



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

BETTER REGULATION STRATEGY 2014 – 2020

REGULATORY IMPACT
ASSESSMENT



Republika e Kosovës
Republika Kosova – Republic of Kosovo
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BETTER REGULATION STRATEGY 2014 – 2020¹

Regulatory Impact Assessment

¹ Better Regulation Strategy 2014 – 2020 was approved on 189 meeting of the Government of the Republic of Kosovo with the decision no.03/189 date 23.05.2014



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Në mbështetje të nenit 92 paragrafi 4. dhe 93 paragrafi (4) të Kushtetutës së Republikës së Kosovës, duke u bazuar në nenin 4 të Rregullores nr. 02/2011 për fushat e përgjegjësisë administrative të Zyrës së Kryeministrit dhe ministrive e ndryshuar dhe plotësuar me Rregulloren nr. 07/2011 dhe nenit 19 të Rregullores së Punës së Qeverisë së Republikës së Kosovës nr. 09/2011, Qeveria e Republikës së Kosovës, në mbledhjen e mbajtur më 23 maj 2014, mori:

V E N D I M

1. Aprovohet Strategjia për Rregullim më të Mirë 2014-2020.
2. Obligohet Zyra e Kryeministrit dhe institucionet tjera kompetente për zbatimin e Strategjisë nga pika 1. e këtij vendimi.
3. Vendimi hyn në fuqi ditën e nënshkrimit.

Hashim THACI

Kryeministër i Kosovës

Iu dërgohet:
- Zëvendëskryeministrave
- të gjitha ministrive (ministrave)
- Sekretarit të Përgjithshëm të ZKM-ës
- Arkivit të Qeverisë

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EXECUTIVE SUMMARY

Modernizing the regulatory role of the state requires a sophisticated “good governance” agenda, aimed at cutting costs through successful regulatory reform, realized through a multifaceted strategy that includes better regulation, simplification of existing regulation and institution-building

The Better Regulation Strategy and introduction of regulatory impact assessment methodology are closely linked with the Republic of Kosovo Government priorities indicated in the Economic Vision of Kosovo 2011-2014. The Action Plan of the Economic Vision of Kosovo highlights the main economic development priorities and sectors, and aims, among others, on improving the legal and regulatory drafting process, increasing opportunities for public input and government impact analysis in such processes. The need for a better regulation strategy derives also from another Republic of Kosovo Government strategic document - “The Small and Medium Enterprise (SME) Strategy Development of Kosovo 2012 - 2016 with a vision to 2020” as well as “The Government Strategy for Cooperation with the Civil Society 2013-2017”. Furthermore prospective EU accession process underlines the importance of establishing an effective review system for draft legislation.

The European Commission invited all member countries to implement the regulatory reform, with the objective of reducing administrative costs by 25% by 2012. A large number of the European Union member countries and countries of the region took measures in order to simplify the regulatory environment and improve the operation of the state administration.

The regulatory reform agenda is very broad and complex and therefore it is important to have a strategic approach to the synchronization of activities related to simplification, administrative burden reduction and quality control of new legislation and coherence development.

Sound regulatory policy improves the legal system and administrative capacities, which allow:

- analysis of the existing conditions,
- transparency of the procedure of development and implementation of legislation and
- Identification of alternative regulatory solutions.

Six fields (principles) of improvement of the EU regulatory framework are included in this strategy:

- 1 **REGULATORY IMPACT ASSESSMENT (RIA)** - As one of the tools in the regulatory reform process, RIA represents a method that enables the efficient conducting of the policy on the basis of proven facts and provides a framework for problem consideration and providing adequate solution. Cost-benefit analysis or use of Standard Cost model is another tool used to improve regulatory quality.
- 2 **CONSIDERING RELEVANT OPTIONS** - policy makers should consider all possible options and select the one that is most suitable to given circumstances.
- 3 **CONSULTATIONS** - The public consultation component is integrated into the RIA, and it enables stakeholders to play an active role in the decision making process.
- 4 **SIMPLIFICATION** - there is a constant need in all systems for innovation and simplification of the legal system and administrative procedures which become outdated.
- 5 **ACCESSIBILITY OF LEGISLATION** - all persons without exception must be able to have access to legislation also by using new technologies.
- 6 **ORGANIZATIONAL STRUCTURE** - formation of appropriate structures that will be responsible for the implementation of the better regulation strategy.

Better Regulation Strategy was drafted by the Legal Office of the Prime Minister taking into account best international principles in this area, mainly the European Union and the OECD. Until its final version the Strategy went through a broad process of public consultation, for a period of more than six months with the main stakeholders of public institutions, civil society and the business community. Two separate consultation sessions were held with different stakeholders in June and December of 2013.

The Strategy has three main strategic objectives:

- 1 **ENABLING REGULATORY SYSTEM** - aims at creating a *smart regulatory system* that balances gains and economic, environmental and social costs. The goal calls for strict adherence to RIA principles and procedures to ensure that all legislation meets this standard.
- 2 **SOUND IMPLEMENTATION** - addresses the major challenge shaping the success of regulatory reforms through streamlining administrative procedures to keep the necessary administrative burden to a minimum for citizens and businesses. The ability and willingness of administrative structures has to be brought in line with the aspirations of regulatory reform by establishing clear responsibility and accountability, and reducing opportunities for corruption.
- 3 **EFFECTIVE COMMUNICATIONS** - aims to strengthen the dialogue; involve the private sector and ensure maximum impact on the process with the aim of achieving outcomes. Communications also includes better outreach capabilities to the citizens at large as well as investors and analysts.

INTRODUCTION

The Government of the Republic of Kosovo is committed to economic and social development, and is continuing efforts to remove barriers to business investment. Since 2008 a number of key achievements have taken place which has led to some improvement of the business environment for Kosovo².

Better regulation strategy and introduction of regulatory impact assessment methodology are closely linked with the Republic of Kosovo Government priorities indicated in the Economic Vision of Kosovo 2011-2014. The Action Plan of the Economic Vision of Kosovo highlights the main economic development priorities and sectors, and aims, among