate (MESTI), Transport Inspectorate (MESPI), Kosovo Police (MIA), Anticorruption Agency and Municipal Inspectorates. The current administrative capacity to enforce the tobacco control law is currently insufficient.

Transfusion activity in the Republic of Kosovo is performed by authorized transfusion institutions organized in two levels; National Centre for Blood Transfusion and Blood Transfusions Units that function within regional hospitals.

The Health Inspectorate operates within the Ministry of Health and has 25 employed inspectors.

The Inter-Ministerial Council for Tobacco Control was established by the Government of Kosovo based on the Law on Tobacco Control and has 15 members: Ministry of Health, Ministry of Education, Science, Technology and Innovation; Ministry of Finance, Labor and Transfers; Ministry of Justice; Ministry of Internal Affairs, Ministry of Environment, Spatial Planning and Infrastructure, Ministry of Economy; Ministry of Agriculture, Forestry and Rural Development, Ministry of Culture, Youth and Sports; as well as health professionals, media representatives and civil society. This council is competent for proposing preventive measures, awareness, and education and at the same time monitors their implementation.

Other institutions responsible to implement the legislation in the health sector are the National Institute on Public Health, Municipalities/Inspectorates, Health Institutions and National Board on Cancer Control.

#### ***Donor Support***

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

##### *Current and planned IPA Projects*

#### Consumer protection

- Description: Free Movement of Goods 2 - The Consumers Protection Component aims to support awareness-raising activities, to further approximate legislation with the EU acquis, to support the Department for Consumer Protection in active participation in relevant European and international organisations and in staff training.
- Beneficiary: Ministry of Industry, Entrepreneurship and Trade, namely the Department of Consumer Protection.
- Period of implementation: 2018 - 2020.

*Support to the Kosovo institutions in the integration process* is the programme of the Luxembourg government which aims to increase the institutional capacity of the Republic of Kosovo in implementing the priorities deriving from the SAA. This project started in 2019 and will provide support to Kosovo institutions in the area of consumer protection.

#### Health protection

- The health sector is supported by the project “Accessible and Quality Health Care” funded by the Swiss Government/SDC. The project will focus on Primary Health Care and aims to improve the health of the population of Kosovo by improving access to health services, quality of services and health management by empowering the needs of patients (especially vulnerable groups). This project is being designed for the second phase which is expected to start in 2020.
- The Government of Luxembourg through the project Support to the health system of Kosovo SOC 017 (phase 2). The project will continue to support the health sector in developing health sector reforms in amount of 6.000.000. The second phase of this project will start during 2020.
- The Global Fund will continue to support activities in preventing TB and funding the continuation of the project "Prevention of HIV in Kosovo".
- The United Arab Emirates have started the construction of the Paediatric Surgery Hospital at UCCK at a value of EUR 22,000,000. The paediatric hospital construction project will be completed in 2021.
- The health sector will continue to be supported through the project "Support to the health system" funded by the Italian Government. The remaining project budget will be 628,869 and will focus on developing cardiac surgery with the aim of making the cardiac surgery clinic operational through professional staff training, provision of expertise by Italian experts and purchase of equipment.
- *Support to Kosovo institutions in the integration process* is the programme of the Government of Luxembourg which aims to increase the institutional capacity of the Republic of Kosovo in implementation of the priorities deriving from the SAA. This project started in 2019 and will provide support to Kosovo institutions in the area of health protection.

#### **Medium-term Priority Objectives**

In order to meet the obligations arising from the SAA and other documents and mechanisms of EU accession within the scope of Chapter 28, the focus during the period 2021-2025 will be on these medium-term priority objectives.

#### Consumer protection:

- Implementation of the Consumer Protection Program 2021-2025;
- Strengthening and further development of administrative capacities in the Department of Consumer Protection;
- Continuous increase of the level of involvement of consumer associations as well as relevant actors in the field of consumer protection;
- Continuous realization of awareness and awareness activities for consumer protection.

#### Health protection:

- In the legal aspect, in the mid-term plan will continue the alignment of the primary and bylaws with the EU acquis in the area of patients’ rights in the cross-border healthcare, mental health, blood, tissue, cells, injury prevention, smoking, diet, psychological and physical activity.
- In terms of institutional capacity, for the next 2 years the functionalization of state authority, namely Biomedical Division established on the basis of the Law on Transplantation of Tissues and Cells will be done.
- With regard to implementation measures, the focus will be in implementing the existing strategies, with special focus on: cancer control, promotion of health education, primary healthcare, mental health, antimicrobial resistance, programme for immunisation of mother, children and adolescent, reproductive health, vaccination and HIV-AIDS.



- Full operationalization of the health insurance system, including the necessary legislative framework, collection of premiums through the Insurance Fund and the health information system, is another priority aspect for the medium term.

### **3.29. Acquis Chapter 29: Customs Union**

The acquis in the area of customs union consists almost exclusively of legislation which is directly binding for the Member States. It includes the EU Customs Code and its implementing provisions, combined nomenclature, common customs tariff and provisions on tariff classification, customs duty exemption, duty suspensions and certain tariff quotas, and other provisions, such as those on customs control of counterfeit and pirated goods, drugs precursors, export of cultural goods, as well as on mutual administrative assistance in customs matters and transit. Member States must ensure that the necessary implementing and enforcement capacities, including links to the relevant EU computerised customs systems, are in place. The customs services must also ensure adequate capacities to implement and enforce special rules laid down in related areas of the acquis, such as external trade.

#### *SAA Requirements*

Actions in the area of customs have been undertaken in accordance with obligations deriving from Stabilisation and Association Agreement, Articles 17, 18, 19, 39, 48, 75, 93 and 104. Articles 17, 18, 19, 39, 48 and 93 particularly outline strengthening of cooperation with countries in the region that have signed the SAA, while Article 49 and Protocol 3 stipulates the originating rules for implementation of this Agreement.

The Stabilisation and Association Agreement, particularly Article 104 refers to customs. This Article obliges the parties that will enter into cooperation in this area with the purpose of guaranteeing compliance with provisions to be adopted in the area of trade and to reach approximation of the customs system of Kosovo with the one of EU, thus contributing towards achievement of liberalization measures foreseen by this Agreement and to gradually approximate Kosovo customs legislation with the EU acquis. The cooperation will take into account the priority areas related to the EU customs acquis. In this aspect, Protocol 4 establishes the rules for mutual administrative assistance in the area of customs, between the parties. Also, in order to ensure free trade, the Customs will enhance administrative capacities in the area of fighting informal economy, and the area of protection of intellectual property (Chapter VI, Article 4.3).

Within Protocol 3, following the entry into force of the SAA, Kosovo should sign and ratify the Convention on Pan-Euro-Mediterranean preferential rules of origin, as the convention that implements SAA regarding the area of trade.

Customs is considered as one of the key areas in the implementation of obligations deriving from SAA on free movements of goods, implementation of facilitating trade measures as well as fighting fiscal evasion, contraband and piracy for a stable economic development. This covers legislation aligned/adopted with acquis, strategic documents, structuring of Customs Administration, administrative capacities and the rule of law.

#### *Requirements of other EU accession mechanisms*

Based on the EC's Kosovo 2020 Report, Kosovo is moderately prepared in the area of customs. Progress has been made since the strategy and action plan for combating the informal economy were adopted and Kosovo continued to perform positively in implementing customs measures, in particular the protection of intellectual property rights (IPR). The recommendations in last year's report have not been fully addressed and in the future, Kosovo should in particular further harmonize customs legislation, strengthen coordination between Kosovo Customs, law enforcement agencies and other relevant institutions to combat the informal economy and customs fraud. The Customs should start to abandon the use of privately owned customs terminals and abolish the relevant tariffs charged to exporters / importers, in accordance with EU customs legislation.

Conclusions drawn at the Subcommittee require that the Kosovo Customs and Excise Code be adopted to further align it with the EU acquis and practices, as well as to further strengthen coordination between

Kosovo Customs, law enforcement agencies and other relevant institutions to combat the informal economy and customs fraud. The principles of good human resources management and merit in recruitment and promotion policies in Kosovo Customs should be applied. It is also recommended that the Customs should consider applying for the Customs 2020 Programme, which aims at further improving the customs capacities in the approximation with the EU.

Kosovo apply the provisions of the Regional Convention on preferential Pan-Euro-Mediterranean rules of origin without ratifying it. Protocol III lays down the rules of origin for the implementation of the provisions of this Agreement. PROTOCOL III - Refers to the CONCEPT OF "ORIGIN OF PRODUCT". For the purpose of implementing this Agreement, Annex I and the relevant provisions of Annex II on the Regional Convention on preferential pan-Euro-Mediterranean rules of origin (hereinafter referred to as the "Regional Convention") shall apply. All the references to "relevant agreement" in Annex I to the Regional Convention and in the relevant provisions of Annex II to the Regional Convention shall be construed as provided in this Agreement.

The Regional Convention on Pan-Euro-Mediterranean Preferential Rules - contains uniform rules of origin which are binding on all Contracting Parties to apply under the Free Trade Agreement which they have mutually concluded.

Annex I - of the Convention contains general provisions defining the concept of originating products and methods of administrative cooperation.

Annex II of the Convention contains specific provisions applicable between the designated Contracting Parties and exemption to the provisions set out in Annex I.

### ***State of Play***

#### *Legislative and Policy Framework*

In the recent years, Customs has made significant progress and has undertaken a number of positive steps towards modernization and development, which aim to approximate the administration procedures and systems with those of EU.

Kosovo Customs has continued to improve its legislation. On 8 May 2018, the Law No. 06/L-015 on Customs Measures for the Protection of Intellectual Property Rights has been published in the Official Gazette. During the end of 2017, 2018 and 2019 several domestic bylaws (including those that have only been amended) have been adopted, of which the most important are listed below:

- AI No. 43-2017 on procedures for granting authorization for approved exporters' procedures. The purpose of this AI is to enhance simplified procedures during issuance and verification of reduction of administrative costs and time by being authorized as a certified exporter.
- AI No. 44-2017 amending AI 86/2010, which specifies the obligation to place fiscal controlling signs (banderols) in alcoholic beverages. This AI specifies the conditions and criteria to be met for issuing a license for banderols, to the entity that deals with the import, production of alcoholic beverages and the setting out the sanctioning measures.
- AI No. 45/2017 amending the AI No. 37/2016 on the establishment of employment relationship for Customs Officers. This AI has amended Article 45 dealing with the promotion, Article 94 dealing with the schedule of using annual holiday and Article 98 dealing with the compensation of educational activities.
- AI No. 46/2018 on the implementation of selective controls on customs operations. This rule of AI for the implementation of selective controls is defined by using risk management techniques.
- AI No. 47-2018 amending the AI No. 36/2016 on salaries, allowances and remunerations applicable to Kosovo Customs.
- AI No. 48-2018 amending the AI No. 92/2011 which defines the places where customs offices will be located, the working hours, routes and deadline for goods brought to Kosovo.
- AI MF-KC No. 471/2018 amending AI No. 36/2016 on salaries, allowances and remunerations applicable to Kosovo Customs, dated 18.01.2018;

- AI No. 48/2018 amending AI No. 24/2016 which has amended the AI No. 92/2011 which defines the places where the customs offices will be located, the working hours, routes and the deadline for presenting goods brought to Kosovo, dated 19.03.2018;
- AI No. 49/2018 amending the AI No. 69/2009 laying down the conditions for the transport of excise products and the documents that should accompany them, dated 18.05.2018;
- AI No. 50/2018 amending the AI No. 103/2012 on the inventory of Kosovo Customs property, dated 07.06.2018;
- AI No. 51/2018 amending the AI No. 106/2012 on assessment of the property of Kosovo Customs, dated 07.06.2018;
- AI No. 52/2018 amending AI No. 33/2016 on the Treatment and Administration of Seized and Confiscated Goods, dated 20.06.2018;
- AI (MF-KC) No. 53/2018 on the implementation of Law No. 06/L-015/2018 on Customs Measures for the Protection of Intellectual Property Rights, dated 16.07.2018;
- AI No. 57/2019 amending AIs No. 39/2017 on the organisational structure of Kosovo Customs and its annexes.
- AI No. 58/2019 laying down special rules for the regulation and operation of customs during the transition following the change of status for civil staff employed in Customs to public officials.
- AI No. 59/2019 amending AI No. 39/2017 on the organisational structure of Kosovo Customs and its Annexes, as amended by AI No. 57/2019.
- AI No. 60/2019 amending AI No. 37/2017 regulating the employment relationships of Customs officers.
- AI (AI) 64/2020 which amends the previous AI 62/2019, for the registration of customs representatives in the customs procedure;
- AI 65/2020, which amends AI 55/2019, on the designation of the place of customs offices, itineraries and deadlines for declaration of goods for customs clearance.
- AI 66/2020, on Kosovo Customs for the management of non-financial assets.

Overall, Kosovo's legislation in the area of customs duties has been assessed to be largely in line with the EU acquis and customs framework.

As far as the transposition of acquis acts in these normative acts is concerned, Kosovo Customs, as its primary legislation, implements the Law No. 03/L-109 on Customs and Excise Code, dated 10 November 2008, amended by Law No. 04/L-099, dated 3 May 2012. This law is partially in line with the EU Customs Code, namely with EU Regulation No. 952/2013 of the European Parliament and of the Council, of 9 December 2013, laying down the Union Customs Code.

Implementing provisions of the Customs Code are contained in AI 11/2009 of 2009, signed by the MFLT.

The legislative program for 2021 has been approved, the draft law amending the Customs and Excise Code of Kosovo has been included in the legislative program of 2021, and is planned to be approved during Q4 2021.

#### *Institutional and Policy Framework*

The institutional framework in this area comprises of the following institutions:

- Ministry of Finance, Labour and Transfers, including Kosovo Customs; and
- Other institutions for specific aspects in interaction with MFLT, such as MIET, MIA, MAFRD, etc.

The Kosovo Customs Administration operates under the authority of MFLT which is the responsible body to implement customs policies in the Republic of Kosovo and to ensure rightful and comprehensive application of customs rules and other applicable provisions for good, which are subject to customs supervision. The new Customs and Excise Code was adopted by the Kosovo Assembly on 11 November 2008 and amended in 2012, and is in line with EU legal standards and aims economic development of the Republic of Kosovo. The Kosovo Customs and Excise Code is expected to be revised during 2021.

Besides the responsibility to collect custom duties, Kosovo Customs is the main institution to collect VAT and the Excise tax at borders, and is responsible to protect the society from smuggling drugs and other forbidden goods, which have a negative impact and constitute economic crime and fiscal evasion.

Kosovo Customs operates throughout the Kosovo customs territory, including the north, in two borders points with Serbia, in order to implement the Customs and Excise Code of Kosovo (No. 03/L-109) and unify customs procedures.

Kosovo Customs has been developed in accordance with the EU standards and is completely financed by the Kosovo consolidated budget and currently employs around 591 employees. Customs invests in its staff, in order to keep up with new developments, always in accordance with the Customs Operative Strategy and Blueprint (EU Document).

In terms of strategic documents, Kosovo Customs operates based on the Operational Strategy. At the end of 2019, the Strategic Plan 2020-2024 has been finalized and approved. On 31 March, the Kosovo Customs approved the Action Plan for 2020, which implements the Strategic Plan of KC for the period 2019-2021. This strategy defines the goals and objectives set by the Government of the Republic of Kosovo.

The SEED application remains one of the most important tools for the pre-arrival information exchange with Montenegro, Albania, Serbia and North Macedonia.

Kosovo Customs collects approximately 58% of the Kosovo budget income. IMF has continuously praised the service for its performance, comparing it to the services of Western Europe.

During the period January-November 10, 2020, the Kosovo Customs has collected € 880,891,293.42, compared to the same period of the previous year, represents a decrease of 11.56%, as a result of the impact caused by the COVID 19 pandemic.

Customs has undertaken internal reforms in order to accommodate the business needs, decrease the expenses and the bureaucratic procedures which reforms shall indirectly serve also as anticorruption preventive measures.

With regard to trade facilitation, Customs constantly strives to maintain a balance between control and facilitation of trade, creating appropriate conditions for customs clearance and acceleration procedures. The green channel and the blue channel enable legitimate businesses to complete customs procedures within 30 minutes from the moment of entering customs control. Also, the Paperless concept for customs clearance of goods was recently introduced. During the reporting period, 10.5% of the cargo is processed in the blue channel and 42.99% in the green channel, while 14.29% in the yellow channel. In order to further enhance performance and facilitate trade, reform will continue for the entire administration and increase the number of businesses that will use the Green Channel. Customs has prepared the infrastructure for the elimination of business registration for export-import, sale of goods online, and the E-Payment project has been implemented.

In the context of trade facilitation, the Customs applies the I-Customs Information System as a Mandatory Information of Origin (BOI), Mandatory Tariff Information (BTI), Authorized Economic Operators (AEO), Authorized Exporter Status, and Customs Procedures with economic impact etc.

During 2019, two entities have been authorized for AEO, while in 2020, one entity has been authorized for AEO, where so far there are a total of three authorized entities. Three other entities are in the evaluation procedure, a decision is expected within the calendar year. During 2020, with the support of GIZ, validation groups have been established within CEFTA member countries, for the validation of the AEO programme of CEFTA member countries, for mutual recognition as provided in Additional Protocol 5. Participants in this pilot project were also the team for validation of Kosovo Customs.

An important step is also the introduction of the Secure Line (free telephone line) which resulted in increase of actions and information regarding corruptive actions. Over 95% of the information received from the citizens resulted as accurate.

In line with the Strategy for Combating the Informal Economy and based on high-priority assessment, the Directors-General of KC and TAK reached an agreement in August to establish joint groups to combat the informal economy. This will be achieved by establishing groups of analysts to target areas and entities at high risk of tax evasion, and designating joint teams that will carry out controls on targeted areas by the joint group of analysts.

Also, inner control have been intensified, mainly at high risk places specified by Kosovo Customs' intelligence and also based on information obtained from the public through the National Border Management Centre. The checks were carried out by targeting smuggled goods, import fraud during customs clearance, such as origin, tariff classification, infringement of intellectual property rights, consumer fraud, etc. Special emphasis was given to strengthening cooperation and joint activities with other law enforcement agencies such as Kosovo Police, Food and Veterinary Agency, Pharmaceutical Inspectorate, Market Inspectorate, etc.

In order to enhance international customs cooperation, Kosovo has signed 12 bilateral agreements/memoranda with EU and regional countries, while other agreements are being negotiated. Also, Kosovo aims to be granted with informal status of observer in Joint Transit Convention. Whereas, for the purpose of implementing Protocol 4 of SAA on administrative assistance in customs matters, Customs has exchanged the point of contact with OLAF through which information will be exchanged with a view to preventing, investigating and combating illegal cross-border activities.

Kosovo joined the World Customs Organization on 25 January 2017, becoming its 182<sup>nd</sup> member state. During 3 years as a member of WCO Kosovo Customs is benefiting by adapting all customs areas to further advance in line with the most professional world standards.

Furthermore, in January 2020 Kosovo acceded to two (2) international conventions administered by the World Customs Organization. Kosovo Customs, being fully committed as a WCO member, will become a Contracting Party to key international conventions, with the aim of further developing the customs administration and developing international trade procedures.

On March 19, the EU-Kosovo Agreement for participation in the *EU Customs 2020 Programme* was signed, while on July 23, the Assembly of Kosovo ratified the agreement in question.

Regarding the protection of Intellectual Property Rights (IPR), the Kosovo Customs applies the Law on Customs Measures for Protection of Intellectual Property Rights (Law No. 03/L-170) as part of State Council on Intellectual Property, which aims enhancement of inter-institutional cooperation and coordination. In general, all of the abovementioned institutions have specific responsibilities which contribute in appropriate development of the IPR area.

All these systems developed are reflected in transparency and eliminate the discretion and decision-making of the customs officer. Customs is also working on a number of new modules, which will further advance and modernize our organisation, including: audit case selection system, case management and archive system, a trade portal that will provide a more transparent access to the entities during the customs clearance procedure.

Kosovo Customs has also advanced with systems and facilitating procedures. In terms of systems, the latest version of the ASYCUDA World 4.3.2 custom system has been applied, which has enabled many modules to add some features that were missing in the previous version. Now with the new version of the transit module it is made possible and has started immediately with the attachment of invoices and other relevant documents that facilitate the risk analysis in transit. Also in the process are many other changes that will directly affect the simplification of customs procedures.

Within the process of digitalization of business processes in Kosovo Customs, the project Enterprise Content Management (ECM) is being developed, which is part of the Law Enforcement Platform which enables departments and sectors within the KC to communicate through the system in developing customs procedures, such as: Generating the requests for authorizations, licenses, reports, case generation and

correlation of cases based on fiscal number, request protocols, mails and official documents electronically, which take electronic protocol numbers, approval of applications, issuance of authorizations, etc., and all of these are done within a single system.

The OPEN Data platform has also been functionalized; this platform enhances the level of transparency and assures everyone that Customs is a transparent and credible institution. The OPEN DATA platform contains several categories as follows:

- Trade balance over the years, where all interested parties can find Kosovo's trade exchange with all countries, both in terms of import as well as export.
- CEFTA, this category clearly shows Kosovo's trade exchanges with all member states that are part of the CEFTA international Agreement.
- SAA reflects the Customs activity, namely all data related to the implementation of the Stabilisation and Association Agreement in the aspect of trade since April 2016.
- Monthly/yearly performance is a category that enables everyone interested in the work of the Customs and our performance.
- Customs clearance time indicates the time needed for customs clearance of goods, both in import and export.

Development of systems facilitates the work of customs officers, as well as provides additional capacities:

- Online system for customs warehouse management - enables electronic online oversight of all authorized customs warehouses. This system enables the Customs, an accurate and up-to-date control of all entry/exit points of warehouses and customs procedures, thus the Customs controls during 24 hours the warehouses without physical presence.
- Games of Chance System - enables the identification and oversight of activities of authorized entities for games of chance activities. The system provides to Customs the flexibility in finding company data and their payments in real time.
- 'Online' declaration of monetary means - it is created the possibility of declaring monetary means, it is expected the connection of this system with CBK and Financial Intelligence Unit. The system enabled the removal of classic forms, which were filled by the officials and now the system enables automatic monetary reporting and calculations.
- System for Identification of customs offenses - the system enables the management of entire process of customs offenses, starting from the initial phase until the completion of the case.
- Online sale (e-auction) - we developed a system that enables online sale of confiscated goods. Its activation is expected during 2017.
- System for Authorizations and Normative - a system has been established which records and manages all authorizations for procedures with economic impact (customs warehouse, internal processing, etc.), in the customs processing procedure.
- System for registering bank guarantees - a system has been created which manages all bank guarantees at the level of the entire institution.
- Excise return management system for manufacturers - the system enables management of authorizations for manufacturing entities.
- System for Decision Review Sector - enables the identification and management of cases (complaints), which are presented in the decision review section.
- International cooperation system - identifies and manages all requests related to international exchanges.
- ASG Selection System - this system enables automatic selection of cases for second checks.
- Cargo Selection System for Simplified Procedures - it is established a system which randomly selects for detailed controls a number of cargoes which are authorized for the simplified procedure.
- With the support of UNICTAD, a module in the automatic data system (Asycuda) is being developed, which records and manages all authorizations, norms, raw material stocks, and the final product for Excise Goods Depots and Excise Goods Traders.

- Fiscal stamp - banderols management system - ECM/LESS enables the management of orders and the supply of importing/ manufacturing entities with banderols for tobacco products and alcoholic beverages.

### *Medium-term Priority Objectives*

In the medium term plan, the main legal priority that is foreseen to be accomplished is:

- Continuous approximation of the legal framework with the EU acquis, including bylaws for implementation of the Customs Code.

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

- Modernization of Kosovo Customs according to the standards of the EU Customs Code (EU Blueprint)
- Implementation of the Economic Operators Authorization (AEO) Programme;
- Implementation of the *EU Customs 2027 Programme*;
- Further strengthening of coordination between Kosovo Customs, law enforcement agencies and other relevant institutions to combat the informal economy and customs fraud;
- Finalizing of the information exchange of border agencies through SEED + at national level of CEFTA countries.

### **3.30. Acquis Chapter 30: External Relations**

The acquis in this area consists mainly of EU acquis, which is directly applicable and does not require transposition into national legislation. This legislation of the EU in essence results from multilateral and bilateral commitments of the EU in the area of trade, as well as from a number of autonomous trade measures. In the area of export credits and dual-use goods, some Directives require amendment of national legislation.

In this context, candidate countries are required to progressively align their policies towards third countries and to align their positions within international organisations (e.g. WTO, OECD) on policies and positions adopted by the EU and the Member States.

In the area of development policy and humanitarian aid, EU Member States shall comply with the EU acquis and international commitments and ensure the capacity to participate in development and EU's humanitarian policies.

#### *SAA Requirements*

The obligation for the approximation of legislation with the EU derives from Article 74 of the SAA, a provision according to which Kosovo has not only the obligation to bring its national legislation in line with EU law, but also to ensure its implementation.

The SAA includes a part of the free trade agreement between Kosovo and the EU. It includes provisions in several areas requiring the parties to act in accordance with international rules or obligations. Moreover, the SAA regulates the economic cooperation with the EU and other countries that have SAA into force, such as customs cooperation (protocol on customs cooperation), implementation of WTO rules on free trade, etc. Kosovo's obligations under the determination contained within the SAA on trade policy and economic cooperation are provided under the following Articles: 20, 23, 24, 27, 31, 33, 38, 39, 45, 60, 64, 74, 75, 76, 94, and 104. The obligations in this Programme are addressed by the relevant chapters for free movement of goods, customs, monetary and economic policies, etc.

#### *State of Play and Perspective*

Within the economic relations and general framework of the EU integration perspective, Kosovo is currently benefiting from the preferential trade measures of the EU for the Kosovo's export. For more about the economic cooperation with the EU, please see Chapter on Economic Criteria and that of economic and

monetary policy. Moreover, the Republic of Kosovo already is a member of the World Bank, the International Monetary Fund and several international financial institutions. Kosovo is also benefiting from the unilateral preferential trade system for export of some products in the USA, Japan, Switzerland and Norway. Whereas, regarding economic cooperation with other countries, Kosovo has signed several bilateral agreements for the elimination of double taxation (AEDT). The Agreement for Elimination of Double Taxation (AEDT) is an agreement/convention between two states for taxation or elimination of double taxation. Thus, it aims to determine the state that has the right of taxation on the same income or capital in the cases when a person is taxable in both states.

Kosovo is implementing 11 agreements on the Elimination of Double Taxation in Incomes and Capital Tax and combating tax evasion and tax avoidance, which are currently in force. 3 of these agreements were signed at the time of former Socialist Federal Republic of Yugoslavia with other countries. The countries with which Republic of Kosovo signed agreements for Elimination of Double taxation in Incomes and Capital Tax and combating tax evasion and tax avoidance are the following: Belgium in effect since 13.04.2012, Great Britain in effect by former SFR Yugoslavia in 01.04.1982, while in force in RKS since 06.09.2010, Finland in force by SFR Yugoslavia 1987 while in force in RKS since 08.09.2011, Germany in force by SFR of Yugoslavia since 26.05.1983, while in force in RKS since 02.04.2010, the Netherlands in force by SFR of Yugoslavia since 06.02.1983, Hungary in force since 12.03.2014, North Macedonia in force since 11.04.2013, Slovenia in force since 18.06.2015, Albania in force since 11.03.2015 and Turkey ratified by Kosovo on 07.11.2012. During 2017, it was managed to be concluded the agreement between Kosovo and Switzerland; Kosovo and Austria; Kosovo and Luxembourg.

During 2018, Agreements with Belgium, Lithuania, Latvia, and Malta were negotiated; whereby approximated the text at the technical level. Meanwhile, negotiations with Qatar and Kuwait have been initiated.

In 2018 Kosovo signed the Joint Declaration on Cooperation with EFTA countries. The cooperation with EFTAs countries is planned to be advanced during 2020. The first meeting of the Joint Committee between Kosovo and EFTA will be held in November 2020 (virtual meeting).

Kosovo will continue to provide its contribution under the Berlin Process, respectively under MAP/REA. Also, Kosovo will continue to advance trade relations with EFTA countries until the final goal is achieved namely the signing of FTA with EFTA countries.

#### CEFTA Agreement

CEFTA (Central European Free Trade Agreement) agreement is a free trade agreement consisting of eight countries of the Western Balkan region: Kosovo, Albania, North Macedonia, Montenegro, Serbia, Bosnia and Herzegovina and Moldova. UNMIK has signed the CEFTA Agreement on behalf of Kosovo in 2006, which entered into force since 2007.

The first CEFTA Agreement was signed between Poland, Hungary, the Czech Republic and Slovakia in December 1992 and became effective in July 1994. Through CEFTA these participating countries were mobilized to access political, legal and economic institutions of the EU, thus strengthening their democracy and market economies. Since, in 2007 all previous parties to CEFTA entered the EU and left the CEFTA, it was decided to expand CEFTA to the part of the Balkans left outside the EU.

It is noteworthy that the free trade of goods has been negotiated and currently negotiations for services are taking place between CEFTA countries (Albania, Bosnia and Herzegovina, North Macedonia, Moldavia, Serbia, Montenegro and Kosovo).

Negotiations for services with CEFTA countries were concluded in December 2016 and in total were 9 rounds of negotiations. In December 2019, CEFTA countries approved Additional Protocol 6 on Trade in Services.

Also during 2018 and 2019 the light of CEFTA negotiations, were held meetings of the Working Group on Recognition of Professional Qualifications in the Countries of the Region (CEFTA Members) where were



defined the stands by the representatives for the respective professions and it was ascertained that it is necessary to begin negotiations as soon as possible in selected sectors, such as: General Practitioners, Dentists, Civil Engineers and Architects. The negotiations were held in 2019 but were suspended until a new decision by WB6 Prime Ministers.

Negotiations for Additional Protocol 7 on the Settlement of Trade Disputes started in October 2020 and the next round will take place in January 2021.

#### Other agreements

Kosovo has implemented 11 bilateral agreements on elimination of double taxation, which are currently in force. Some of these conventions were also concluded by the former Socialist Federal Republic of Yugoslavia with other countries. The countries with which the Republic of Kosovo has signed Agreement on the Elimination of Double Taxation are the following: the Convention between the Republic of Kosovo and the Grand Duke of Luxembourg on the elimination of double taxation in income and capital taxes and prevention of fiscal evasion and fiscal avoidance. Date of publication: 18.01.2018.

- Agreement between the Government of the Republic of Kosovo and the Swiss Confederation on the avoidance of double taxation on income taxes and the prevention of fiscal evasion and tax avoidance. Date of publication: 17.08.2017.
- Agreement between the Government of the Republic of Kosovo and the Government of the Republic of Croatia for the avoidance of double taxation and the prevention of tax evasion with respect to taxes on income and on capital. Date of publication: 08.06.2017.
- Agreement between the Government of the Republic of Kosovo and the Government of the United Arab Emirates for the avoidance of double taxation and the prevention of tax evasion with respect to taxes on income and on capital. Date of publication: 21.10.2016.
- Agreement between the Government of the Republic of Kosovo and the Government of the United Kingdom, of Great Britain and Northern Ireland for the avoidance of double taxation. Date of publication: 09.07.2015.
- Agreement between the Government of the Republic of Kosovo and the Council of Ministers of the Republic of Albania for the avoidance of double taxation with respect to taxes on income and on capital and the prevention of fiscal evasion. Date of publication: 25.04.2014.
- Agreement between the Government of the Republic of Kosovo and the Republic of Slovenia for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital. Date of publication: 14.04.2014.
- Agreement between the Government of the Republic of Kosovo and the Czech Republic on avoidance of double taxation and prevention of fiscal evasion with respect to taxes on income. Date of publication: 27.03.2014.
- Agreement between the Republic of Kosovo and Republic of Hungary on the avoidance of double taxation and the prevention of tax evasion with respect to taxes on income and on capital. Date of publication: 13.01.2014.
- Agreement between the Republic of Kosovo and the Republic of Turkey on the avoidance of double taxation and prevention of fiscal evasion with respect to income tax. Date of publication: 08.11.2012.
- Ratification of the International Agreement between Kosovo Republic of North Macedonia and Republic of North Macedonia on avoidance of double taxation and prevention of fiscal evasion with respect to income and capital tax. Publication Date: 06.06.2011.

The Republic of Kosovo has signed a number of economic cooperation agreements with EU countries and other countries. Below you will find a list of only those signed in 2018-2019, whereas the full list of agreements can be found in the Official Gazette:

- Agreement on Economic Cooperation between the Ministry of Trade and Industry of the Republic of Kosovo and the Ministry of Industry and Trade of the Czech Republic (July 2019);
- Bilateral agreement on economic and political cooperation with the United Kingdom has been negotiated and is expected to be approved. This agreement aims to cover the vacuum created by

Britain's exit from the EU and as a result of the Stabilisation and Association Agreement with the Republic of Kosovo;

- Agreement between the Republic of Kosovo and Albania on cooperation, promoting business and informing the diaspora;
- Agreement between the Republic of Kosovo and Canada on Investment Promotion and Protection (May 2018);
- Cooperation Agreement between the Republic of Kosovo and Japan (February 2018).

With regard to international trade relations, the President has decreed a free trade agreement between the Republic of Kosovo and the Republic of Turkey in June 2019. Regarding the international trade relations, in June 2019 the President decreed the free trade agreement between the Republic of Kosovo and the Republic of Turkey and on 1 September 2019 it entered into force. Kosovo has negotiated with the United Kingdom a partnership, trade and cooperation agreement and this agreement was signed in December 2019. Kosovo has also signed a series of bilateral and multi-lateral agreements on financial cooperation and grants aimed at financing various projects in Kosovo from state donations and international financial institutions.

### **3.31. Acquis Chapter 31: Foreign, Security and Defence Policy**

The Common Foreign and Security Policy and the European Security and Defence Policy are based on legal acts, including legally binding international agreements, and on political documents. The acquis consists of political declarations, decisions and agreements. Member States must be able to conduct political dialogue in the framework of Common Foreign and Security Policy (CFSP), to align with EU statements, to take part in EU actions and to apply agreed sanctions and restrictive measures. Applicant countries are required to progressively align with EU statements, and to apply sanctions and restrictive measures when and where required.

The political dialogue is conducted intensively on several levels between the institutions of the Republic of Kosovo and EU for fulfilment of the criteria set forth on the integration process, initially by signing, ratifying and implementing the SAA.

The political and policy dialogue, as needed, will contribute to the process of normalization of relations between Kosovo and Serbia. Kosovo pledges for continual commitment towards significant and sustainable relations with Serbia. This process will ensure that both countries can continue their respective European paths, avoiding the possibility of blocking either party on their efforts and gradually leading towards overall normalization of the relations between Kosovo and Serbia, on a form of a legally binding agreement, where both countries will be able to fully practice their rights and fulfil their responsibilities. Consequently, Kosovo has to continuously implement in good faith all the agreements reached in the dialogue with Serbia and respect entirely the principles of inclusive regional cooperation.

Moreover, the obligations deriving from provisions of SAA provide that Kosovo resolves through constructive dialogue on other unsolved issues, based on practical and sustainable solutions and will cooperate with Serbia on issues of common interest; to effectively cooperate with the Common Foreign and Security Policy mission during its mandate and actively contribute on full and unobstructed fulfilment of its mandate in the entire Kosovo.

The Stabilisation and Association Council will review regularly the progress in this process and will take decisions and issue recommendations on this matter. SAC can help this process in accordance with article 129.

The Republic of Kosovo, has taken seriously the responsibility to offer safety for its citizens territory. Kosovo is aware of the importance to continue increasing the capability of its institutions in offering security to all Kosovo citizens. Therefore, as a part of the process of gradually taking more responsibility about its security since the beginning of Strategic Review of the Security Sector (SRSS) in 2012, and afterwards from the recommendations of 2014, deriving from Strategic Review of the Security Sector

(SRSS), the architecture of the security sector in Kosovo was defined, and it also clearly determined the role and mission of each institution of the safety sector, to maximise institutional capacities; has identified the necessary capacities to provide protection and safety to citizens of Kosovo, which have been proceeded with the adoption of legislative package by the Assembly of Kosovo.

The Republic of Kosovo aspires to become a constitutive part of the regional and global security structures, in particular to become a member of EU, NATO, OSCE and UN. In this context, the national security of Kosovo is closely related with regional and broad Euro-Atlantic security.

#### *SAA Requirements*

Within the criteria in the area of public administration that must be fulfilled by the Government and relevant institutions of the Republic of Kosovo pursuant to Articles 5, 11 and 13 of the SAA, Kosovo will continue to align with certain measures deriving from Foreign Policy, Security and Defence. Part of the SAA's obligation is also normalization of relations with Serbia, including implementation of signed agreements, compliance with the principles of regional cooperation and effective cooperation with the mission of Foreign Policy, Security and Defence.

#### *State of Play*

The European integration of Kosovo is a national strategic goal, a guarantee for peace, stability and prosperity of the region. In this aspect, the Government of the Republic of Kosovo is fully willing to undertake all the reforms needed within the European Integration process. Furthermore, Kosovo strongly supports the EU foreign policy of security and defence, which aims at strengthening of the role of EU as an entity with an increasing political influence on international politics.

The legislative framework on foreign policy, security and defence is determined as still consolidating with the necessary laws aiming to treat all the issues deriving from this area. The legislative framework concerned, is in compliance with the EU principles and goals and it consists of the Law on Prevention of Money Laundering and Prevention of Terrorism Financing; The Law on Prohibition of Joining the Armed Conflicts Outside State Territory; National Strategy of Preventing and Fighting Informal Economy, Money Laundering, Terrorist Financing and Financial Crime 2014-18, Strategy Against Terrorism and the Acting Plan 2014-2018, AI for prevention and detection of money laundering and the AI for prevention and detection of terrorism financing.

The institutional structure in charge of Foreign Policy, Security and Defence consists of Ministry of Foreign Affairs and Diaspora, Ministry of Defence, the Ministry of Internal Affairs, and diplomatic missions.

Among the top priorities of Kosovo foreign affairs remains the advancement of strategic partnership with EU and NATO, including establishment of contractual relations with these organisations, towards the Euro-Atlantic integration.

Kosovo aims the development on regional cooperation, especially good relations with the neighbouring states, and providing assistance in implementing the Brussels agenda for a sustainable, democratic region and integrated in the EU and NATO. The Republic of Kosovo considers that regional cooperation is not only a precondition for the European integration but also a necessity for the regional stability.

This orientation of our foreign affairs is also reflected on our proactive participation in multilateral initiatives and organisations operating in South-Eastern European area and broader. Kosovo is a member of 40 regional initiatives; inter alia, a member of cooperation in the area of trade, security, education, technology and environment.

Regarding the current security situation, it is important to note that on 14 December 2018 the Assembly of the Republic of Kosovo approved the draft-law on the Ministry of Defence, the draft-law on the Kosovo Security Force and the draft-law on Service in the Kosovo Security Force, which laws came into force on 18 January 2019 thereby granting military mission to the KSF. Article 126 of the Constitution, inter alia, clearly defines the KSF as a national security force that reflects the multi-ethnic character of the country, which is

under civilian control of democratic institutions and has a duty to protect the citizens and communities of Kosovo. Since changes in the KSF mission do not affect the vital interests of minority communities, as defined by the Constitution of the Republic of Kosovo, there are no requirements for constitutional amendment.

#### *Political dialogue with Serbia*

Concerning the dialogue between Kosovo and Serbia, Kosovo remains committed in participating in the dialogue of the technical level, to achieve progress on the implementation of the agreements between the both parties involved.

Kosovo pays serious attention to the Brussels dialogue, not only on improving the wellbeing of citizens and the bilateral relations between two states, but also because this dialogue is currently the most important contributor for peace and stability in the region.

On this matter, the Government of the Republic of Kosovo, as a constructive and serious party in the Brussels dialogue, pays particular importance to the implementation of all Agreements of Brussels and the potential agreements expected to be reached in the following period.

There has been some progress in reaching an agreement between Kosovo and Serbia, however the findings of the recent Government of the Republic of Kosovo (2019) report indicate a low progress in the implementation of the agreements in general by Serbia. Looking at the agreements separately, the report identifies different levels of progress in some areas and lack of progress in most areas, and therefore dialogue is expected to enter a new phase.

The part of the dialogue with Serbia is related to the field of Regional Cooperation and International Obligations within the Political Criteria.

#### *Medium-term Priority Objectives:*

- Adoption of the Foreign Affairs Strategy;
- Training of civil servants in the area of foreign policy and security will continue. Priority will be given to those in charge of implementing restrictive measures and arms control. Also, through visits to member states, experiences on the most effective implementation of restrictive measures will be exchanged.
- The MFAD will draft an action plan for the most efficient development of the Political Dialogue between RKS and the EU. This action plan will include concrete short-term and medium-term activities for inter-institutional coordination within RKS and coordination of EU/EEAS institutions for the implementation of this dialogue.
- The Republic of Kosovo aspires to be an integral part of multilateral organizations at the regional and global level, in particular the EU, NATO, OSCE and the UN. In this regard, MFAD will intensify lobbying as well as cooperation with ministries and institutions of the Republic of Kosovo for the implementation of memberships that are considered necessary for good governance and for the improvement of living standard of its citizens.
- The Republic of Kosovo will continue to implement the restrictive measures agreed upon by the Council. In this regard, Kosovo will further functionalize the mechanism for the implementation of restrictive measures.

### **3.32. Acquis Chapter 32: Financial Control**

This chapter covers two main policy areas: (a) the Public Internal Financial Control (PIFC) and external auditing (EA) and (b) protection of financial interests of EU and protection of Euro from counterfeiting. Concerning the PIFC and external audit, there is no specific EU acquis that would be used in approximation with national laws. Instead, the states commit in adopting the international standards of control and external audit defined by the International Organisation of Supreme Audit Institutions (INTOSAI), as well as EU good practices.

Public Internal Financial Control is an integrated part of the management of public finances and includes the entire public budget. Particularly, the principles of Financial Control require the existence of i) effective and transparent systems of control and management of finances (including inspections and appropriate ex-ante and ex-post financial controls and inspections); ii) Functional and independent systems of internal auditing; iii) respective organisational structures (including central coordination); and iv) functional external and financially independent auditing, among others, evaluating the quality of the created systems of PIFC.

In the area of External Auditing, the candidate states are expected to apply INTOSAI standards, especially the Declarations of Lima and Mexico for functional independence of finances and institutions and implementation of financial auditing (correctness) and performance.

As far as the protection of EU financial interests is concerned, the Treaty on the Functioning of EU (Article 325) requires that Member States take actions against fraud that affect the financial interests of EU. Member States are obliged to coordinate their actions and cooperate with the European Commission. Protecting the financial interests of EU includes approximation of local criminal legislation with the Convention on the Protection of European Communities' Financial Interests (PFI Convention) and its three protocols for cooperation among national authorities and the Commission. Candidate states are required to nominate a national service against the fraud as a contact point to facilitate the coordination with the Commission and Member States.

Concerning the protection of euro from counterfeiting, this chapter addresses non-criminal aspects whereas the criminal aspects are addressed in Chapter 24. The main principles against counterfeiting of currency are defined in the Geneva Convention and further detailed in relevant acquis. Relevant legislation includes procedures of collecting, saving and exchanging information on counterfeited banknotes, stopping of metals similar to euro coins, the obligation for financial institutions to check the authenticity, withdrawal of counterfeited banknotes from circulation and cooperation on the national and international level.

#### *SAA Requirements*

Obligations of the Republic of Kosovo under the Financial Control chapter derive from the SAA Article 97.

Article 97 requires that the cooperation between the parties focuses on priority domains related to EU acquis on the area of public internal financial control. In particular, requires the Parties to cooperate aiming further development in applying effective internal control and the functionally independent system of internal auditing in public sector in Kosovo, compatible with the internationally accepted framework and EU good practices. Also, the cooperation should focus on creating and strengthening the central alignment units for financial management and control.

On the area of External Audit, Article 97 requires the parties to cooperate especially with the aim of further development of independent functional external audit in Kosovo, in compliance with the INTOSAI Framework of Professional Standards and EU best practice. Cooperation also focuses on building the capacities of Office of the Auditor General.

#### *Requirements from other EU accession mechanisms*

The EC's *Kosovo 2020 Report* notes that Kosovo has made some progress in the area of financial control. Progress has been made with the adoption of secondary legislation in the area of public internal financial control (PIFC), as well as the approval of the reporting methodology on internal control systems by the Central Harmonization Unit. However, further efforts are needed to increase managerial accountability, and to strengthen the functioning of internal control in public institutions and to advance external audit in the face of new developments. However, further efforts are needed to implement managerial accountability and to strengthen functioning of internal control and audit in public institutions and advancing external audit vis-à-vis new developments. High level political support will remain instrumental for implementation of PIFC at all levels of administration. The timely implementation of internal and external audit recommendations should be improved.

The conclusions drawn in 2020 by the Subcommittee demand that the preparation of a new document on internal control of public finances begin as soon as possible. The design of this document should include the SIGMA Study on Managerial Accountability and the Study on Quality Assessment and consultation with the European Commission. In parallel, an action plan for implementation needs to be developed. Also, the effectiveness of the annual report on PIFC implementation needs to be evaluated to ensure improving the functioning of PIFC and developing evidence-based recommendations. On external audit, all budget organisations should prepare action plans to implement recommendations of the Auditor General, as requested by the Law and Regulation on Implementation of Audit and Action Plans. It is required to amend the Law on the Auditor General and the National Audit Office of Kosovo, removing the obligation to conduct regular audits annually in all budget organizations and introducing a risk-based audit approach. The Commission encourages the increase in the number of performance audits by the NAO. The Commission encourages an increase in the number of performance audits with resources appropriate to the NAO.

### ***State of Play***

#### *Legislative Framework*

In Kosovo, there is a comprehensive legislative framework that regulates the Public Internal Financial Control, including: laws, instructions, regulations, other international standards, policies of Government of Kosovo.

The legal basis for **Internal Audit of Public Finances** is defined by the Law No. 06/L-021 on Public Internal Financial Control published in the Official Gazette on 19 April 2018. All sublegal acts for the implementation of this Law have been prepared and adopted during 2019. This Law regulates the system of internal control of public finances, which includes financial management and control, internal audit, and their alignment, in accordance with international standards on internal control and internal audit.

Secondary legislation in the area of PIFC includes:

- Regulation No. 01/2019 on Financial Management and Control (approved);
- Regulation of the Government of Kosovo on the Establishment and Implementation of the Internal Audit Function in Public Sector Entities (adopted);
- AI on the Establishment and Functioning of Audit Committees (approved);
- Methodology for monitoring the quality of internal control in PSE (prepared);
- Methodology for monitoring the internal audit qualities of IAU (prepared);
- Public Procurement Audit Manual (prepared);
- Performance Audit Manual (prepared);
- Financial Rule No. 01/2013/MF - Public funds expenditure addresses the expenses and internal control and decentralization of management of expenses in budget organisations.
- The FMC Procedures Manual that is in force since 2011 consists of 14 procedures that aim covering all the areas of budget cycle. The FMC Manual could be used by budget organisations if they had adequate information and management systems, where controls are part of processes with a few instructions offered from CHU/FMC and if there were strict accountability and report mechanisms. These conditions were not applicable when FMC Manual entered into force.
- Book of Processes for Management of Public Expenditures signed by the Minister of Finance and piloting of this book at the local level.

The applicable legislative framework for the internal control of public finances contains the general principles and refers to the standards of INTOSAI, the COSO Framework, and the Standards of the Institute of Internal Audit (IIA).

In order to improve the PIFC system, the monitoring of PSE on Financial Management, Internal Control and Audit has continued (so far 6 SSPs have been monitored) and 6 Internal Audit Units. Also, in the

process of monitoring FMC are two PSEs and 4 IAUs. The training of FMC and IA officials also continued (due to the pandemic, the trainings were mainly held online).

In addition to the abovementioned legislation, there are also other laws related to PIFC, including:

- Law on Public Financial Management and Accountability;
- Annual laws for approval of Kosovo budget;
- Law on Public Procurement (Law No. 04-L-042);
- Law on Public Enterprises.
- Law on Organisation and Functioning of the State Administration and Independent Agencies (Law No. 03/L-189);
- Law on the Office of the Auditor General (Law No. 03/L-075);
- Law on Suppression of Corruption (Law No. 2004/34);
- Law on Civil Service (Law No. 2010/03-L-149);
- Law on Salaries of Civil Servants (Law No. 03-L-147) and
- Law on Access to Public Documents (Law No. 06/L-081).

Regarding the External Audit, the Declaration of Lima and the Declaration of Mexico emphasize that preserving of objectivity and independence are a priority for well-functioning of Auditor General. These two principles are crucial for our institution. The objectivity and independence must be ensured by proper implementation of a broad, sustainable and legal mandate; in pursuance with accepted international standards of audit of public sector and an internal code for professional courtesy. Mandate and functionality is regulated by means of prior legislation:

- Constitution of Kosovo Articles 136, 137, 138;
- Law No. 05/L-55 on the Auditor General and the National Audit Office of the Republic of Kosovo.

Other relevant legislation in the area of audit includes:

- Law on Public Financial Management and Accountability;
- Law on Public Internal Financial Control;
- Law on Public Procurement;
- Law on Publicly Owned Enterprises;
- Law on Suppression of Corruption;
- Law on Business Organisations.

#### *Policy Framework*

The Office of the Auditor General constantly takes care of professional development of auditors to ensure proper qualifications to perform our work as auditors.

Regarding the issue of protecting euro against counterfeit, the Central Bank of Kosovo, within its competencies, on 14 March 2007 issued the AI on Retaining Counterfeit Euro Banknotes and Coins from Circulation, an instruction that applies to all financial institutions operating in Kosovo and licensed by the CBK. The purpose of this Instruction is to lay down measures necessary with a view to retain counterfeit euro banknotes and coins from circulation.

Financial institutions, specifically lending institutions and any other institution engaged in the distribution and distribution of banknotes and coins to the public as a professional activity, including institutions, whose activity consists in the exchange of banknotes and coins of different currencies, such as p. sh. exchange offices will be obliged to withdraw from circulation all euro banknotes and coins accepted by them, which they know or have sufficient reason to believe are counterfeit. Banknotes and coins suspected of being counterfeit must be immediately handed over to the competent authority (in this case the Police and the Police submit them to the Kosovo Forensic Agency). The CBK has also issued a document "Valuable Tips for Cash Operators" which sets out step-by-step actions on how to treat suspected money laundering.

#### *Institutional Framework*

The Government has developed the institutional framework consisting of public sector organisations working under the lead of Central Alignment Unit, respectively the Financial Management and Control (FMC) and Internal Audit (IA) and under the surveillance of external auditor to form an accountability chain.

The concept of “Public Internal Financial Control” became first official in 1999 from the European Commission. It refers to “systems of internal control of government aiming the protection of financial interests of government in total”. PIFC was formed as a good strategy to help the reform process in developing public systems of internal control in states willing to become candidates for EU members. The system of PIFC is defined as a system that consists of functional elements of Financial Management and Control (FMC) and Internal Audit (IA) together with the responsible institutions for alignment of these functions through government (CHU=FMC + IA).

#### Public sector entities (budget organisations)

Accountability consists of a chain of participants where each is responsible in achieving the set goals and each is accountable to an authority of the higher rank regarding achievement of these goals. The highest rank of authorities in this chain is the citizens who are represented by deputies elected in the Parliament and the local governments. Subjects in public sector carriers of PIFC are the following:

- Assembly - Committee for Oversight of Public Finances has been established within the Assembly of Kosovo and has the authority to monitor public money expenditure through reports from OAG, CHU, etc.;
- Government of Kosovo – determines competences and responsibilities for its Ministers to apply Government policies through regulations, policies and administrative arrangements with senior management of budget organisations.
- Ministry of Finance – is in charge of development of rules and detailed procedures for PIFC (FMC and IA), as well as for training and offering technical support for all the parties related to application of FMC and IA rules;
- Senior management of public sector subject – holds full responsibility in applying PIFC and is in charge of their performance in using public resources to achieve organisational objectives.

#### Training scheme for the area of financial management and control

The CHU has established a training scheme for financial management and control. This scheme foresees the training of those in charge of the area of financial management and control and is focused on these areas: risk management, self-assessment, process description, strategic and budget planning.

#### Certification Scheme for Internal Auditors

The National Training Programme and Certification of Internal Auditors has been developed. This programme has been accredited by the Ministry of Education and Science. The implementation of the programme started in September 2016 and still continues. This scheme consists of theoretical and practical part.

#### Continuing vocational education for internal auditors

In addition to the certification scheme for internal auditors, the CHU has also established a training scheme for continuing vocational education, which is focused on the strategic and annual plan, and quality assurance.

In the field of external audit, the National Audit Office plays an important role in overseeing public spending and improving financial management and good governance. Maintaining functional and financial independence remains a priority in the field of external audit. In the short term, the NAO aims to implement its strategic plan 2018 -2021 as well as to develop and further increase the professional and human capacities to conduct more performance audits and public enterprises. In the medium term, sustainable institutional development, quality maintenance and the development of procedures and



administrative capacity to ensure the effective protection of the EU's financial interests will be one of the key priorities.

Article 136 of the Kosovo Constitution defines Audit General as the highest institution for economic and financial control. Auditor General is appointed by the Parliament through a majority vote based on President's proposal. The Parliament decides on discharging the Audit General with (2/3) of majority of all deputies from the President's proposal or on the basis of (1/3) of all deputies. The mandate of AG is five (5) years with the possibility of extension or re-election for another mandate.

Article 137 of Constitution can be updated in compliance with present definitions of ISSAI concerning the role and mandate of Supreme Audit Institutions. It stresses that General Auditor controls: (1) economic activities of public institutions and other state legal persons; (2) use and protection of public funds from public and local government bodies; (3) economic activities of public enterprises and other legal persons, on whom the State has stocks, or where loans, credits and their obligations are guaranteed from the State.

The present definition in the Constitution is not an obstacle in the further development of external public audit. But it could be considered for amendment when appropriate.

With the entry into force of the new Law No. 05/L-055 on the Auditor General and the National Audit Office of the Republic of Kosovo, the functional, financial and operational independence has been consolidated since June 2016. The Auditor General and the National Audit Office shall have full discretion in the performance and exercise of the functions and powers to carry out their mandate in accordance with the internationally recognized Constitution, Law, and International Standards of Supreme Audit Institutions in the Public Sector. Under the legislation in force, the Auditor General is independent in the organisation and management of the National Audit Office.

Working instruments:

- INTOSAI Professional Auditing Standards Framework;
- Regularity Audit Manual;
- Regularity Audit Quality Control Guideline;
- Performance Audit Manual;
- Information Technology Audit Manual;
- Guideline on following up on performance recommendations;
- Fraud Audit Guideline;
- Code of Ethics;
- NAO Strategic Plan 2018 - 2021;
- Other secondary policies and strategies.

#### Professional development of staff

NAO supports the audit staff to attend certification schemes for accountants and auditors offered by local professional associations. During 2020, a series of activities related to professional development and training were held. Although under the circumstances of working remotely and in compliance with the measures set by the Government to protect against the pandemic of COVID-19, through online platforms we have managed to realize the annual training plan, while it is worth noting that in addition to in-house trainings, the NAO employees have also benefited from the training provided by other local and international institutions.

All audit staff (approximately 140 of them) in the period September - October 2020 have attended the training programme for the updated Financial and Compliance Audit Manual as well as the training for the use of the Electronic Audit System (SITA). These two trainings were in special focus in the preparation phase for the new audit season 2020/2021. Also, 80 auditors have attended regular trainings for continuing professional education organized by Professional Audit Associations SCAAK and IKAF; IT auditors have attended two professional trainings in the area of IT, one organized by the INTOSAI Development Initiative and the other by the Centre for Excellence in Finance in Ljubljana; 15 auditors were trained in auditing World Bank-financed projects, World Bank public procurement rules, and 31 auditors were trained in

communication and public speaking rules organized by BIRN as part of a tripartite project between the National Audit Office, the Dutch Government, and BIRN.

Within the International Organization of Supreme Audit Institutions (INTOSAI) and its bodies, during 2020, through online communication platforms were organized a series of trainings, seminars and consultative meetings on topics in the area of auditing, management and control and quality especially in coping with the COVID-19 pandemic. The NAO audit staff has participated and benefited from professional programmes and activities depending on the institutional interest and taking care not to hinder engagements in their daily work.

#### Certification Scheme for Audit of Regularity

A certification programme for Audit of Regularity is set and being implemented based on the standards internationally recognized for auditing in public sector (ISSAI). The programme is divided into four parts: Introduction, Preparations, Technical part and Continuous Professional Development. The technical part is conducted by a local association<sup>15</sup> certified by IFAC. The programme is financed from the Kosovo budget. Duration usually is of 3.5 years and this certification decision is based on the results of exams, experience and staff evaluation results.

#### Certification Scheme for Performance Audits

The certification programme for performance auditors has been implemented, and certifications for 18 auditors were awarded in February 2020.

Concerning protection from counterfeiting in the Republic of Kosovo, in the light of mutual cooperation between Kosovo Police (KP) and Central Bank of Republic of Kosovo (CBK) aiming the protection of banknotes against counterfeiting in the Republic of Kosovo, on 11 September 2009, KP and CBK signed an agreement on establishment of the Central Committee of Analysing the counterfeited money (Committee).

The committee consists of three high representatives of KP and three high representatives of CBK. The representatives of committee meet on regular basis to discuss issues deriving from the role of this committee. The committee has no decision-making power.

The main role of the committee is as follows:

- Enforcement of necessary measures to prevent circulation of counterfeited banknotes and coins;
- Collecting, analysing and publishing technical and statistical data related to counterfeited banknotes and coins; and
- Ensuring information and instructions and training for the financial institutions, and other relevant institutions and wide opinion about the counterfeited banknotes and coins.

The Committee has competences to establish working groups, as necessary, to further study specific issues and to make recommendations to the Committee on such issues. Working groups will have ad hoc status with a clear mandate and time frame.

In the Republic of Kosovo, the competent body to analyse the money suspected to be counterfeited is the Kosovo Agency for Forensics – The lab for documents and scripts, which operates within the Ministry of Internal Affairs (earlier used to operate under KP).

#### ***Donor Support***

MFLT is being supported by the Norwegian Government project. The purpose of this project is to support the Kosovo public administration in the implementation of the SAA and increase the readiness for EU membership in several chapters including statistics. This project will strengthen the institutional capacities of the public administration of Kosovo, in particular the Financial Control chapter by providing specialized training on the content of EU requirements, transposition of the acquis into national legislation as well as relevant policy reforms. For the first part of 2020, three activities are planned in this area such as area

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<sup>15</sup> Association of Certified Accountants and Auditors of Kosovo.

summary training in Chapter 32 Financial Control, Internal Audit of Public Finance, training on the provision and quality of information by BO through self-assessment questionnaires or direct monitoring as well as training on the key principles and requirements of Chapter 32 Financial Control.

The MFLT is being supported by the IPA programme of the EU for Kosovo, through the project “Technical Assistance to support the implementation of Public Financial Management Reforms in Kosovo contract no. 2019/413-800”. The purpose of this project is to improve and strengthen the policies, legislation, and capacities of key stakeholders (particularly the Public Financial Management Coordination Group) involved in implementing the Public Financial Management Sector Reform by providing technical assistance to support the implementation of public financial management reforms. For capacity building in the area of PIFC during 2020 CHU is being supported by USAID through the project “Transparent, Effective, and Accountable Municipalities (TEAM) activity in Kosovo”.

### *Medium-term Priority Objectives*

In the mid-term plan, the main implementing priorities foreseen to be realized are the following:

#### Internal Control of Public Finances

- Alignment and implementation of the new Law on Public Internal Financial Control;
- Drafting a new policy document for the Internal Audit of Public Finances;
- Improvement of budgeting in accordance with the programme and reporting with objectives and performance indicators (strategic planning is related to budgetary resources);
- Training of all managers of institutions in charge of implementation of managerial accountability and training of internal auditors;
- Monitoring of Internal Control at BO;
- Implementation of Book of Processes;
- Improving the quality of internal audit through monitoring of internal audit units.

#### External Audit

In the mid-term plan, the main implementing priorities foreseen to be realized are the following:

- Further development of relevance of audit by gradually conducting more performance audits;
- Ensure a more systematic follow-up for timely implementation of external audit recommendations;
- Initiate the implementation of leadership in accordance with the budget management system;
- Continue with timely and qualitative Annual Audit Report, including effective recommendations based on higher relevance of audit;
- Further development of IT audits;
- Higher focus on interest areas for decentralized management of IPA funds;
- Improvement of the quality of Mandatory Regularity Audits and Non-Statutory Performance Audits through increased quality control for planning, execution and reporting phases;
- Fulfill the constitutional and legal mission by conducting relevant audits, in line with the INTOSAI Professional Auditing Standards Framework;
- Develop and strengthen institutional capacity to support auditing and corporate governance; and
- Develop and maintain good relations with external entities, promote auditing, enhance influence, and integrate into global and regional ISA organisations.

### **3.33. Acquis Chapter 33: Financial and Budgetary Provisions**

This chapter covers rules regarding the necessary financial resources in order to finance the EU budget (own resources). These sources are mainly composed of contributions from the member states, based on their own traditional sources from the customs and agricultural and sugar taxes; sources based on added value tax and sources based on the level of national gross income. The Member States need to have appropriate administrative capacities to adequately coordinate and ensure correct calculations, summing, payment and control of their resources. The acquis in this area is directly applicable and does not require transposing into national legislation.

## *SAA Requirements*

Article 74 of the SAA requires approximation of Kosovo legislation with the EU acquis, including this chapter.

### ***State of Play***

#### *Legislative Framework*

The main legal acts related to this Chapter include the following:

- Law No. 03/L-048 on Public Financial Management and Accountability;
- Law No. 06/L-020 on the Budget of the Republic of Kosovo for year 2018;
- Law No. 05/L-037 on Value Added Tax;
- AI MF-No. 03/2015 on implementing the Law No. 05/L-037 on Value Added Tax;
- Law No. 04/L-099 amending the Code No. 03/L-109 on Customs and Excise of Kosovo;
- AI MF - No. 05/2014 amending AI No. 11/2009 on implementation of customs and excise code, amended by AI No. 05/2010 and AI No. 06/2013.

The Value Added Tax system in the territory of the Republic of Kosovo is regulated by Law No. 05/L-037 on Value Added Tax. The Value Added Tax includes application of the general consumption tax on goods and services, which is exactly proportional with the price of the goods and services, and which is calculated on this price in accordance with the applicable norms, is charged in various production stages, distribution and life cycle of goods and services trade, which in the end is carried by the end customer.

VAT is charged with the standard norm of eighteen per cent (18%), while the deducted VAT norm is calculated and paid by eight per cent (8%) for some basic goods and services, including their import.

The collection and control procedures for customs obligations and import taxes are conducted by Kosovo Customs. Kosovo Customs is under the authority of the Ministry of Finance, in line with the Law No. 03/L-109, dated 10 November 2008, and amended by Law No. 04/L-099, dated 3 May 2012, Customs and Excise Code of Kosovo. This law is partially in line with the EU Customs Code, specifically with Council Regulation EEC 2913/92/ – “On Establishment of Community Customs Code”.

Regarding the budget, pursuant to Article 5 of the Law No. 03/L-048 on Public Financial Management and Accountability, the Budget Department is authorized and in charge of:

- Preparation of Budget Proposal for the Republic of Kosovo,
- Preparation of *Midterm* Expenditures Framework,
- Implementation of the Budget of Republic of Kosovo,
- Assessment of requests for diversion of budgetary allocations,
- Assessment of financial impact of government policies, and
- Exercise of all other responsibilities granted to the Budget Department in accordance with the law.

#### *Institutional Framework*

The main institution for this chapter is the Ministry of Finance. Within the Ministry of Finance other contributing structures include Kosovo Tax Administration, Kosovo Customs, also within the Ministry the Department of Budget, the Department of Municipal Budget and the Department for Economic Policies, Public and International Financial Cooperation.

#### ***Medium-term Priority Objectives:***

- Preparation of the Medium Term Expenditure Framework as a basis for the development of annual budget projections.

### **3.34. Acquis Chapter 34: Institutions**

This acquis chapter is not covered by this Programme at this phase of EU accession.

### **3.35. Acquis Chapter 35: Other Issues**

This acquis chapter is not covered by this Programme at this phase of EU accession.

## MATRIX OF SHORT-TERM MEASURES

LEGISLATIVE MEASURES										
No.	SAA provisions	National acts to be aligned	EU acquis acts to be transposed	Responsible institution	Supporting institutions	Time-frame	Level of alignment	Budget		
								BRK	Donors	Donors
<b>1. BLOCK I: POLITICAL CRITERIA</b>										
<b>1.1. Democracy and the Rule of Law</b>										
<b>1.1.1. Constitution, Parliament and Electoral System</b>										
1.1.1.	<u>Framework legislation</u>									
<b>1.1.1. Framework legislation</b>										
1.1.1.1	Article 120	Rules of Procedure of the Assembly of the Republic of Kosovo (new regulation), adopted	N/A	Assembly		Q4 2021	N/A	10,000	0	10,000
1.1.1.	<u>Bylaws and other regulatory acts</u>									
1.1.1.	This section does not contain any measures.									
<b>1.1.2. Public Administration</b>										
1.1.2.	<u>Framework legislation</u>									
1.1.2.1	Article 120	Draft law on salaries in public sector, adopted	No act	MIA	OPM	Q4 2021		5,000.00	0.00	<b>5,000.00</b>
1.1.2.2	Article 120	Draft law on public officials, adopted	No act	MIA	OPM	Q4 2021		5,000.00	0.00	<b>5,000.00</b>
1.1.2.3	Article 120	Draft-law on the first wave of rationalization of independent agencies and institutions (new draft-law), approved	N/A	MIA		Q3 2021	N/A	5,000	0	5,000
1.1.2.4	Article 120	Draft-law on the second and third wave of rationalization of independent agencies and institutions (new draft-law), approved	N/A	MIA		Q4 2021	N/A	5,000	0	5,000
1.1.2.5	Article 120	Draft law on administrative inspection, approved	N/A	MIA	OPM	Q4 2021		5,000.00	0.00	<b>5,000.00</b>
1.1.2.6	Article 120	Draft-law on Performance Management System and Grant Scheme for Municipal Performance (new draft-law), approved	N/A	MLGA		Q4 2021	N/A	10,440	3,500	13,940
1.1.2.	<u>Bylaws and other regulatory acts</u>									
1.1.2.7	Article 120	Six (6) regulations for the implementation of the Law on public officials, adopted	No act	MIA	OPM	Q4 2021		6,000.00	0.00	<b>6,000.00</b>

<b>1.1.3. Ombudsperson</b>										
1.1.3.	<u>Framework legislation</u>									
1.1.3.	This section does not contain any measures.									
1.1.3.	<u>Bylaws and other regulatory acts</u>									
1.1.3.	This section does not contain any measures.									
<b>1.1.4. Civilian Oversight of Security Forces</b>										
1.1.4.	<u>Framework legislation</u>									
1.1.4.	This section does not contain any measures.									
1.1.4.	<u>Bylaws and other regulatory acts</u>									
1.1.4.	This section does not contain any measures.									
<b>1.2. Regional Cooperation and International Obligations</b>										
1.2.	<u>Framework legislation</u>									
1.2.	This section does not contain any measures.									
1.2.	<u>Bylaws and other regulatory acts</u>									
1.2.	This section does not contain any measures.									
<b>2. BLOCK II: ECONOMIC CRITERIA</b>										
<b>2.1. Existence of a Functioning Market Economy</b>										
2.1.	<u>Framework legislation</u>									
2.1.	This section does not contain any measures.									
2.1.	<u>Bylaws and other regulatory acts</u>									
2.1.	This section does not contain any measures.									
<b>2.2. Capacity to Cope with Competitive Pressure and Market Forces within the Union</b>										
2.2.	<u>Framework legislation</u>									
2.2.1	Articles 25, 43, 75, 93, 94, 96, 98, 106, 107, 121, 123	Draft-law on public-owned enterprises (amendment), approved	N/A	ME	PAK	Q4 2021	N/A	7,200	0	7,200
2.2.	<u>Bylaws and other regulatory acts</u>									
2.2.	This section does not contain any measures.									
<b>3. BLOCK III: EUROPEAN STANDARDS - APPROXIMATION OF KOSOVO'S LEGISLATION WITH THE EU ACQUIS</b>										
<b>3.0. Legal Framework for the Approximation of Kosovo Legislation with the EU Acquis</b>										
3.0.	<u>Framework legislation</u>									
3.0.	This section does not contain any measures.									
3.0.	<u>Bylaws and other regulatory acts</u>									
3.0.	This section does not contain any measures.									
<b>3.1. Acquis Chapter 1: Free Movement of Goods</b>										
3.1.	<u>Framework legislation</u>									
3.1.1	Article 20, 80 and 73, item 3	Draft-law on inspections (new draft-law), approved	N/A	MIET		Q4 2021	N/A	2,500	0	2,500
3.1.	<u>Bylaws and other regulatory acts</u>									
3.1.	This section does not contain any measures.									
<b>3.2 Acquis Chapter 2: Freedom of Movement for Workers</b>										
3.2.	<u>Framework legislation</u>									

3.2.	This section does not contain any measures.									
3.2.	<u>Bylaws and other regulatory acts</u>									
3.2.	This section does not contain any measures.									
<b>3.3. Acquis Chapter 3: Right of Establishment and Freedom to Provide Services</b>										
3.3.	<u>Framework legislation</u>									
3.3.	This section does not contain any measures.									
3.3.	<u>Bylaws and other regulatory acts</u>									
3.3.2	Article 51, 56, 57, 58, 59 and 74.	AI on the organization and functioning of the professional body, approved	Directive 2005/36/EU	MESTI		Q4 2021	P	4,454.00	0.00	<b>4,454.00</b>
3.3.3	Article 51, 56, 58 of SAA	Regulation on separation of accounts and calculation of the net cost of providing universal postal service, approved	Directive 97/67/EU	RAEPC	ME	Q4 2021	T	2,025.00	0.00	<b>2,025.00</b>
<b>3.4. Acquis Chapter 4: Free Movement of Capital</b>										
3.4.	<u>Framework legislation</u>									
3.4.	This section does not contain any measures.									
3.4.	<u>Bylaws and other regulatory acts</u>									
3.4.2	Article 89	AI on the beneficiary owner, approved	Directive 2018/843	MFLT		Q4 2021	P	4,454.00	0.00	<b>4,454.00</b>
<b>3.5. Acquis Chapter 5: Public Procurement</b>										
3.5.	<u>Framework legislation</u>									
3.5.1	Article 79	Draft-law on public-private partnership (amendment), approved	Directive 2014/23/EU	MFLT		Q4 2021	P	2,300.00	0.00	<b>2,300.00</b>
3.5.2	Article 79	Draft-law on public procurement (amendment), approved	Directive 2014/24/EU and Directive 2014/25/EU	MFLT	PPRC CPA PRB	Q4 2021	P	14,470.00	0.00	<b>14,470.00</b>
3.5.	<u>Bylaws and other regulatory acts</u>									
3.5.	This section does not contain any measures.									
<b>3.6. Acquis Chapter 6: Company Law</b>										
3.6.	<u>Framework legislation</u>									
3.6.	This section does not contain any measures.									
3.6.	<u>Bylaws and other regulatory acts</u>									
3.6.1	Article 51, point 1, 2, 4	AI on foreign representatives, approved	Directive 2017/1132/EC, amended	MIET		Q3 2021	P	1,500.00	0.00	<b>1,500.00</b>
3.6.2	Article 51, point 1, 2, 4	AI on investigation and discipline, approved	Directive 2006/43/EC, amended	MFLT		Q3 2021	P	3,750.00	0.00	<b>3,750.00</b>
<b>3.7. Acquis Chapter 7: Intellectual Property Law</b>										
3.7.	<u>Framework legislation</u>									
3.7.1	Articles 77 and 78	Draft-law on trade secrets (new draft-law), approved	Directive (EU) 2016/943 Directive (EU) 48/2004	MIET	MCYS	Q4 2021	T	3,000	10,150	<b>13,150</b>



3.7.2	Articles 77 and 79	Draft-law on patents (amendment), approved	Directive (EU) 98/44 Regulation 469/2009 Regulation 1610/96 Regulation 816/2006 Regulation 2019/933 Directive (EU) 48/2004	MIET	MCYS	Q3 2021	T	3,000	10,150	13,150
3.7.3	Articles 77 and 79	Draft-law on trademarks (amendment), approved	Regulation 2017/1001 Directive (EU) 2015/2436 Directive (EU) 48/2004	MIET	MCYS	Q3 2021	T	3,000	10,150	13,150
3.7.4	Articles 77 and 80	Draft-law on Determining the Rights and Protection of Topographies Of Integrated Circuits (new draft-law), approved	Directive (EU) 87/54 Directive (EU) 48/2004	MIET	MCYS	Q4 2021	T	3,000	10,150	13,150
3.7.5	Articles 77 and 80	Draft-law on industrial design (amendment), approved	Directive 98/71/EC Directive (EU) 48/2009	MIET	MCYS	Q4 2021	T	3,000	10,150	13,150
3.7.6	Articles 77 and 81	Draft-law on Copyright and Related Rights (amendment), approved	Directive EU 2019/790 Directive 2014/26/EU	MCYS		Q4 2021	T	4,000.00	0.00	4,000
3.7.	<u>Bylaws and other regulatory acts</u>									
3.7.	This section does not contain any measures.									
<b>3.8. Acquis Chapter 8: Competition Policy</b>										
3.8.	<u>Framework legislation</u>									
3.8.	<b>Competition</b>									
3.8.1	Articles 74 and 75	Draft-law on Competition (amendment), approved	Council Regulation (EC) No. 1/2003; Commission Regulation (EC) No. 773/2004; Commission Regulation (EC) 330/2010	MIET	ACA	Q3 2021	T	1,500.00	0.00	1,500.00
3.8.	<b>State Aid</b>									
3.8.	This section does not contain any measures.									
3.8.	<u>Bylaws and other regulatory acts</u>									
3.8.	<b>Competition</b>									
3.8.	This section does not contain any measures.									
3.8.	<b>State Aid</b>									
3.8.	This section does not contain any measures.									
<b>3.9. Acquis Chapter 9: Financial Services</b>										
3.9.	<u>Framework legislation</u>									
3.9.1	Article 50, 96 and annex 6	Draft-law on Microfinance and Non-Bank Financial Institutions (amendment), approved	N/A	MFLT	Assembly	Q4 2021	P	7,000.00	0.00	7,000.00
3.9.2	Article 50, 96 and annex 6	Draft-law on banks (amendment), approved	N/A	MFLT	CBK	Q4 2021	P	2,800.00	0.00	2,800.00
3.9	<u>Bylaws and other regulatory acts</u>									

3.9.3	Article 50, 96 and annex 6	Rules in the area of pensions and insurers, adopted	Directive 2003/41/EC of the European Parliament and of the Council of 3 June 2003 on the activities and supervision of institutions for occupational retirement provision " (consolidated version CELEX: 02003L0041-20130620)	CBK		Q4 2021	P	3,500.00	0.00	<b>3,500.00</b>
3.9.4	Article 50, 96 and annex 7	Regulation on liquidity risk management (amendment), approved	Regulation Delegated by the Commission (EU) 2015/61	CBK		Q3 2021	P	2,800.00	0.00	<b>2,800.00</b>
<b>3.10. Acquis Chapter 10: Information Society and Media</b>										
3.10.	<u>Framework legislation</u>									
3.10.1	Article 109, 110 and 111	Draft-law on security measures for networks and information systems (new draft-law), approved	Directive (EU) no. 2016/61/EU systems across the Union	ME	RAEPC ACA MLGA	Q4 2021	T	3,000.00	0.00	<b>3,000.00</b>
3.10.2	Neni 109, 110 dhe 111	Projektligji për masat për uljen e koston së shtrirjes së rrjeteve të komunikimeve elektronike të shpejtësisë së lartët (projektligji i ri), i miratuar	Direktiva e BE-së nr. 2016/61/BE Directive (BE) 2016/1148 of the BEuropean Parliament and of the Council of 6 July 2016 concerning measures for a high common level of security of network and information systems across the Union	ME	ARKEP AKK MAPL	Q3 2021	T	3,000.00	0.00	<b>3,000.00</b>
3.10.	<u>Bylaws and other regulatory acts</u>									
3.10.3	Article 109, 110 and 111	Regulation on media ownership and prevention of media concentration (new bylaw), adopted	Audiovisual Media Services Directive - AVMSD	IMC		Q4 2021	P	18,150.00	0.00	<b>18,150.00</b>
3.10.4	Article 109, 110 and 111	Regulation on commercial audio-visual communications (amendment), approved	Audiovisual Media Services Directive - AVMSD	IMC		Q4 2021	P	10,500.00	0.00	<b>10,500.00</b>
3.10.5	Article 109, 110 and 111	Regulation on the protection of children and minors in audio and audiovisual media services (amendment), approved	Audiovisual Media Services Directive - AVMSD	IMC		Q4 2021	P	6,000.00	0.00	<b>6,000.00</b>
3.10.6	Article 109, 110 and 111	Regulation on dispute resolution, approved	Electronic Communications Code Directive (EU) 2018/1972	RAEPC		Q4 2021	P	3,308.00	0.00	<b>3,308.00</b>
3.10.7	Article 109, 110 and 111	Regulation on subscriber contracts (amendment), approved	Electronic Communications Code Directive (EU) 2018/1972	RAEPC		Q4 2021	T	3,308.00	0.00	<b>3,308.00</b>
<b>3.11. Acquis Chapter 11: Agriculture and Rural Development</b>										
3.11.	<u>Framework legislation</u>									
3.11.1	Article 102	Draft-law on agriculture and rural development (new draft-law), approved	Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the	MAFRD	MFLT OPM	Q4 2021	P	150.00	0.00	<b>150.00</b>

		<p>European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005;  Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008;  Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009;  Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007;  Commission Implementing Regulation (EU) No 447/2014 of 2 May 2014 on the specific rules for implementing Regulation (EU) No 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession assistance (IPA II);  Council Regulation (EC) No 21/2004 of 17 December 2003 establishing a system for the identification and registration of ovine and caprine animals and amending Regulation (EC) No 1782/2003 and Directives 92/102/EEC and 64/432/EEC  Regulation (EU) No 1144/2014 of the European Parliament and of the Council of 22 October 2014 on information provision and promotion measures concerning agricultural products implemented in the internal market and in third countries and repealing Council Regulation (EC) No 3/2008;  Council Regulation (EC) No 834/2007 of 28 June</p>							
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			2007 on organic production and labelling of organic products and repealing Regulation (EEC) No 2092/91; Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs; Council Regulation (EC) No 1217/2009 of 30 November 2009 setting up a network for the collection of accountancy data on the incomes and due business operation of agricultural holdings in the European Community.							
3.11.	<u>Bylaws and other regulatory acts</u>									
3.11.	This section does not contain any measures.									
<b>3.12. Acquis Chapter 12: Food Safety, Veterinary and Phytosanitary Policy</b>										
3.12.	<u>Framework legislation</u>									
3.12.1	Article 102	Draft Law on Amending and Supplementing Law no. 03 / L-016 on Food, approved	Regulation (EC) No 178/2002 of the European Parliament and of the Council for laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety;	MAFRD	MFLT MIET MESPI OPM	Q4 2021	P	2,400.00	0.00	<b>2,400.00</b>
3.12.2	Article 102	Draft-law on spirit drinks (new draft-law), approved	Regulation (EU) 2019/787 of the European Parliament and of the Council of 17 April 2019 on the definition, description, presentation and labelling of spirit drinks, the use of the names of spirit drinks in the presentation and labelling of other foodstuffs, the protection of geographical indications for spirit drinks, the use of ethyl alcohol and distillates of agricultural origin in alcoholic beverages, and repealing Regulation (EC) No. 110/2008; Implementing Regulation (EU) No. 716/2013 laying down rules for the application of Regulation (EC) No. 110/2008 of the European Parliament and of the Council on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks; Regulation (EC) No. 1334/2008 of the Parliament and of the Council on flavourings and certain food ingredients with flavouring properties for use in and on foods and amending Council Regulation (EEC) No. 1601/91, Regulations (EC) No. 2232/96 and (EC) No. 110/2008 and Directive 2000/13 (Official Journal L 354,	MAFRD	MFLT MESPI OPM	Q4 2021	P	900.00	0.00	<b>900.00</b>

			31.12.2008); Regulation (EC) No. 1333/2008 of the European Parliament and of the Council of 16 December 2008 on food additives; Commission Regulation (EU) 2015/210 of 10 February 2015 amending Annexes II and III to Regulation (EC) No. 110/2008 of the European Parliament and of the Council on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks; Council Directive 98/83/EC on the quality of water intended for human consumption (Official Journal L 330, 5.12.1998); Council Directive No. 2001/110 relating to honey. (Official Journal L 010, 12/01/2002); Council Directive No. 2001/111 relating to certain sugars intended for human consumption (Official Journal L 10 12.1.2002).							
3.12.	<u>Bylaws and other regulatory acts</u>									
3.12.3	Article 102	AI on determining the health rules for animal by-products and their derivatives, which are not intended for human consumption (new bylaw), approved	Regulation (EC) No. 1069/2009 of the European Parliament and of the Council laying down health rules as regards animal by-products and derived products not intended for human consumption and repealing Regulation (EC) No. 1774/2002 (Animal by-products Regulation).	FVA	MAFRD OPM MESPI MLGA	Q3 2021	P	1,200.00	0.00	<b>1,200.00</b>
3.12.4	Article 102	AI on the implementation of the AI on the definition of health rules for animal by-products and their derivatives, which are not intended for human consumption (new bylaw), approved	Commission Regulation No. 142/2011 implementing Regulation No. 1069/2009 of the European Parliament and of the Council laying down health rules as regards animal by-products and derived products not intended for human consumption and implementing Council Directive 97/78/EC as regards certain samples and items exempt from veterinary checks at the border under that Directive.	FVA	MAFRD OPM MESPI MLGA	Q4 2021	P	3,600.00	0.00	<b>3,600.00</b>
<b>3.13. Acquis Chapter 13: Fisheries</b>										
3.12.	<u>Framework legislation</u>									
3.12.	This section does not contain any measures.									
3.13.	<u>Bylaws and other regulatory acts</u>									
3.13.1	Article 102	AI on the protection of fish in fishing waters, approved	N/A	MAFRD	MESPI	Q4 2021	P	2,700.00	0.00	<b>2,700.00</b>
<b>3.14. Acquis Chapter 14: Transport Policy</b>										
3.14.	<u>Framework legislation</u>									

3.14.1	Article 113	Draft-law on roads (amendment), approved	Directive 2004/52/EC on the interoperability of electronic road toll systems. Directive 2010/40/EC on the framework for the deployment of Intelligent Transport Systems in the area of road transport and for interfaces with other modes of transport. Directive 2004/54/EC on minimum safety requirements for tunnels in the Trans-European Road Network. Directive 2008/96/EC on road infrastructure safety management. Council Directive 96/53/EC laying down for certain road vehicles, maximum authorized dimensions in national and international traffic and the maximum authorized weights in international traffic. Directive 1999/62/EC of the European Parliament and of the Council on the charging of heavy goods vehicles for the use of certain roads.	MESPI	MIA	Q4 2021	P	3,375.00	0.00	<b>3,375.00</b>
3.14.2	Article 113	Draft-law on road transport (amendment), approved	Directive no. 1071/2009/EC on access to the occupation of road transport operator. Directive no.1072/2009/EC on common rules for access to the international road haulage market. Directive No. 1073/2009/EC on common rules on access to the international market of vehicle crew and passenger transportation services. Regulation 2016/68 on common procedures and specifications necessary for the interconnection of electronic registers of drivers cards. Regulation 165/2014 of EU on tachographs in road transport.	MESPI	MIA	Q4 2021	P	3,375.00	0.00	<b>3,375.00</b>
3.14.	<u>Bylaws and other regulatory acts</u>									
3.14.3	Article 113	AI for homologation of vehicles (amendment), approved	Directive 2007/46/EC on establishing a framework for the approval of motor vehicles and their trailers, and of systems, components and separate technical units intended for such vehicles.	MESPI	MIA	Q3 2021	P	3,375.00	0.00	<b>3,375.00</b>
3.14.4	Article113	AI for technical control of vehicles (amendment), approved	Directive 2014/45 on periodic roadworthiness tests	MESPI		Q3 2021	P	3,375.00	0.00	<b>3,375.00</b>
3.14.5	Article 113	AI on technical conditions of participation of vehicles on the road, approved	Directive 2014/45/EU of the European Parliament and of the Council of 3 April 2014 on periodic roadworthiness tests for motor vehicles and their trailers and repealing Directive 2009/40EC (OJ 127. 29. 4. 2014)	MESPI		Q4 2021	P	3,375.00	0.00	<b>3,375.00</b>

		<p>Directive of the European Parliament and of the Council 2007/38 / EC of 11 July 2007 on the retrofitting of mirrors to heavy goods vehicles registered in the Community (GZ 184, 14. 7. 2007)</p> <p>Council Directive 92/6/EEC of 10 February 1992 on the installation and use of speed limitation devices for certain categories of motor vehicles in the Community (OJ 57, 2. 3. 1992)</p> <p>Directive 2002/85/EC of the European Parliament and of the Council of 5 November 2002 amending Council Directive 92/6/EEC on the installation and use of speed limitation devices for certain categories of motor vehicles in the Community (OJ 327, 4. 12. 2002)</p> <p>Council Directive 91/671/EEC of 16 December 1991, relating to the compulsory use of safety belts and child-restraint systems in vehicles (GZ 59, 28. 2. 2014)</p> <p>Commission Implementing Directive 2014/37/EU of 27 February 2014 amending Council Directive 91/671/EEC relating to the compulsory use of safety belts and child restraint systems in vehicles (OJ 59, 28. 2. 2014)</p> <p>Regulation (EU) No 167/2013 of the European Parliament and of the Council of 5 February 2013 on the approval and market surveillance of agricultural and forestry vehicles (OJ 60, 2. 3. 2013)</p> <p>Regulation (EU) No 168/2013 of the European Parliament and of the Council of 15 January 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles (OJ 60, 2. 3. 2013).</p> <p>Commission Regulation (EU) No 458/2011 of 12 May 2011 concerning type-approval requirements for motor vehicles and their trailers with regard to the installation of their tyres and implementing Regulation (EC) No 661/2009 of the European Parliament and of the Council concerning type-approval requirements for the general safety of motor vehicles, their trailers and systems, components and separate technical units intended therefor. (OJ 124, 13. 5. 2011).</p>							
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3.14.6	Article 113	AI on mobile technical control, adopted	Directive 2014/47/EC on the technical roadside inspection of the roadworthiness of commercial vehicles.	MESPI		Q4 2021	P	1,125.00	0.00	<b>1,125.00</b>
3.14.7	Article 13	Regulation laying down requirements for the performance and the interoperability of surveillance for the single European Sky (amendment), adopted	Commission Implementing Regulation (EU) 2020/587 of 29 April 2020 amending Implementing Regulation (EU) No 1206/2011 laying down requirements on aircraft identification for surveillance for the single European sky and Implementing Regulation (EU) No 1207/2011 laying down requirements for the performance and the interoperability of surveillance for the single European sky	CAA		Q3 2021		1,050.00	0.00	<b>1,050.00</b>
3.14.8	Article 13	Regulation amending Regulations 01/2020 and 17/2017 regarding the requirements for air traffic management / air navigation services, airspace structure design, data quality, runway safety and repeal of Regulation 08/2015, adopted	Commission Implementing Regulation (EU) 2020/469 of 14 February 2020 amending Regulation (EU) No 923/2012, Regulation (EU) No 139/2014 and Regulation (EU) 2017/373 as regards requirements for air traffic management/air navigation services, design of airspace structures and data quality, runway safety and repealing Regulation (EC) No 73/2010	CAA		Q4 2021		6,000.00	0.00	<b>6,000.00</b>
3.14.9	Article 13	Regulation amending Regulation 1/2020 and 17/2017 regarding the movement of vehicles at aerodromes, global reporting format and other aerodrome activities, adopted	Delegated Commission Draft Regulation (EU) /... amending Commission Regulation (EU) no. 139/2014, Implementing Regulation (EU) 2017/373 and Implementing Regulation (EU) no. 923/2012 (title of the regulation to be transposed has not yet been determined by the EU)	CAA		Q3 2021		1,500.00	0.00	<b>1,500.00</b>
3.14.10	Article 13	Regulation amending Regulation 17/2017 regarding the conditions and procedures for declaration by the organizations responsible for the provision of platform management services (new bylaw), adopted	Commission Delegated Regulation (EU) 2020/1234 of 9 June 2020 amending Regulation (EU) No 139/2014 as regards the conditions and procedures for the declaration by organisations responsible for the provision of apron management services	CAA		Q4 2021		1,800.00	0.00	<b>1,800.00</b>
3.14.11	Article 13	Regulation amending Regulation (CAA) no. 12/2015 concerning the list of air carriers prohibited from operating or subject to operational restrictions	Commission Implementing Regulation (EU) 2020/736 of 2 June 2020 amending Regulation (EC) No 474/2006 as regards the list of air carriers banned from operating or subject to operational restrictions within the Union	CAA		Q3 2021		1,800.00	0.00	<b>1,800.00</b>



		within the European Union, adopted								
3.14.12	Neni 13	Rregullore për ndryshimin e Rregullores (AAC) Nr. 1/2019 në lidhje me kërkesat për kompetencën e ekuipazhit të fluturimit dhe metodat e trajnimit dhe shtyrjen e datave të zbatimit të masave të caktuara në kontekstin e pandemisë COVID-19	Rregullorja Zbatuese e Komisionit (BE) 2020/2036 e 9 Dhjetorit 2020 për ndryshimin e Rregullores (BE) Nr. 965/2012 në lidhje me kërkesat për kompetencën e ekuipazhit të fluturimit dhe metodat e trajnimit dhe shtyrjen e datave të zbatimit të masave të caktuara në kontekstin e pandemisë COVID-19	AAC		Q3 2021		780.00	0.00	780.00
3.14.13	Article 13	Regulation on technical specifications for interoperability regarding accessibility for persons with disabilities and persons with reduced mobility, adopted	Commission Regulation (EU) No 1300/2014 of 18 November 2014 on the technical specifications for interoperability relating to accessibility of the Union's rail system for persons with disabilities and persons with reduced mobility.	RRA	MESPI	Q4 2021	P	2,360.00	0.00	2,360.00
3.14.14	Article 13	Regulation on common safety methods for monitoring, which is applied by the railway undertaking, infrastructure manager after obtaining the safety certificate or authorization, adopted	Commission Regulation (EU) No 1078/2012 of 16 November 2012 on a common safety method for monitoring to be applied by railway undertakings, infrastructure managers after receiving a safety certificate or safety authorisation and by entities in charge of maintenance.	RRA	MESPI	Q3 2021		2,360.00	0.00	2,360.00
<b>3.15. Acquis Chapter 15: Energy</b>										
3.15.	<u>Framework legislation</u>									
3.15.1	Article 114	Draft Law on Trade with Petroleum and Petroleum Products in Kosovo, adopted	Directive 2009/30/EC amending Directive 98/70/EC as regards the specification of petrol, diesel and gas-oil and introducing a mechanism to monitor and reduce greenhouse gas emissions and amending Council Directive 1999/32/EC as regards the specification of fuel used by inland waterway vessels and repealing Directive 93/12/EEC Directive No. 2009/28/EC on the promotion of the use of energy from renewable sources	MIET	ME MIA MFLT	Q4 2021	P	5,400.00	0.00	5,400.00
3.15.	<u>Bylaws and other regulatory acts</u>									
3.15.2	Article 114	AI on energy services (ESCO) for the private and household sector, adopted	Directive 2012/27/EU on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC	ME	MFLT KAEE ERO	Q4 2021	P	8,100.00	0.00	8,100.00

3.15.3	Article 114	AI on Energy Efficiency Criteria for Energy Grid Regulation and for Electricity Grid Tariffs, adopted	Directive 2012/27/EU on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC	ME	MFLT ERO KOSTT	Q3 2021	P	8,100.00	0.00	<b>8,100.00</b>
3.15.4	Article 114	AI on Energy Efficiency Requirements for Transmission System Operators and Distribution System Operators, adopted	Directive 2012/27/EU on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC	ME	MFLT ERO KOSTT	Q3 2021	P	8,100.00	0.00	<b>8,100.00</b>
<b>3.16. Acquis Chapter 16: Taxation</b>										
3.16.	<u>Framework legislation</u>									
3.16.	This section does not contain any measures.									
3.16.	<u>Bylaws and other regulatory acts</u>									
3.16.	This section does not contain any measures.									
<b>3.17. Acquis Chapter 17: Economic and Monetary Policy</b>										
3.17.	<u>Framework legislation</u>									
3.17.	This section does not contain any measures.									
3.17.	<u>Bylaws and other regulatory acts</u>									
3.17.	This section does not contain any measures.									
<b>3.18. Acquis Chapter 18: Statistics</b>										
3.18.	<u>Framework legislation</u>									
3.18.1	Article 95	Draft-law on Population and Housing Census 2021 (new draft-law), approved	Regulation (EC) No. 763/2008 of the European Parliament and of the Council on population and housing census Regulation (EC) No. 223/2009 of the European Parliament and of the Council of 11 March 2009 on European Statistics Regulation (EU) 2017/543 Regulation (EU) 2017/712 Regulation (EU) 2017/881 Regulation (EU) 2018/1799 Code of Practice of European Statistics European Conference on Statistics: Recommendations for the Population Census	MFLT	KAS	Q4 2021	P	10,000.00	0.00	<b>10,000.00</b>
3.18.	<u>Bylaws and other regulatory acts</u>									
3.18.	This section does not contain any measures.									
<b>3.19. Acquis Chapter 19: Social Policy and Employment</b>										
3.19.	<u>Framework legislation</u>									
3.19.1	Articles 82 and 106	Draft of the labour law (amendment), approved	Council Directive 91/533/EEC of 14 October 1991 on an employer's obligation to inform employees of the conditions applicable to the contract or employment relationship (OJ L 288, 18.10.1991); Council Directive 92/85/EEC of 19 October 1992 on the introduction of measures to encourage	MFLT	MH OPM MESTI ME	Q4 2021	P	10,000.00	0.00	<b>10,000.00</b>

		<p>improvements in the safety and health at work of pregnant workers and workers who have recently given birth or are breastfeeding (tenth individual Directive within the meaning of Article 16 (1) of Directive 89/391/EEC) (OJ L 348, 28.11.1992);</p> <p>Council Directive 94/33/EC of 22 June 1994 on the protection of young people at work (OJ L 216, 20.8.1994);</p> <p>Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services (8 OJ L 18, 21.1.1997);</p> <p>Directive 2014/67/EU of 15 May 2014 on the enforcement of Directive 96/71/EC concerning the posting of workers in the framework of the provision of services and amending Regulation (EU) No 1024/2012 on administrative cooperation through the Internal Market Information System ('the IMI Regulation');</p> <p>Council Directive 97/81/EC of 15 December 1997 concerning the Framework Agreement on part-time work concluded by UNICE, CEEP and the ETUC (OJ L 14, 20.1.1998) as amended by Council Directive 98/23/EC of 7 April 1998 (OJ L 131, 5.5.1998);</p> <p>Council Directive 98/59/EC of 20 July 1998 on the approximation of the laws of the Member States relating to collective redundancies (OJ L 225, 12.8.98);</p> <p>Council Directive 99/70/EC of 28 June 1999 concerning the framework agreement on fixed-term work concluded by ETUC, UNICE and CEEP (OJ L 14, 20.01.1998);</p> <p>Council Directive 2000/43/EC of 29 June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin (OJ L 180, 19.07.2000);</p> <p>Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation (OJ L 303, 2.12.2000);</p> <p>Council Directive 2001/23/EC of 12 March 2001 on the approximation of the laws of the Member States relating to the safeguarding of employees'</p>							
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			rights in the event of transfers of undertakings, businesses or parts of undertakings or businesses (3 OJ L 82, 0.6 .2001); 12. Directive 2002/14/EC of the European Parliament and of the Council of 11 March 2002 establishing a general framework for informing and consulting employees in the European Community (OJ L 80, 23.3.2002); Directive 2003/88/EC of the European Parliament and of the Council of 4 November 2003 concerning certain aspects of the organisation of working time (OJ L 299, 18.11.2003); Directive 2006/54/EC of the European Parliament and of the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation (recast) (OJ L 204, 26.7.2006, p. 23); Directive 2008/94/EC of the European Parliament and of the Council of 22 October 2008 on the protection of employees in the event of the insolvency of their employer (Codified version) (OJ L 283, 28.10.2008); Directive 2008/104/EC of the European Parliament and of the Council of 19 November 2008 concerning certain aspects of the organization of working time (OJ L 327, 5.12.2008); Council Directive 2010/18/EU of 8 March 2010 implementing the revised Framework Agreement on parental leave concluded by BUSINESSEUROPE, UEAPME, CEEP and ETUC and repealing Directive 96/34/EC (OJ L EU 68, 18 March 2010).							
3.19.	<u>Bylaws and other regulatory acts</u>									
3.19.	This section does not contain any measures.									
<b>3.20. Acquis Chapter 20: Enterprise and Industrial Policy</b>										
3.20.	<u>Framework legislation</u>									
3.20.	This section does not contain any measures.									
3.20.	<u>Bylaws and other regulatory acts</u>									
3.20.1	Articles 99 and 100	Regulation on the organization of KIESA, adopted	N/A	MIET		Q3 2021		1,500.00	0.00	<b>1,500.00</b>
<b>3.21. Acquis Chapter 21: Trans-European Networks</b>										
3.21.	<u>Framework legislation</u>									
3.21.	This section does not contain any measures.									

3.21.	<u>Bylaws and other regulatory acts</u>									
3.21.	This section does not contain any measures.									
<b>3.22. Acquis Chapter 22: Regional Policy and Coordination of Structural Instruments</b>										
3.22.	<u>Framework legislation</u>									
3.22.1	Articles 25, 43, 75, 93, 94, 96, 98, 106, 107, 121, 123	Draft-law on regional development (new draft-law), approved	N/A	MRD		Q4 2021		5,000.00	0	5,000.00
3.22.	<u>Bylaws and other regulatory acts</u>									
3.22.	This section does not contain any measures.									
<b>3.23. Acquis Chapter 23: Judiciary and Fundamental Rights</b>										
3.23.	<u>Framework legislation</u>									
3.23.	<b>Judicial System</b>									
3.23.1	Articles 83 and 91	Draft Criminal Procedure Code (amendment), approved	N/A	MJ		Q3 2021		500.00	0.00	500.00
3.23.2	Articles 83 and 91	Draft Law no. 06 / L-056 on the Kosovo Prosecutorial Council (amendment), approved	N/A	MJ	KPC KJC	Q4 2021		500.00	0.00	500.00
3.23.3	Articles 83 and 91	Draft Law No. 06 / L-025 on the State Prosecutor (amendment), approved	N/A	MJ	KPC KJC	Q4 2021		500.00	0.00	500.00
3.23.4	Articles 83 and 91	Draft Law on Central System of Criminal Records (new draft law), approved	N/A	MJ	KPC KJC MIA	Q4 2021		500.00	0.00	500.00
3.23.5	Articles 83 and 91	Draft law on compensation of victims of crime, approved	N/A	MJ	KPC KJC	Q3 2021		500.00	0.00	500.00
3.23.	<b>Anticorruption Policy</b>									
3.23.6	Articles 83 and 91	Draft law on confiscation of unjustifiable property, adopted		MJ	KJC KPC	Q4 2021		500.00	0.00	500.00
3.23.7	Articles 83 and 91	Draft-law on declaration, origin and control of property of public officials (amendment), approved	European Convention on Human Rights (Article 8) Council of Europe Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data Criminal Law Convention on Corruption (ets 173) Civil Law Convention on Corruption (ets 174) Resolution (97) 24 on the twenty guiding principles for the fight against corruption	MJ	ACA OPM KPC KJC	Q3 2021		500.00	0.00	500.00

3.23.8	Articles 83 and 91	Draft-law on the Anticorruption Agency (amendment), approved	European Convention on Human Rights (Article 8) Council of Europe Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data Criminal Law Convention on Corruption (ets 173) Civil Law Convention on Corruption (ets 174) Resolution (97) 24 on the twenty guiding principles for the fight against corruption	MJ	ACA OPM KPC KJC	Q3 2021	P	1,000.00	0.00	1,000.00
3.23.9	Articles 83 and 91	Draft-law on financing of political entities (amendment), approved	N/A	OPM	Assembly CEC ACA	Q4 2021		0.00	0.00	0.00
<b>3.23.</b>	<b>Fundamental Rights</b>									
3.23.10	Articles 3 and 4	Draft-law on KPCVA (new draft-law), approved	N/A	OPM	KPCVA	Q3 2021		500.00	0.00	500.00
3.23.11	Articles 3 and 4	Draft-law on religious freedoms in Kosovo (amendment), approved	European Convention on Human Rights - Article 9: Freedom of thought, conscience and religion	OPM		Q3 2021	P	500.00	0.00	500.00
3.23.12	Articles 3 and 4	Draft-law on treatment and categorization of persons with disabilities, approved	N/A	MFLT	OPM	Q4 2021		10,000.00	10,000.00	20,000.00
3.23.13	Articles 3 and 4	Draft law on execution of penal sanctions (amendment-supplement), adopted		MJ		Q3 2021		1,000.00	0.00	1,000.00
3.23.14	Articles 3 and 4	Draft law on free legal aid (amendment-supplement), adopted		MJ		Q3 2021		1,000.00	0.00	1,000.00
3.23.15	Articles 3 and 4	Draft-law on the Independent Media Commission (amendment), approved	N/A	OPM		Q4 2021		2,000.00	0.00	2,000.00
<b>3.23.</b>	<b>Protection of Minorities and Cultural Heritage</b>									
3.23.	This section does not contain any measures.									
<b>3.23.</b>	<b>Protection of Personal Data</b>									
3.23.	This section does not contain any measures.									
3.23.	<u>Bylaws and other regulatory acts</u>									
<b>3.23.</b>	<b>Judicial System</b>									
3.23.16	Article 83	AI on intermediary fees, adopted	N/A	MJ	KJC MFLT	Q4 2021		2,700.00	0.00	2,700.00

3.23.17	Article 83	AI on remuneration for work and reimbursement of expenses related to work performed by notaries, adopted	N/A	MJ	KJC MFLT	Q4 2021		2,700.00	0.00	<b>2,700.00</b>
3.23.18	Article 83	AI on enforcement fees, adopted	N/A	MJ	KJC MFLT	Q4 2021		2,700.00	0.00	<b>2,700.00</b>
3.23.19	Article 83	AI on self-referral of cases in mediation, adopted	N/A	MJ	KJC MFLT	Q4 2021		2,700.00	0.00	<b>2,700.00</b>
3.23.20	Article 83	Regulation on professional associates, adopted	N/A	KJC		Q4 2021		2,984.00	0.00	<b>2,984.00</b>
3.23.21	Article 83	Regulation on the organization and functioning of the KJC Secretariat, adopted	N/A	KJC		Q4 2021		2,984.00	0.00	<b>2,984.00</b>
3.23.22	Article 83	Regulation on the standard norm, adopted	N/A	KJC		Q4 2021		2,984.00	0.00	<b>2,984.00</b>
3.23.23	Article 83	Regulation on prosecutors' files, adopted	No act	KPC		Q4 2021		4,381.00	0.00	<b>4,381.00</b>
3.23.24	Article 83	Regulation on the management of the work process through the electronic CMIS in the State Prosecutor, adopted	No act	KPC		Q4 2021		4,381.00	0.00	<b>4,381.00</b>
<b>3.23.</b>	<b>Anticorruption Policy</b>									
3.23.25	Articles 83 and 91	AI on Joint Investigation Teams, adopted		MIA		Q3 2021		3,000.00	0.00	<b>3,000.00</b>
<b>3.23.</b>	<b>Fundamental Rights</b>									
3.23.26	Articles 3 and 4	AI on determining the coordination and cooperation of the work of the authorities for the rights of the child at central and local level, adopted	N/A	OPM		Q4 2021		6,000.00	6,000.00	<b>12,000.00</b>
3.23.27	Articles 3 and 4	AI on determining the rules of procedure of the Council for the Rights of the Child, adopted	N/A	OPM		Q4 2021		6,000.00	6,000.00	<b>12,000.00</b>
<b>3.23</b>	<b>Protection of Minorities and Cultural Heritage</b>									
3.23.	This section does not contain any measures.									
<b>3.23</b>	<b>Protection of Personal Data</b>									
3.23.	This section does not contain any measures.									
<b>3.24. Acquis Chapter 24: Justice, Freedom and Security</b>										
3.24.	<u>Framework legislation</u>									

<b>3.24.</b>	<b>Border Management</b>									
3.24.1	Article 85	Draft Law on Amending and Supplementing Law no. 04 / L-072 on State Border Control and Surveillance	Council Directive 2004/82 / EC of 29 April 2004 on the obligations of carriers to communicate passenger data; Directive 2016/681 / EU of the European Parliament and of the Council of 27 April 2016 on the use of passenger name register (REU) data for the prevention, detection, investigation and prosecution of terrorist offenses and serious crimes;	MIA		Q4 2021	P	10,800.00	5,000.00	<b>15,800.00</b>
<b>3.24.</b>	<b>Visas</b>									
3.24.	This section does not contain any measures.									
<b>3.24.</b>	<b>Document Security</b>									
3.24.	This section does not contain any measures.									
<b>3.24.</b>	<b>Asylum</b>									
3.24.	This section does not contain any measures.									
<b>3.24.</b>	<b>Migration</b>									
3.24.	This section does not contain any measures.									
<b>3.24.</b>	<b>Fight against Money Laundering and Terrorist Financing</b>									
3.24.	This section does not contain any measures.									
<b>3.24.</b>	<b>Fight against Narcotics</b>									
3.24.	This section does not contain any measures.									
<b>3.24.</b>	<b>Fight against Organized Crime and Police Cooperation</b>									
3.24.2	Article 91	Draft-law on cyber security (amendment), approved	Directive 2013/40/EU of the European Parliament and of the Council of 12 August 2013 on attacks against information systems and replacing Council Framework Decision 2005/222/JHA.	MIA		Q4 2021	P	10,800.00	5,000.00	<b>15,800.00</b>
<b>3.24.</b>	<b>Fight against Terrorism</b>									
3.24.	This section does not contain any measures.									
<b>3.24.</b>	<b>International Legal Cooperation in Criminal and Civil Matters</b>									
3.24.3	Article 83	Draft-law on international legal cooperation in criminal matters (amendment), approved	Directive 2014/41/EU of the European Parliament and of the Council of 3 April 2014 regarding the European Investigation Order in criminal matters.	MJ	KJC KPC MIA MFLT	Q3 2021	P	3,600.00	1,000.00	<b>4,600.00</b>
3.24.4	Article 83	Draft-law on international legal cooperation in civil matters (amendment), approved	The Hague Choice of Court Convention; Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (amendment); Regulation (EU) No 606/2013 of the European Parliament and of the Council of 12 June 2013 on mutual recognition of protection measures in civil matters; Council Regulation (EC) No 4/2009 of 18	MJ	KJC KPC MIA MFLT	Q3 2021	P	3,600.00	1,000.00	<b>4,600.00</b>



			<p>December 2008 on jurisdiction, applicable law, recognition and enforcement of decisions and cooperation in matters relating to maintenance obligations;</p> <p>Regulation (EU) No 650/2012 of the European Parliament and of the Council of 4 July 2012 on jurisdiction, applicable law, recognition and enforcement of decisions and acceptance and enforcement of authentic instruments in matters of succession and on the creation of a European Certificate of Succession;</p> <p>Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings;</p> <p>Regulation (EC) No 1896/2006 of the European Parliament and of the Council of 12 December 2006 creating a European order for payment procedure;</p> <p>Regulation (EC) No 861/2007 of the European Parliament and of the Council of 11 July 2007 establishing a European Small Claims Procedure;</p> <p>Regulation (EC) No 805/2004 of the European Parliament and of the Council of 21 April 2004 creating a European Enforcement Order for uncontested claims;</p> <p>Regulation (EU) No 655/2014 of the European Parliament and of the Council of 15 May 2014 establishing a European Account Preservation Order procedure to facilitate cross-border debt recovery in civil and commercial matters;</p> <p>Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters;</p> <p>Regulation (EC) No 1393/2007 of the European Parliament and of the Council of 13 November 2007 on the service in the Member States of judicial and extrajudicial documents in civil or commercial matters (service of documents), and repealing Council Regulation (EC) No 1348/2000;</p>						
3.24.	<u>Bylaws and other regulatory acts</u>								
3.24.	<b>Border Management</b>								
3.24.	This section does not contain any measures.								

3.24.	<b>Document Security</b>										
3.24.	This section does not contain any measures.										
3.24.	<b>Asylum</b>										
3.24.	This section does not contain any measures.										
3.24.	<b>Migration</b>										
3.24.	This section does not contain any measures.										
3.24.	<b>Fight against Money Laundering and Terrorist Financing</b>										
3.24.	This section does not contain any measures.										
3.24.	<b>Fight against Narcotics</b>										
3.24.	This section does not contain any measures.										
3.24.	<b>Fight against Organized Crime and Police Cooperation</b>										
3.24.	This section does not contain any measures.										
3.24.	<b>Fight against Terrorism</b>										
3.24.	This section does not contain any measures.										
3.24.	<b>International Legal Cooperation in Criminal and Civil Matters</b>										
3.24.	This section does not contain any measures.										
<b>3.25. Acquis Chapter 25: Science and Research</b>											
3.25.	<u>Framework legislation</u>										
3.25.	This section does not contain any measures.										
3.25.	<u>Bylaws and other regulatory acts</u>										
3.25.1	Article 107	AI on technology and knowledge transfer, and technology transfer forms, adopted	N/A	MESTI		Q4 2021		12,000.00	0.00	<b>12,000.00</b>	
<b>3.26. Acquis Chapter 26: Education and Culture</b>											
3.26.	<u>Framework legislation</u>										
3.26.1	Article 118	Draft-law on higher education (amendment), approved	NA	MESTI		Q4 2021		0.00	15,000.00	<b>15,000.00</b>	
3.26.2	Article 118	Draft-law on early childhood education for children 0-6 years old in the Republic of Kosovo (new draft-law), approved	NA	MESTI		Q4 2021		0.00	15,000.00	<b>15,000.00</b>	
3.26.3	Article 118	Draft-law on the Kosovo Accreditation Agency (amendment), approved	NA	MESTI		Q4 2021		0.00	15,000.00	<b>15,000.00</b>	
3.26.	<u>Bylaws and other regulatory acts</u>										
3.26.	This section does not contain any measures.										
<b>3.27. Acquis Chapter 27: Environment</b>											
3.27.	<u>Framework legislation</u>										
3.27.1	Articles 115, 116 and 117	Draft-law on air protection from pollution (amendment), approved	Directive 2004/70/EC relating to arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons in ambient air Directive 2001/81/EC on national emission	MESPI	MH MFLT	Q3 2021	P	5,940.00	0.00	<b>5,940.00</b>	

		<p>ceilings for certain atmospheric pollutants</p> <p>Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC concerning integrated pollution prevention and control</p> <p>Directive 2004/101/EC amending Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Community, in respect of the Kyoto Protocol's project mechanisms</p> <p>Directive 2008/101/EC amending Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Community</p> <p>Directive 2009/29/EC amending Directive 2003/87/EC so as to improve and extend the greenhouse gas emission allowance trading scheme of the Community</p> <p>Directive 2009/30/EC amending Directive 98/70/EC as regards the specification of petrol, diesel and gas-oil and introducing a mechanism to monitor and reduce greenhouse gas emissions and amending Council Directive 1999/32/EC as regards the specification of fuel used by inland waterway vessels and repealing Directive 93/12/EEC relating to the sulphur content of certain liquid fuels;</p> <p>Decision No 406/2009/EC on the effort of Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction commitments up to 2020</p> <p>Commission Decision No 2011/278/EU determining transitional Union-wide rules for harmonised free allocation of emission allowances pursuant to Article 10a of Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading</p> <p>Regulation No 1005/2009 on substances that deplete the ozone layer</p> <p>Regulation No 842/2006 of the European Parliament and of the Council on certain fluorinated greenhouse gases</p> <p>Council Decision No 97/101/EU establishing a reciprocal exchange of information and data from networks and individual stations</p>							
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			<p>measuring ambient air pollution within the Member States</p> <p>Council Decision No 2001/752/EU amending the Annexes to Council Decision 97/101/EU on the exchange of information on air data</p> <p>Commission Decision No 2004/224/EU laying down arrangements for the submission of information on plans or programmes required under Council Directive 96/62/EC in relation to limit values for certain pollutants in ambient air</p> <p>Council Decision No 2004/461/EU laying down a questionnaire to be used for annual reporting on ambient air quality assessment under Council Directives 96/62/EC and 1999/30/EC and under Directives 2000/69/EC and 2002/3/EC of the European Parliament and of the Council (replaced Decision 2001/839/EU)</p> <p>Decision No 280/2004/EU of the European Parliament and of the Council concerning a mechanism for monitoring Community greenhouse gas emissions and for implementing the Kyoto Protocol</p> <p>Commission Regulation (EU) No 031/2010 on the allocation, management and other aspects of the allocation of greenhouse gas emission allowance pursuant to Directive 2003/87/EU establishing a scheme for greenhouse gas emission allowance trading within the Community</p> <p>Commission Decision No 2007/589/EU establishing guidelines for the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC, as amended and supplemented by Commission Decision 2011/540/EU</p>							
3.27.2	Articles 115, 116 and 117	Draft-law on integrated pollution prevention and control (amendment), approved	Directive No 2010/75/EU (IED) on industrial emissions	MESPI	MFLT	Q3 2021	P	8,910.00	0.00	<b>8,910.00</b>
3.27.3	Articles 115, 116 and 117	Draft-law on Waters of Kosovo (amendment), approved	Water Framework Directive 2000/60/EC; Directive 2007/60/EC of 23 October 2007 on the assessment and management of flood risks (Text with EEA relevance); Council Directive 91/271/EEC of 21 May 1991 concerning urban waste-water treatment as amended by Directive 98/15/EC and	MESPI	OPM MAFRD MFLT	Q3 2021	P	8,910.00	0.00	<b>8,910.00</b>

			Regulations 1882/2003/EC and 1137/2008/EC; Council Directive 91/676/EEC of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources, amended by Regulations 1882/2003/EC and 1137/2008/EC; Directive 2006/118/EC of the European Parliament and of the Council of 12 December 2006 on the protection of groundwater against pollution and deterioration							
3.27.4	Articles 115, 116 and 117	Draft-law on waste (amendment), approved	Waste Framework Directive 2008/98/EC	MESPI	OPM MAFRD MFLT	Q3 2021	P	8,910.00	0.00	<b>8,910.00</b>
3.27.5	Articles 115, 116 and 117	Draft-law on chemicals (amendment), approved	REACH Regulation (EC) 1907/2006 CLP Regulation (EC) 1272/2008	MESPI	MFLT MH MAFRD MIA	Q3 2021	P	8,910.00	0.00	<b>8,910.00</b>
3.27.6	Articles 115, 116 and 117	Draft-law on forests (amendment), approved	Regulation (EU) No 691/2011 of the European Parliament and of the Council of 6 July 2011 on European environmental economic accounts; Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market	MAFRD	MFLT	Q4 2021	P	2,025.00	0.00	<b>2,025.00</b>
3.27.	<b>Bylaws and other regulatory acts</b>									
3.27.7	Articles 115, 116 and 117	AI on the rules and standards of the discharges on air by the stationary sources of pollution (amendment), adopted	Directive 2010/75/EU on industrial emissions	MESPI	MIET MH MFLT	Q3 2021	P	4,445.00	0.00	<b>4,445.00</b>
3.27.8	Articles 115, 116 and 117	AI on conditions, manners, parameters and limit values of wastewater discharge in public sewage network and in the water body, adopted	Directive 91/271/EEC concerning urban wastewater treatment	MESPI	MIET MH	Q3 2021	P	3,780.00	0.00	<b>3,780.00</b>
<b>3.28. Acquis Chapter 28: Consumer and Health Protection</b>										
3.28.	<b>Framework legislation</b>									
3.28.	<b>Consumer Protection</b>									
3.28.	This section does not contain any measures.									
3.28.	<b>Public Health Protection</b>									
3.28.1	Article 106	Draft Law on Reproductive Health and Medical Assisted Fertilization, adopted	Directive 2004/23/EC of the European Parliament and of the Council of 31 March 2004; Directive 2006/86/EC of 24 October 2006 implementing Directive 2004/23/EC of the	MH	OPM	Q4 2021	P	7,500.00	0.00	<b>7,500.00</b>

			European Parliament and of the Council; Directive 98/79/EC of the European Parliament and of the Council;							
3.28.	<u>Bylaws and other regulatory acts</u>									
3.28.	<b>Consumer Protection</b>									
3.28.	This section does not contain any measures.									
3.28.	<b>Public Health Protection</b>									
3.28.2	Article 106	AI for combined remarks on the tobacco packaging unit	Decision 2003/641 / EC of the EU Decision C (2006) 1502 EU of the EU Decision C (2005) 1452 of the EU	MH	MIET	Q4 2021	P	0.00	5,000.00	<b>5,000.00</b>
3.28.3	Article 106	AI for combined remarks on the packaging unit	Directive (EU) 2020/2184 of the European Parliament and of the Council on the quality of water intended for human consumption	MH	MIET	Q4 2021	P	0.00	5,000.00	<b>5,000.00</b>
<b>3.29. Acquis Chapter 29: Customs Union</b>										
3.29.	<u>Framework legislation</u>									
3.29.1	Articles 77 and 104	Draft-Customs and Excise Code in Kosovo (amendment), approved	EU Regulation No 952/2013 of the European Parliament and of the Council of 9 December 2013 laying down the Union Customs Code	MFLT	MIET	Q4 2021	P	5,600.00	0.00	<b>5,600.00</b>
3.29.	<u>Bylaws and other regulatory acts</u>									
3.29.	This section does not contain any measures.									
<b>3.30. Acquis Chapter 30: External Relations</b>										
3.30.	<u>Framework legislation</u>									
3.30.1	Articles 11- 16	Draft-law on foreign trade (amendment), approved	N/A	MIET		Q4 2021		1,500.00	0.00	<b>1,500.00</b>
3.30.	<u>Bylaws and other regulatory acts</u>									
3.30.	This section does not contain any measures.									
<b>3.31. Acquis Chapter 31: Foreign, Security and Defence Policy</b>										
3.31.	<u>Framework legislation</u>									
3.31.	This section does not contain any measures.									
3.31.	<u>Bylaws and other regulatory acts</u>									
3.31.	This section does not contain any measures.									
<b>3.32. Acquis Chapter 32: Financial Control</b>										
3.32.	<u>Framework legislation</u>									
3.32.	This section does not contain any measures.									
3.32.	<u>Bylaws and other regulatory acts</u>									
3.32.	This section does not contain any measures.									
<b>3.33. Acquis Chapter 33: Financial and Budgetary Provisions</b>										
3.33.	<u>Framework legislation</u>									
3.33.	This section does not contain any measures.									
3.33.	<u>Bylaws and other regulatory acts</u>									
3.33.	This section does not contain any measures.									
<b>3.34. Acquis Chapter 34: Institutions</b>										
3.34.	This programme does not cover this chapter at this phase of EU accession.									
<b>3.35. Acquis Chapter 35: Other Issues</b>										

3.35.	This programme does not cover this chapter at this phase of EU accession.									
<b>IMPLEMENTING MEASURES</b>										
No.	SAA provisions	Objectives	Indicators	Responsible institution	Supporting institutions	Time-frame	Reference documents	Budget		
								BRK	Donors	Total
<b>1. BLOCK I: POLITICAL CRITERIA</b>										
<b>1.1. Democracy and Rule of Law</b>										
<b>1.1.1. Constitution, Parliament and Electoral System</b>										
1.1.1.	<u>Policy framework</u>									
1.1.1.	This section does not contain any measures.									
1.1.1.	<u>Institutional reforms and capacity-building</u>									
1.1.1.	This section does not contain any measures.									
1.1.1.	<u>Enforcement</u>									
1.1.1.	This section does not contain any measures.									
<b>1.1.2. Public Administration</b>										
1.1.2.	<u>Policy framework</u>									
1.1.2.9	Article 120	Continue institutional reforms and capacity-building in the area of public administration, in order to implement EU standards and principles for public administration	Transitional Action Plan 2020-2021 for the implementation of SMPA 2015-2020, approved	MIA		Q3 2021		5,000.00	0.00	<b>5,000.00</b>
1.1.2.10	Article 120	Continue institutional reforms and capacity-building in the area of public administration, in order to implement EU standards and principles for public administration	New framework strategy on PAR adopted	MIA		Q4 2021		0.00	10,000.00	<b>10,000.00</b>
1.1.2.11	Article 120	Continue institutional reforms and capacity-building in the area of public administration, in order to implement EU standards and principles for public administration	Guide for evaluating the performance of executive agencies for the implementation of the Law on the organization and functioning of the state administration and independent agencies, developed and approved	MIA		Q3 2021		0.00	4,500.00	<b>4,500.00</b>
1.1.2.	<u>Institutional reforms and capacity-building</u>									
1.1.2.12	Article 120	Continuation of institutional reforms and institutional capacity building in the field of public administration, in order to implement EU standards and principles on PA	Civil Service Admission Questionnaire, established	MIA		K3 2021		0.00	18,000.00	<b>18,000.00</b>

1.1.2.13	Article 120	Continuation of institutional reforms and institutional capacity building in the field of public administration, in order to implement EU standards and principles on PA	Modules for all recruitment, transfer and promotion procedures within the HRMIS, developed	MIA		Q4 2021		0.00	20,000.00	<b>20,000.00</b>
1.1.2.14	Article 120	Ensure transparent, meritorious and non-political selection for all independent institutions, agencies, regulatory bodies and publicly-owned companies	MoU between the Assembly, the Government and the United Kingdom, implemented	OPM	MIA ME Assembly MLGA	Q4 2021		0.00	3,000.00	<b>3,000.00</b>
1.1.2.15	Article 120	Transparent, merit-based and non-political selection for all independent institutions, agencies, regulatory bodies and publicly-owned companies	Guide for conducting the interview for senior management positions, prepared in collaboration with the British project and the EU project, approved	MIA	OPM	Q4 2021		0.00	2,000.00	<b>2,000.00</b>
1.1.2.16	Article 120	Continuation of institutional reforms and institutional capacity building in the field of public administration, in order to implement EU standards and principles on PA	Guide for conducting the interview in the recruitment process, approved	MIA		Q4 2021		0.00	2,000.00	<b>2,000.00</b>
1.1.2.	<b>Enforcement</b>									
1.1.2.17	Article 120	Continuation of institutional reforms and institutional capacity building in the field of public administration, in order to implement EU standards and principles on PA	At least 20% of existing draft laws, draft laws, sub-legal acts and administrative instructions that contain special administrative procedures and are part of the legislative program, harmonized with the LGAP	MIA	OPM	Q4 2021		0.00	26,000.00	<b>26,000.00</b>
1.1.2.18	Article 120	Continuation of institutional reforms and institutional capacity building in the field of public administration, in order to implement EU standards and principles on PA	At least 8% of permits and licenses for economic operators, simplified, merged or repealed	OPM	MIA	Q4 2021		3,000.00	3,000.00	<b>6,000.00</b>



1.1.2.19	Article 120	Continuation of institutional reforms and institutional capacity building in the field of public administration, in order to implement EU standards and principles on PA	Central register for permits and licenses, advanced and updated	OPM		Q4 2021		4,000.00	0.00	4,000.00
<b>1.1.3. Ombudsperson</b>										
1.1.3.	<u>Policy framework</u>									
1.1.3.	This section does not contain any measures.									
1.1.3.	<u>Institutional reforms and capacity-building</u>									
1.1.3.	This section does not contain any measures.									
1.1.3.	<u>Enforcement</u>									
1.1.3.1	Articles 3, 4 and 7	Monitor the implementation of the Ombudsperson's recommendations	Number of OI recommendations implemented by the responsible authorities, based on indicator 7.3.2 of the Sector Budget Support Contract for public administration reform	OPM		Q4 2021		30,000	20,000	50,000
1.1.3.2	Articles 3, 4 and 7	Monitor the implementation of the Ombudsperson's recommendations	Number of responses received from the responsible authorities, based on indicator 7.3.1 of the Sectoral Budget Contract for PAR	OPM		Q4 2021		80,000.00	20,000.00	100,000.00
<b>1.1.4. Civilian Oversight of Security Forces</b>										
1.1.4.	<u>Policy framework</u>									
1.1.4.	This section does not contain any measures.									
1.1.4.	<u>Institutional reforms and capacity-building</u>									
1.1.4.	This section does not contain any measures.									
1.1.4.	<u>Enforcement</u>									
1.1.4.	This section does not contain any measures.									
<b>1.2. Regional Cooperation and International Obligations</b>										
1.2.	<u>Policy framework</u>									
1.2.	This section does not contain any measures.									
1.2.	<u>Institutional reforms and capacity-building</u>									
1.2.	This section does not contain any measures.									
1.2.	<u>Enforcement</u>									
1.2.	This section does not contain any measures.									
<b>2. BLOCK II: ECONOMIC CRITERIA</b>										
<b>2.1. Existence of a Functional Market Economy</b>										
2.1.	<u>Policy framework</u>									
2.1.1	Articles 25, 43, 75, 93, 94, 96, 98, 106, 107, 121, 123	Draft the Public Finance Management Reform Strategy 2022-2026	PFMRS and Action Plan, adopted	MFLT	OPM MIA NAO PPRC	Q4 2021	Government Programme 2020-2023	24,000.00	54,900.00	78,900.00

2.1.	<u>Institutional reforms and capacity-building</u>									
2.1.	This section does not contain any measures.									
2.1.	<u>Enforcement</u>									
2.1.2	Articles 25, 43, 75, 93, 94, 96, 98, 106, 107, 121, 123	Develop the strategic fiscal framework related to publicly-owned enterprises	Analysis of fiscal risk of POEs, included in strategic fiscal documents	MFLT	ME	Q4 2021	Conclusions of the Subcommittee on Economic and Financial Issues and Statistics 2021	1,440.00	0.00	<b>1,440.00</b>
2.1.3	Articles 25, 43, 75, 93, 94, 96, 98, 106, 107, 121, 123	Ensure transparency and oversight of public spending	Report on the implementation of the Government Emergency Fiscal Package, published	MFLT	OPM KCGF MAFRD ME	Q3 2021	MFPTA, SBS Financing Agreement	20,000.00	0.00	<b>20,000.00</b>
<b>2.2. Capacity to Cope with Competitive Pressure and Market Forces within the Union</b>										
2.2.	<u>Policy framework</u>									
2.2.	This section does not contain any measures.									
2.2.	<u>Institutional reforms and capacity-building</u>									
2.2.	This section does not contain any measures.									
2.2.	<u>Enforcement</u>									
2.2.	This section does not contain any measures.									
<b>3. BLOCK III: EUROPEAN STANDARDS – APPROXIMATION OF KOSOVO’S LEGISLATION WITH THE EU ACQUIS</b>										
<b>3.0. Legal Framework on Approximation of Kosovo’s Legislation with the EU Acquis</b>										
3.0.	<u>Policy framework</u>									
3.0.1	Article 74	Coordinate the translation of the EU acquis into the official languages of Kosovo	Annual translation calendar, drafted	OPM		Q4 2021	Programme of Bylaws 2021	0	0	0
3.0.	<u>Institutional reforms and capacity-building</u>									
3.0.2	Article 74	Build capacities for the approximation of draft normative acts of Kosovo' legislation with the EU acquis for the implementation of the SAA	At least 4 cycles of training on approximation of legislation, held	OPM	MIA	Q4 2021		5,000.00	0.00	<b>5,000.00</b>
3.0.3	Article 74	Digitalization of the process for approximation of draft normative acts of Kosovo' legislation with the EU acquis for the implementation of the SAA	The platform for the approximation of local legislation with the EU acquis, functionalized	OPM		Q4 2021		20,000.00	30,000.00	<b>50,000.00</b>
3.0.	<u>Enforcement</u>									
3.0.4	Article 74	Coordinate the translation of the EU acquis into the official languages of Kosovo	Number of translated, revised and certified acquis acts that have been translated into the official language of Kosovo	OPM		Q4 2021		100,000.00	0.00	<b>100,000.00</b>

3.0.5	Article 74	Control of the approximation of draft normative acts of Kosovo's legislation with the EU acquis for the implementation of the SAA	At least 120 Legal Opinions on Compliance (LOC) with the EU acquis, issued	OPM		Q4 2021		0.00	0.00	0.00
<b>3.1. Acquis Chapter 1: Free Movement of Goods</b>										
3.1.	<u>Policy framework</u>									
3.1.2	Articles 20, 80 and 73, point 5	Improve the general product safety regulatory framework	Concept Document on General Product Safety, adopted	MIET	FVA	Q3 2021		10,500.00	6,600.00	17,100.00
3.1.3	Articles 20, 80 and 73, point 5	Create policies for the non-harmonized area	Action Plan for non-harmonized area (34-36 TFEU), adopted	MIET	ME MH MIA MAFRD FVA RAEPC	Q4 2021		1,500.00	0.00	1,500.00
3.1.	<u>Institutional reforms and capacity-building</u>									
3.1.4	Articles 20, 80 and 74 point 3	Build the administrative capacities in the Kosovo Metrology Agency, Kosovo Accreditation Agency and Kosovo Standardization Agency	At least 6 training modules held for KMA, KAD and KSA officials	MIET		Q4 2021		6,000.00	13,150.00	19,150.00
3.1.5	Articles 20, 80 and 74 point 3	Build the administrative capacities in the market inspectorate	At least 3 training modules held for Market Inspectorate officials	MIET		Q4 2021		3,000.00	7,650.00	10,650.00
3.1.	<u>Enforcement</u>									
3.1.6	Articles 20, 80 and 74 point 3	Enhance the technical capacities in the area of metrology	Volume and Flow Laboratory, accredited	MIET		Q4 2021		1,500.00	4,650.00	6,150.00
<b>3.2. Acquis Chapter 2: Freedom of Movement for Workers</b>										
3.2.	<u>Policy framework</u>									
3.2.1	Article 79, paragraph 9	Initiate/negotiate bilateral social security agreements	At least one bilateral agreement with EU states initiated	MFLT	OPM MFAD	Q4 2021		0.00	0.00	0.00
3.2.	<u>Institutional reforms and capacity-building</u>									
3.2.	This section does not contain any measures.									
3.2.	<u>Enforcement</u>									
3.2.	This section does not contain any measures.									
<b>3.3. Acquis Chapter 3: Right of Establishment and Freedom to Provide Services</b>										
3.3.	<u>Policy framework</u>									
3.3.	This section does not contain any measures.									
3.3.	<u>Institutional reforms and capacity-building</u>									

3.3.4	Articles 51, 56, 57, 58, 59 and 74.	Implementation of institutional reforms in the field of the right of establishment and freedom to provide services	Decision on the Establishment of the State Council for Regulated Professions, adopted	MESTI		Q4 2021	Law on Regulated Professions	1,000.00	0.00	<b>1,000.00</b>
3.3.5	Articles 51, 56, 57, 58, 59 and 74	Preparations for the establishment of a single point of contact Implementation of institutional reforms in the field of the right of establishment and freedom to provide services	Software for single point of contact, developed	MIET	MIA MESTI ME	Q4 2021	Law on Services	2,600.00	0.00	<b>2,600.00</b>
3.3.	<u>Enforcement</u>									
3.3.	This section does not contain any measures.									
<b>3.4. Acquis Chapter 4: Free Movement of Capital</b>										
3.4.	<u>Policy framework</u>									
3.4.2	Article 64	Further development of polices in the are of payment system	Concept document for amending-supplementing the Law on Payment System, adopted	MFLT	CBK	Q3 2021	CBK Annual Plan	5,600.00	0.00	<b>5,600.00</b>
3.4.3	Article 89	Development of legislation in the field of combating money laundering and terrorist financing	Concept Document on Preventing Money Laundering and Combating Terrorist Financing, approved	MFLT	FIU	Q4 2021	Subcommittee on Internal Market	5,840.00	5,840.00	<b>11,680.00</b>
3.4.	<u>Institutional reforms and capacity-building</u>									
3.4.	This section does not contain any measures.									
3.4.	<u>Enforcement</u>									
3.4.4	Article 64	Implemenation of reforms in the area of free movement of goods	Revised methodology for sectorial risk assessment, according to the consolidated list of recommendations, adopted	MFLT		Q4 2021		0.00	13,500.00	<b>13,500.00</b>
<b>3.5. Acquis Chapter 5: Public Procurement</b>										
3.5.	<u>Policy framework</u>									
3.5.	This section does not contain any measures.									
3.5.	<u>Institutional reforms and capacity-building</u>									
3.5.	<u>Enforcement</u>									
3.5.3	Article 79	Application of the module on contract management through the e-procurement system.	Number of contracts signed in public procurement that have been managed through the e-procurement system.	PPRC	MFLT	Q4 2021	SC for Internal Market	360,468.00	0.00	<b>360,468.00</b>
3.5.4	Article 79	Establish the coordination mechanisms with the Kosovo Competition Authority in order to promote a favourable environment for	Memorandum of Understanding between the PPRC and the Kosovo Competition Authority, signed.	PPRC	MFLT	Q3 2021	Conclusions of the Subcommittee on Internal Market, Competition and Consumer Protection 2020	1,000	0	1,000

		competitive practices in public procurement								
<b>3.6. Acquis Chapter 6: Company Law</b>										
3.6.	<u>Policy framework</u>									
3.6.4	Article 51, points 1, 2, 4	Improve the legal framework on business organizations	Concept document for amending and supplementing the Law on Business Organizations, adopted	MIET	KBRA	Q4 2021		7,500.00	6,150.00	<b>13,650.00</b>
3.6.5	Article 51, points 1, 2, 3	Develop corporate governance policies	Corporate Governance Code, adopted	MIET	KBRA	Q4 2021		1,500.00	0.00	<b>1,500.00</b>
3.6.	<u>Institutional reforms and capacity-building</u>									
3.6.	This section does not contain any measures.									
3.6.	<u>Enforcement</u>									
3.6.	This section does not contain any measures.									
<b>3.7. Acquis Chapter 7: Intellectual Property Law</b>										
3.7.	<u>Framework legislation</u>									
3.7.	This section does not contain any measures.									
3.7.	<u>Institutional reforms and institutional capacity-building</u>									
3.7.8	Article 77 and 78	Capacity building of relevant institutions for implementation of legislation	At least 1 training organized for judges, prosecutors, police in the area of Industrial Property	MIET		Q4 2021		1,250.00	6,150.00	<b>7,400.00</b>
3.7.	<u>Enforcement</u>									
3.7.9	Article 77 and 78	Strengthening capacities to combat piracy	Establishment of contact points for 7 regions for combating piracy and counterfeit goods	MCYS		Q4 2021		0	0	0
<b>3.8. Acquis Chapter 8: Competition Policy</b>										
3.8.	<u>Policy framework</u>									
3.8.	<b>Competition</b>									
3.8.	This section does not contain any measures.									
3.8.	<b>State Aid</b>									
3.8.	This section does not contain any measures.									
3.8.	<u>Institutional reforms and institutional capacity-building</u>									
3.8.	<b>Competition</b>									
3.8.	This section does not contain any measures.									
3.8.	<b>State Aid</b>									
3.8.2	Articles 74 and 75	Capacity building of DSA staff in order to apply the rules of State Aid in the country	50 information sessions for municipalities, Line Ministries, regulatory and justice institutions	MFLT	DSA	Q4 2021	Government Programme 2020-2023 Government Work Plan 2021-2023 National Development Strategy 2016-2021	0.00	41,950.00	<b>41,950.00</b>

3.8.	<u>Enforcement</u>									
3.8.	<b>Competition</b>									
3.8.	This section does not contain any measures.									
3.8.	<b>State Aid</b>									
3.8.	This section does not contain any measures.									
<b>3.9. Acquis Chapter 9: Financial Services</b>										
3.9.	<u>Policy framework</u>									
3.9.5	Articles 50, 96 and Annex 7	Drafting methodological guidelines for the implementation of the Regulations on the ratio/proportion of liquidity coverage and the stable net financial ratio/proportion	Methodological guidelines for the implementation of regulations on liquidity coverage and sustainable net financing, drafted	CBK		Q4 2021	CBK Annual Plan	2,800.00	0.00	<b>2,800.00</b>
3.9.6	Articles 50, 96 and annex 7	Drafting of methodological guide for the implementation of the Regulation on Net Stable Funding Ratio	Methodological guide for the implementation of the regulation on net stable funding ratio, prepared	CBK		Q4 2021	Annual plan of the CBK.	2,800.00	0.00	<b>2,800.00</b>
3.9.	<u>Institutional reforms and institutional capacity-building</u>									
3.9.	This section does not contain any measures.									
3.9.	<u>Enforcement</u>									
3.9.	This section does not contain any measures.									
<b>3.10. Acquis Chapter 10: Information Society and Media</b>										
3.10.	<u>Policy framework</u>									
3.10.	This section does not contain any measures.									
3.10.	<u>Institutional reforms and institutional capacity-building</u>									
3.10.	This section does not contain any measures.									
3.10.	<u>Enforcement</u>									
3.10.8	Articles 109, 110 and 111	Promoting competition in the electronic communications markets, creating opportunities for consumers to switch operators while maintaining the same number, as well as the efficient and effective use of digital resources	Number portability system, created and functionalized	RAPEC		Q4 2021		1,503,308.00	0.00	<b>1,503,308.00</b>
<b>3.11. Acquis Chapter 11: Agriculture and Rural Development</b>										
3.11.	<u>Policy framework</u>									
3.11.2	Article 102	Improving land regulation policies	Concept document on land regulation, adopted	MAFRD	MESPI KCA	Q4 2021	Law on Regulation of Agricultural Land Land Consolidation Strategy	2,700.00	0.00	<b>2,700.00</b>

3.11.3	Article 102	Improving land regulation policies	Concept document on agriculture land, adopted	MAFRD	MESPI KCA	Q4 2021	Law on Agricultural Land Consolidation Strategy	2,700.00	0.00	<b>2,700.00</b>
3.11.4	Article 102	Improvement of agriculture and rural development policies	Concept document on wines, approved	MAFRD	MLGA	Q4 2021	Law on Wines No. 04/L-19	2,700.00	0.00	<b>2,700.00</b>
3.11.5	Article 102	Improving Agriculture and Rural Development policies	Programme for agriculture and rural development 2021-2027, finalized	MAFRD	MESPI FVA	Q4 2021	Law on Agriculture and Rural Development Land Consolidation Strategy	3,600.00	0.00	<b>3,600.00</b>
3.11.6	Article 102	Improving policies for the organization of the common market	Concept document on the organization of the common market, adopted	MAFRD	MIET FVA	Q4 2021	Conclusions of the Subcommittee on Agriculture and Fisheries 2020 Government Work Plan 2021-2023	2,700.00	0.00	<b>2,700.00</b>
3.11.	<u>Institutional reforms and institutional capacity-building</u>									
3.11.	This section does not contain any measures.									
3.11.	<u>Enforcement</u>									
3.11.	This section does not contain any measures.									
<b>3.12. Acquis Chapter 12: Food Safety, Phytosanitary and Veterinary Policies</b>										
3.12.	<u>Policy framework</u>									
3.12.	This section does not contain any measures.									
3.12.	<u>Institutional reforms and institutional capacity-building</u>									
3.12.	This section does not contain any measures.									
3.12.	<u>Enforcement</u>									
3.12.	This section does not contain any measures.									
<b>3.13. Acquis Chapter 13: Fisheries</b>										
3.13.	<u>Policy framework</u>									
3.13.	This section does not contain any measures.									
3.13.	<u>Institutional reforms and institutional capacity-building</u>									
3.13.	This section does not contain any measures.									
3.13.	<u>Enforcement</u>									
3.13.	This section does not contain any measures.									
<b>3.14. Acquis Chapter 14: Transport Policy</b>										
3.14.	<u>Policy framework</u>									
3.14.15	Article 113	Drafting strategic development policies of the transport sector	Sectorial Strategy and Multimodal Transport 2015-2025 and action plan, revised and adopted	MESPI		Q4 2021		25,200.00	0.00	<b>25,200.00</b>
3.14.16	Article 113	Improving road safety	Road accident database, created	MESPI		Q4 2021	Sectorial and Multimodal Transport Strategy 2015-2025	24,300.00	0.00	<b>24,300.00</b>

							TCT Road Safety Action Plan			
3.14.	<u>Institutional reforms and institutional capacity-building</u>									
3.14.	This section does not contain any measures.									
3.14.	<u>Enforcement</u>									
3.14.	This section does not contain any measures.									
<b>3.15. Acquis Chapter 15: Energy</b>										
3.15.	<u>Policy framework</u>									
3.15.5	Article 114	Further development of energy policies in order to implement the provisions of the SAA and the transposed acquis	Revised energy strategy, adopted	ME	MFLT ERO KOSTT MESPI	Q4 2021	Energy Strategy of the Republic of Kosovo 2017-2026	40,000.00	0.00	<b>40,000.00</b>
3.15.6	Article 114	Further development of energy and climate change policies in order to implement the provisions of the SAA and the transposed acquis	National plan for energy and climate 2021-2030, adopted	ME	MESPI MFLT ERO KOSTT	Q4 2021	Energy Community Treaty: Regulation on Energy Union Governance and Climate Action	22,000.00	50,000.00	<b>72,000.00</b>
3.15.7	Article 114	Further development of policies in the area of renewable energy sources (RES) in order to implement the provisions of the SAA and the transposed acquis	Concept document on renewable energy sources, adopted	ME	MFLT ERO KOSTT OPM	Q3 2021	Energy Strategy of the Republic of Kosovo 2017-2026	2,700.00	0.00	<b>2,700.00</b>
3.15.	<u>Institutional reforms and institutional capacity-building</u>									
3.15.8	Article 114	Improving statistical data on energy efficiency	Energy saving monitoring and verification platform: reports generated	KAEE	ME KEEF	Q4 2021	Law on Energy Efficiency	2,400.00	0.00	<b>2,400.00</b>
3.15.	<u>Enforcement</u>									
3.15.9	Article 114	Further development of electricity policies in order to implement the provisions of the SAA and the transposed acquis	Energy tariff plan for vulnerable consumers, drafted	MFLT	ME ERO	Q4 2021	Economic Reform Programme	5,400.00	0.00	<b>5,400.00</b>
3.15.10	Article 114	New investments in improving energy efficiency in Municipalities for the development of energy capacities and rehabilitation of existing ones	EE measures in 49 municipal buildings, 3 public lighting and 3 photovoltaic panels, implemented	KEEF	ME KAEE	Q4 2021	Law on Energy Efficiency Energy Efficiency Action Plan	0	9,000,000	9,000,000
<b>3.16. Acquis Chapter 16: Taxation</b>										
3.16.	<u>Policy framework</u>									



3.16.1	Articles 39, 40, 70 and 105	Review of current tax policies	Analysis for the review of current tax policies, drafted	MFLT	TAK	Q4 2021		0.00	0.00	0.00
3.16.	<u>Institutional reforms and institutional capacity-building</u>									
3.16.	This section does not contain any measures.									
3.16.	<u>Enforcement</u>									
3.16.	This section does not contain any measures.									
<b>3.17. Acquis Chapter 17: Economic and Monetary Policy</b> (refer to Block 2: Economic Criteria)										
3.17.	<u>Policy framework</u>									
3.17.	This section does not contain any measures.									
3.17.	<u>Institutional reforms and institutional capacity-building</u>									
3.17.	This section does not contain any measures.									
3.17.	<u>Enforcement</u>									
3.17.	This section does not contain any measures.									
<b>3.18. Acquis Chapter 18: Statistics</b>										
3.18.	<u>Policy framework</u>									
3.18.	This section does not contain any measures.									
3.18.	<u>Institutional reforms and institutional capacity-building</u>									
3.18.	This section does not contain any measures.									
3.18.	<u>Enforcement</u>									
3.18.2	Article 95	Preparations for the census of population and housing 2021	Adequate financial and administrative resources (questionnaires, guides, and other statistical material), provided	MFLT	Assembly, KAS	Q4 2021	Conclusions of the Subcommittee on Economic and Financial Issues and Statistics 2020	2,151,888.00	0.00	2,151,888.00
3.18.3	Article 95	Strengthening inter-institutional cooperation	Use (access) to ARC, ISCED 2011 data available nationwide	MFLT	ARC CBK KAS	Q4 2021	Conclusions of the Subcommittee on Economic and Financial Issues and Statistics 2020	13,500.00	1,600.00	15,100.00
<b>3.19. Acquis Chapter 19: Social Policy and Employment</b>										
3.19.	<u>Policy framework</u>									
3.20.	This section does not contain any measures.									
3.19.	<u>Institutional reforms and institutional capacity-building</u>									
3.19.2	Articles 82 and 106	Strengthening institutional capacity in the Labour Inspectorate	Number of inspectors, increased	MFLT		Q4 2021	MLSW Sector Strategy 2018-2022	246,310.00	0.00	246,310.00
3.19.	<u>Enforcement</u>									
3.19.3	Articles 82 and 106	Undertaking measures to increase women's participation in the labour market	Number of women included in active labour market measures, increased	MFLT		Q4 2021		2,100,000.00	0.00	2,100,000.00
3.19.4	Articles 82 and 106	Undertaking measures to increase youth	Number of young people included in active labour market measures, increased	MFLT		Q4 2021		1,800,000.00	0.00	1,800,000.00

		participation in the labour market								
3.19.5	Articles 82 and 106	Targeting and better provision of social services in municipalities and social assistance schemes	Coverage rate of poor families, increased	MFLT		Q4 2021	MLSW Sector Strategy 2018-2022	32,000,000.00	0.00	<b>32,000,000.00</b>
<b>3.20. Acquis Chapter 20: Enterprise and Industry Policy</b>										
3.20.	<u>Policy framework</u>									
3.20.2	Articles 99 and 100	Improving policies regarding the business and industry environment	Tourism Strategy, approved	MIET		Q4 2021		0	0	0
3.20.	<u>Institutional reforms and institutional capacity-building</u>									
3.20.	This section does not contain any measures.									
3.20.	<u>Enforcement</u>									
3.20.3	Articles 99 and 100	SME support for product certification	At least 10 SMEs subsidized in the form of product certification grants	MIET		Q4 2021		7,500.00	0.00	<b>7,500.00</b>
<b>3.21. Acquis Chapter 21: Trans-European Networks</b>										
3.21.	<u>Policy framework</u>									
3.21.	This section does not contain any measures.									
3.21.	<u>Institutional reforms and institutional capacity-building</u>									
3.21.	This section does not contain any measures.									
3.21.	<u>Enforcement</u>									
3.21.	This section does not contain any measures.									
<b>3.22. Acquis Chapter 22: Regional Policy and Coordination of Structural Instruments</b>										
3.22.	<u>Policy framework</u>									
3.22.	This section does not contain any measures.									
3.22.	<u>Institutional reforms and institutional capacity-building</u>									
3.22.	This section does not contain any measures.									
3.22.	<u>Enforcement</u>									
3.22.	This section does not contain any measures.									
<b>3.23. Acquis Chapter 23: Judiciary and Fundamental Rights</b>										
3.23.	<u>Policy framework</u>									
3.23.	<b>Judicial System</b>									
3.23.29	Article 83	Finalization, adoption and implementation of policies for the process of vetting in the justice system	Concept document on the development of the vetting process, approved	MJ	KPC KJC Assembly	Q3 2021		5,000.00	0.00	<b>5,000.00</b>
3.23.30	Article 83	Advancement of the legal framework and the system for management of sequestered or confiscated property	Concept document for the establishment of the confiscation fund, approved	MJ	MFLT OPM	Q4 2021		100.00	0.00	<b>100.00</b>
3.23.31	Article 83	Functional Review of the Rule of Law Sector in order to identify and define	Rule of Law Sectorial Strategy, adopted	MJ	KJC KPC MIA	Q2 2021		150,000	0	150,000

		strategic and developmental objectives for the area of rule of law, to increase the effectiveness of institutions in law enforcement			OPM MFLT ACA Assembly Presidency					
<b>3.23.</b>	<b>Anticorruption Policy</b>									
3.23.32	Articles 83 and 91	Advancing the fight against corruption, as well as implementing key justice reforms	Anticorruption Strategy and Action Plan 2021 - 2023, adopted	ACA	Assembly OPM MJ MFLT MIA KJC KPC	Q4 2021		3,000.00	0.00	<b>3,000.00</b>
<b>3.23.</b>	<b>Fundamental Rights</b>									
3.23.33	Articles 3 and 4	Advancing the legal and policy framework for the protection, promotion and enforcement of human rights	Programme for the protection and promotion of human rights (2021-2025), adopted	OPM	AGE KJC KPC OI	Q3 2021	Law on Protection from Discrimination Law on Gender Equality Law on Ombudsperson	6,000.00	13,000.00	<b>19,000.00</b>
3.23.34	Articles 3 and 4	The rights of people with disabilities are prioritized in the Government agenda	National plan for the rights of persons with disabilities, drafted	OPM	OPWD	Q3 2021	Convention on the Rights of Persons with Disabilities Strategy for the Rights of Persons with Disabilities 2013-2023	0.00	0.00	<b>0.00</b>
3.23.35	Articles 3 and 4	Conduct research on protection against discrimination	Development of research on diversity and equality in the Republic of Kosovo	OPM		Q3 2021	Law on Protection from Discrimination	0.00	0.00	<b>0.00</b>
3.23.36	Articles 3 and 4	Regulate the protection of journalists' resources in accordance with European standards and practices	Concept document for the Protection of Journalism Resources	OPM		Q4 2021	European Reform Agenda 2	0.00	4,050.00	<b>4,050.00</b>
<b>3.23.</b>	<b>Protection of Minorities and Cultural Heritage</b>									
3.23.37	Articles 3 and 4	Advancing the legal framework and strategic documents for communities, returns and integration	Concept document to support community projects	MCR	OPM	Q4 2021	Government Work Plan 2021-2023	0.00	10,109.00	<b>10,109.00</b>
3.23.38	Articles 3 and 4	Advancing the legal framework and strategic documents for communities, returns and integration	Concept document for displaced persons	MCR	OPM	Q4 2021	Government Work Plan 2021-2023	0.00	10,109.00	<b>10,109.00</b>

3.23.39	Articles 3 and 4	Advancing the legal framework and strategic documents for communities, returns and integration	Strategy for the Protection and Promotion of the Rights of Communities and their Members, adopted	OPM		Q4 2021	Strategy and Action Plan for the Inclusion of Roma and Ashkali Communities in Kosovo Society 2017-2021	0.00	10,000.00	<b>10,000.00</b>
<b>3.23.</b>	<b>Protection of Personal Data</b>									
3.23.	This section does not contain any measures.									
3.23.	<u>Institutional reforms and institutional capacity-building</u>									
<b>3.23.</b>	<b>Judicial System</b>									
3.23.40	Article 83	Ensure that the selection process for the remaining members of the KJC and KPC is transparent, based on merit, ensuring that the selected candidates meet the legal requirements for these positions	2 members of KPC, appointed	Assembly		Q3 2021		263.00	0.00	<b>263.00</b>
3.23.41	Article 83	Ensure that the selection process for the remaining members of the KJC and KPC is transparent, based on merit, ensuring that the selected candidates meet the legal requirements for these positions	1 member of the KJC from the minority community, appointed	Assembly		Q3 2021		3,153.00	0.00	<b>3,153.00</b>
3.23.42	Article 83	Further improvement of the performance in the judiciary, particularly establishing mechanisms in the registration of criminal files	National Unit for Registration of Criminal Cases within the KJC Secretariat, functional	KJC		Q4 2021		35,640.00	0.00	<b>35,640.00</b>
<b>3.23.</b>	<b>Anticorruption Policy</b>									
3.23.43	Articles 83 and 91	Further advancement of the War Crimes Unit in the SPRK	1 prosecutor, transferred	KPC		Q4 2021		786.00	0.00	<b>786.00</b>
3.23.44	Articles 83 and 91	Further advancement of the War Crimes Unit in the SPRK	2 support staff, recruited	KPC		Q4 2021		330.00	0.00	<b>330.00</b>
3.23.45	Articles 83 and 91	Development and implementation of specialized training policies to strengthen the capacity of the prosecutorial and judicial	2 trainings for 15 prosecutors and 10 judges in financial crime investigations and trials, held	AJ	KPC KJC	Q4 2021	Training Programme for 2021 AJ Strategic Plan 2019-2021 State Strategy in the Fight against	465.00	0.00	<b>465.00</b>

		system to conduct financial investigations, prosecutions, final convictions and final seizures					Organized Crime 2018-2022 National Strategy of the Republic of Kosovo for Preventing and Combating the Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2019-2023			
3.23.46	Articles 83 and 91	Drafting and implementation of specialized training policies to strengthen the capacity of the prosecutorial and judicial system to conduct financial investigations, prosecutions, final convictions and final seizures	1 training for 20 prosecutors and 30 judges for seizure, held	AJ	KPC KJC	Q4 2021	Training Programme for 2021 AJ Strategic Plan 2019-2021 State Strategy in the Fight against Organized Crime 2018-2022 National Strategy of the Republic of Kosovo for Preventing and Combating the Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2019-2023	930.00	0.00	<b>930.00</b>
<b>3.23.</b>	<b>Fundamental Rights</b>									
3.23.47	Articles 3 and 4	Capacity building of institutional mechanisms for protection from domestic violence and institutional mechanisms for gender equality	6 trainings on advancing the realization of rights in decision-making, peace, security and justice, organized by AGE	OPM		Q4 2021		0.00	32,000.00	<b>32,000.00</b>
<b>3.23.</b>	<b>Protection of Minorities and Cultural Heritage</b>									
3.23.	This section does not contain any measures.									
<b>3.23.</b>	<b>Protection of Personal Data</b>									
3.23.	This section does not contain any measures.									
3.23.	<u>Enforcement</u>									
<b>3.23.</b>	<b>Judicial System</b>									

3.23.48	Article 83	More efficient administration of the prosecutorial system and strengthening of the administration	1/3 of judges and prosecutors, evaluated	KPC		Q4 2021		5,173.00	0.00	5,173.00
3.23.49	Article 83	More efficient administration of the judicial system and strengthening of the administration	1/3 of the judges, evaluated	KJC		Q4 2021		0.00	0.00	0.00
3.23.50	Article 83	Further advancement of the electronic case management system	Consolidation of the CMIS System phase in all regions of the courts, including Civil and Criminal Cases	KJC		Q4 2021		399,500.00	329,903.00	729,403.00
3.23.51	Article 83	Efficient administration of disciplinary procedures in the justice system	Electronic database, which will record all complaints and requests for initiating disciplinary investigations and information submitted by the competent authority for prosecutors, established	KPC		Q4 2021		3,683.00	36,000.00	39,683.00
3.23.52	Article 83	Efficient administration of disciplinary procedures in the justice system	Electronic database, which will record all complaints and requests for initiating disciplinary investigations and information submitted by the competent authority for judges, established	KJC		Q4 2021		20,000.00	0.00	20,000.00
3.23.53	Article 83	More efficient administration of the judicial system and strengthening of the administration	Action plan of the prosecutorial system for crisis management, implemented	KPC		Q4 2021		36,786.00	0.00	36,786.00
<b>3.23.</b>	<b>Anticorruption Policy</b>									
3.23.	This section does not contain any measures.									
<b>3.23.</b>	<b>Fundamental Rights</b>									
3.23.54	Articles 3 and 4	Economic empowerment of women and girls through subsidizing projects aimed at achieving gender equality NGOs and physical individuals	14 projects for economic empowerment of women and girls, subsidized	OPM		Q4 2021		40,000.00	0.00	40,000.00
3.23.55	Articles 3 and 4	Raising public awareness on the importance of preventing domestic violence and combating gender stereotypes and completing the legal framework that guarantees gender equality	Awareness campaigns, carried out	OPM		Q4 2021		25,000.00	0.00	25,000.00

3.23.56	Articles 3 and 4	Raising public awareness on child protection	Organizing a campaign to promote the Law on Child Protection;	OPM		Q4 2021		3,000.00	17,000.00	20,000.00
<b>3.23.</b>	<b>Protection of Minorities and Cultural Heritage</b>									
3.23.57	Articles 3 and 4	Providing return opportunities for displaced persons	Database on the number and location of returnees and displaced persons, established	MCR		Q4 2021	Regulation on Return of Displaced Persons and Durable Solutions	0.00	54,000.00	54,000.00
3.23.58	Articles 3 and 4	Closing of collective centres	Support for the closure of collective centers in the municipalities of Leposavic, Zvecan and Gracanica	MCR		Q4 2021	Regulation on Return of Displaced Persons and Durable Solutions	2,150,000.00	0.00	2,150,000.00
3.23.59	Articles 3 and 4	Closing of collective centres	Support for the closure of collective centres in the municipalities of Leposavic, Zvecan and Gracanica	MCR		Q4 2021	Regulation No. 01/2018 on Return of Displaced Persons and Durable Solutions, IPA 2014, IPA 2018	2,150,000.00	0.00	2,150,000.00
3.23.	Protection of Personal Data									
3.23.	This section does not contain any measures.									
<b>3.24.</b>	<b>Acquis Chapter 24: Justice, Freedom and Security</b>									
3.24.	<u>Policy framework</u>									
<b>3.24.</b>	<b>Border Management</b>									
3.24.5	Article 85	Further improve the policy framework in the area of border management, in order to implement the provisions of the SAA and the approximated legislation	NCBM development plan, revised	MIA	MFLT OPM	Q4 2021	Government Work Plan 2021-2023 Conclusions of Subcommittee on Justice, Freedom and Security 2020	5,000.00	5,000.00	10,000.00
<b>3.24.</b>	<b>Visas</b>									
3.24.	This section does not contain any measures.									
<b>3.24.</b>	<b>Document Security</b>									
3.24.	This section does not contain any measures.									
<b>3.24.</b>	<b>Asylum</b>									
3.24.	This section does not contain any measures.									
<b>3.24.</b>	<b>Migration</b>									
3.24.6	Articles 85, 86, 87 and 88	Further improve the policy framework in the area of migration, in order to implement the provisions of the SAA and the approximated legislation	Concept document for foreigners, adopted	MIA	OPM MFAD MFLT	Q4 2021	Government Work Plan 2021-2023 European Reform Agenda 2	5,000.00	1,000.00	6,000.00
3.24.7	Articles 85, 86, 87 and 88	Further improve the policy framework in the area of migration, in order to implement the provisions	Migration Strategy 2021-2025 and Work Plan, adopted	MIA	OPM MFAD MFLT	Q3 2021	Government Work Plan 2021-2023 European Reform Agenda 2	5,000.00	5,000.00	10,000.00

		of the SAA and the approximated legislation					Conclusions of Subcommittee on Justice, Freedom and Security 2020			
3.24.8	Articles 85, 86, 87 and 88	Further improve the policy framework in the area of migration, in order to implement the provisions of the SAA and the approximated legislation	Easy Migration Profile 2020, adopted	MIA	OPM MFLT MFAD GMA	Q4 2021	Government Work Plan 2021-2023 European Reform Agenda 2	8,100.00	15,000.00	<b>23,100.00</b>
3.24.9	Articles 85, 86, 87 and 91	Further improve the policy framework in the area of migration, in order to implement the provisions of the SAA and the approximated legislation	Migrant and refugee influx response plan, updated and adopted	MIA	MD MFLT MFAD GMA	Q4 2021	Government Work Plan 2021-2023	5,400.00	8,500.00	<b>13,900.00</b>
3.24.10	Articles 85, 86, 87 and 88	Further improvement of the policy framework in the field of migration, in order to implement the provisions of the SAA and the approximated legislation	Foreigners integration system, developed	MIA		Q4 2021	GWP 2020-2022	0.00	5,000.00	<b>5,000.00</b>
3.24.	<b>Combating Money Laundering and Terrorist Financing</b>									
3.24.	This section does not contain any measures.									
3.24.	<b>Fight against Narcotics</b>									
3.24.	This section does not contain any measures.									
3.24.	<b>Fight against Organized Crime and Police Cooperation</b>									
3.24.11	Articles 89, 90, 91 and 92	Improvement of the policy framework in the field of police reform	Concept document on vetting in MIA and subordinate agencies, drafted	MIA		Q4 2021	GWP 2020-2022 ERA2	0.00	0.00	<b>0.00</b>
3.24.12	Articles 89, 90, 91 and 92	Further advancement of the concept of intelligence-led policing in the fight against organized crime	Report on the Serious and Organized Crime Threat Assessment (SOCTA), drafted	MIA		Q4 2021	GWP 2020-2022 ERA 2 Country Report 2020	0.00	7,100.00	<b>7,100.00</b>
3.24.13	Articles 89, 90, 91 and 93	Increasing cooperation with EUROPOL	Agreement on Liaison Officer with EUROPOL, signed;	MIA		Q4 2021	Government Work Plan 2021-2023 European Reform Agenda 2	0.00	3,000.00	<b>3,000.00</b>
3.24.14	Articles 89, 90, 91 and 94	Increasing cooperation with EUROPOL	Memorandum of Understanding for the establishment of a secure line of communication with EUROPOL, signed	MIA		Q4 2021	Government Work Plan 2021-2023 European Reform Agenda 2	0.00	3,000.00	<b>3,000.00</b>
3.24.15	Articles 89, 90, 91 and 95	Establishing cooperation with the Guardia di Finanza	Joint Plan between the Kosovo Police and the Guardia di Finanza, prepared.	MIA		Q4 2021	Government Work Plan 2021-2023	0.00	3,000.00	<b>3,000.00</b>



							European Reform Agenda 2			
3.24.16	Articles 89, 90, 91 and 92	Improvement of the policy framework in the fight against trafficking in human beings	Strategy against trafficking in human beings	MIA		Q4 2021	GWP 2020-2022	0.00	0.00	<b>0.00</b>
3.24.17	Article 91	Improving the policy framework in the area of cyber security	State Strategy for Cyber Security 2020-24, adopted by the Government	MIA		Q3 2021	Government Work Plan 2021-2023	4,200.00	15,000.00	<b>19,200.00</b>
<b>3.24.</b>	<b>Fight against Terrorism</b>									
3.24.18	Article 92	Improving the policy framework in the area of combating violent extremism and terrorism	Strategy for the Prevention of Terrorism and Violent Extremism, adopted;	MIA		Q3 2021	Government Work Plan 2021-2023 European Reform Agenda 2	0.00	5,000.00	<b>5,000.00</b>
3.24.19	Article 92	Improvement of the policy framework in the field of combating violent extremism and terrorism	Reports on the implementation of the EU-Western Balkans Joint Action Plan against Violent Extremism and Terrorism	MIA		K3 2021	GWP 2020-2022 ERA 2	0.00	5,000.00	<b>5,000.00</b>
3.24.20	Article 92	Improvement of the policy framework in the field of combating violent extremism and terrorism	Joint assessment on the risk and threats from terrorism, drafted	MIA		Q4 2021	GWP 2020-2022 ERA 2	0.00	3,500.00	<b>3,500.00</b>
3.24.21	Article 93	Drafting the Concept Document on Weapons	Concept document on Weapons, drafted	MIA		Q4 2021	Government Work Plan 2021-2023	0	0	0
3.24.22	Article 92	Improving the policy framework in the area of combating violent extremism and terrorism	Reintegration and Deradicalization Programme, revised	MIA		Q3 2021	Government Work Plan 2021-2023 European Reform Agenda 2	0.00	2,000.00	<b>2,000.00</b>
<b>3.24.</b>	<b>International Legal Cooperation in Criminal and Civil Matters</b>									
3.24.	This section does not contain any measures.									
3.24.	<u>Institutional reforms and institutional capacity-building</u>									
<b>3.24.</b>	<b>Border Management</b>									
3.24.	This section does not contain any measures.									
<b>3.24.</b>	<b>Visas</b>									
3.24.	This section does not contain any measures.									
<b>3.24.</b>	<b>Document Security</b>									
3.24.23	Article 85	Improvement of the services provided by CRA through digitization, automation and provision of online services and interconnection of systems.	System for managing queues and online appointments for CRA services, established	MIA		Q4 2021	GWP 2020-2022	0.00	120,000.00	<b>120,000.00</b>
<b>3.24.</b>	<b>Asylum</b>									
3.24.	This section does not contain any measures.									
<b>3.24.</b>	<b>Migration</b>									

3.24.24	Articles 85, 86, 87 and 88	Capacity building for receiving and managing migrant flows	Temporary Reception Centre, functional	MIA		Q4 2021	GWP 2020-2022 ERA 2 Country Report JFS Sub Committee	250,000.00	0.00	<b>250,000.00</b>
<b>3.24.</b>	<b>Fight against Money Laundering and Terrorist Financing</b>									
3.24.25	Article 89	Strengthening of integrated financial investigations	SOP to conduct financial investigations in accordance with FATF recommendations, adopted	MIA		Q4 2021	GWP 2020-2022 Country Report JFS Sub Committee	0.00	3,000.00	<b>3,000.00</b>
<b>3.24.</b>	<b>Fight against Narcotics</b>									
3.24.	This section does not contain any measures.									
<b>3.24.</b>	<b>Fight against Organized Crime and Police Cooperation</b>									
3.24.26	Articles 89, 90, 91 and 92	Further advancement of the concept of intelligence-led policing in the fight against organized crime	AI and SOP for the treatment of informants, drafted/approved	MIA		Q3 2021	GWP 2020-2022 ERA2	0.00	3,000.00	<b>3,000.00</b>
3.24.27	Articles 89, 90, 91 and 92	Further advancement of the concept of intelligence-led policing in the fight against organized crime	Coordination working groups for ILP at central and local level, functionalized	MIA		Q3 2021	GWP 2020-2022 ERA2	0.00	2,000.00	<b>2,000.00</b>
3.24.28	Articles 89, 90, 91 and 92	Further advancement of the concept of intelligence-led policing in the fight against organized crime	Sixteen (16) Kosovo Police officers in eight (8) regional directorates, appointed and trained	MIA		Q3 2021	GWP 2020-2022 ERA2	0.00	1,056,000.00	<b>1,056,000.00</b>
3.24.29	Articles 89, 90, 91 and 92	Further advancement of the concept of intelligence-led policing in the fight against organized crime	Thirty-six (36) specialized computers connected to the Intelligence Database for sending intelligence information reports to each police station, installed	MIA		Q3 2021	GWP 2020-2022 ERA2	0.00	280,000.00	<b>280,000.00</b>
<b>3.24.</b>	<b>Fight against Terrorism</b>									
3.24.	This section does not contain any measures.									
<b>3.24.</b>	<b>International Legal Cooperation in Criminal and Civil Matters</b>									
3.24.	This section does not contain any measures.									
3.24.	<b>Enforcement</b>									
<b>3.24.</b>	<b>Border Management</b>									
3.24.30	Articles 85, 86, 87 and 88	Advancing policies in Integrated Border Management, border control and surveillance in line with Schengen standards	Compilation of Risk Analysis according to the CIRAM 2.0 model	MIA		Q4 2021	Government Work Plan 2021-2023	0.00	3,000.00	<b>3,000.00</b>
<b>3.24.</b>	<b>Visas</b>									
3.24.	This section does not contain any measures.									
<b>3.24.</b>	<b>Document Security</b>									
<b>3.24.</b>	<b>Asylum</b>									

3.24.	This section does not contain any measures.									
<b>3.24.</b>	<b>Migration</b>									
3.24.	This section does not contain any measures.									
<b>3.24.</b>	<b>Fight against Money Laundering and Terrorist Financing</b>									
3.24.	This section does not contain any measures.									
<b>3.24.</b>	<b>Fight against Narcotics</b>									
3.24.	This section does not contain any measures.									
<b>3.24.</b>	<b>Fight against Organized Crime and Police Cooperation</b>									
3.24.	This section does not contain any measures.									
<b>3.24.</b>	<b>Fight against Terrorism</b>									
3.24.	This section does not contain any measures.									
<b>3.24.</b>	<b>International Legal Cooperation in Criminal and Civil Matters</b>									
3.24.	This section does not contain any measures.									
<b>3.25. Acquis Chapter 25: Science and Research</b>										
3.25.	<u>Policy framework</u>									
3.25.	This section does not contain any measures.									
3.25.	<u>Institutional reforms and institutional capacity-building</u>									
3.25.	This section does not contain any measures.									
3.25.	<u>Enforcement</u>									
3.25.	This section does not contain any measures.									
<b>3.26. Acquis Chapter 26: Education and Culture</b>										
3.26.	<u>Policy framework</u>									
3.26.4	Article 118 of the SAA	Improving the quality of pre-university education	Draft curricula revised for the 5th grade for all subjects in Albanian and for national subjects in Bosnian and Turkish	MESTI		Q4 2021	Kosovo Education Strategic Plan 2017-2021 Kosovo Curriculum Framework	49,700	0	49,700
3.26.	<u>Institutional reforms and institutional capacity-building</u>									
3.26.	This section does not contain any measures.									
3.26.	<u>Enforcement</u>									
3.26.	This section does not contain any measures.									
<b>3.27. Acquis Chapter 27: Environment</b>										
3.27.	<u>Policy framework</u>									
3.27.9	Articles 115, 116 and 117	Improvement of policies for the development of the forestry sector	Strategy for the development of the forestry sector 2021-2030, approved	MAFRD	OPM MESPI MFLT	Q4 2021	Law on Forests	0.00	80,000.00	<b>80,000.00</b>
3.27.10	Articles 115, 116 and 117	Improvement policies for the development of the forestry sector	Action plan for the fight against illegal logging, drafted	MAFRD	OPM MESPI MFLT	Q4 2021	Law on Forests	480.00	0.00	<b>480.00</b>
3.27.11	Articles 115, 116 and 117	Improving strategic environmental policies	Concept document on strategic environmental assessment, adopted	MESPI	OPM	Q3 2021	Law on Strategic Environmental Assessment	540.00	0.00	<b>540.00</b>
3.27.12	Articles 115, 116 and 117	Improving environmental inspection	Concept document on the Law on the inspectorate of environment, water, nature,	ME	OPM MAFRD	Q4 2021		4,455.00	0.00	<b>4,455.00</b>

			spatial planning, construction and housing, adopted							
3.27.	<u>Institutional reforms and institutional capacity-building</u>									
3.27.	This section does not contain any measures.									
3.27.	<u>Enforcement</u>									
3.27.13	Articles 115, 116 and 117	Improving waste management	Feasibility study for the Mirash landfill in Obiliq, completed	MESPI	OPM	Q4 2021	Law on Waste	2,430.00	0.00	<b>2,430.00</b>
3.27.14	Articles 115, 116 and 117	Improving waste management	Existing dam safety assessment study, completed	MESPI	OPM ME	Q4 2021	Law on Waste	50,000.00	0.00	<b>50,000.00</b>
<b>3.28. Acquis Chapter 28: Consumer and Health Protection</b>										
3.28.	<u>Policy framework</u>									
3.28.	<b>Consumer Protection</b>									
3.28.4	Article 81	Advancing policies in the area of consumer protection	Concept document for amending-supplementing the Law on Consumer Protection (06/L-34), adopted	MIET		Q4 2021		7,500.00	10,150.00	<b>17,650.00</b>
3.28.5	Article 81	Advancing policies in the area of consumer protection	Consumer Protection Programme 2021-2025, adopted	MIET		Q3 2021		4,100.00	11,150.00	<b>15,250.00</b>
3.28.	<b>Public Health Protection</b>									
3.28.6	Article 106	Advancing policies in the area of public health protection	Health Sector Strategy 2022-2026, adopted	MH	OPM	Q4 2021		10,000.00	0.00	<b>10,000.00</b>
3.28.7	Article 106	Advancing policies in the field of public health protection	Action Plan for prevention and control of communicable diseases, approved	MH	OPM	Q4 2021		5,040.00	0.00	<b>5,040.00</b>
3.28.	<u>Institutional reforms and institutional capacity-building</u>									
3.28.	<b>Consumer Protection</b>									
3.28.	This section does not contain any measures.									
3.28.	<b>Public Health Protection</b>									
3.28.	This section does not contain any measures.									
3.28.	<u>Enforcement</u>									
3.28.	<b>Consumer Protection</b>									
3.28.	This section does not contain any measures.									
3.28.	<b>Public Health Protection</b>									
3.28.	This section does not contain any measures.									
<b>3.29. Acquis Chapter 29: Customs Union</b>										
3.29.	<u>Policy framework</u>									
3.29.	This section does not contain any measures.									
3.29.	<u>Institutional reforms and institutional capacity-building</u>									
3.29.	This section does not contain any measures.									
3.29.	<u>Enforcement</u>									

3.29.2	Articles 17, 18, 19, 39, 48, 75, 93, 104 and Protocol 3	Continuing to fight the informal economy	Number of activities (inspections, stop & search and patrol) against smuggling based on risk analysis increased compared to the previous period	MFLT		Q4 2021	Conclusions of the Subcommittee on Trade, Industry, Customs and Taxation 2020	396,000.00	0.00	<b>396,000.00</b>
<b>3.30. Acquis Chapter 30: External Relations</b>										
3.30.	<u>Policy framework</u>									
3.30.2	Articles 11-16	Advancing trade policies	Trade policy document, adopted	MIET		Q4 2021		1,000.00	0.00	<b>1,000.00</b>
3.30.	<u>Institutional reforms and institutional capacity-building</u>									
3.30.	This section does not contain any measures.									
3.30.	<u>Enforcement</u>									
3.30.	This section does not contain any measures.									
<b>3.31. Acquis Chapter 31: Foreign, Security and Defence Policy</b>										
3.31.	<u>Policy framework</u>									
3.31.	This section does not contain any measures.									
3.31.	<u>Institutional reforms and institutional capacity-building</u>									
3.31.	This section does not contain any measures.									
3.31.	<u>Enforcement</u>									
3.31.	This section does not contain any measures.									
<b>3.32. Acquis Chapter 32: Financial Control</b>										
3.32.	<u>Policy framework</u>									
3.32.1	Article 97	Development of a strategic framework in the area of internal control of public finances	Public Internal Financial Control Policy Paper, including Managerial Accountability and Quality Assessment, adopted	MFLT	OPM	Q4 2021	Government Work Plan 2021-2023 Conclusions of the subcommittee on Economic and Financial Issues and Statistics 2020	9,604.00	71,160.00	<b>80,764.00</b>
3.32.	<u>Institutional reforms and institutional capacity-building</u>									
3.32.	This section does not contain any measures.									
3.32.	<u>Enforcement</u>									
3.32.2	Article 97	Ensuring systematic monitoring of the implementation of external audit recommendations	The number of recommendations implemented by BOs, increased compared to the previous year	NAO	Assembly	Q4 2021	Conclusions of the subcommittee on Economic and Financial Issues and Statistics 2020	42,775.00	0.00	<b>42,775.00</b>
<b>3.33. Acquis Chapter 33: Financial and Budgetary Provisions</b>										
3.33.	<u>Policy framework</u>									
3.33.	This section does not contain any measures.									
3.33.	<u>Institutional reforms and institutional capacity-building</u>									
3.33.	This section does not contain any measures.									
3.33.	<u>Enforcement</u>									
3.33.	This section does not contain any measures.									
<b>3.34. Acquis Chapter 34: Institutions</b>										

3.34.	The programme does not cover this chapter at this phase of EU accession.			
<b>3.35. Acquis Chapter 35: Other Issues</b>				
3.35.	The programme does not cover this chapter at this phase of EU accession.			
		<b>Total (budget)</b>	44,931,171	2,745,621
				<b>47,676,792</b>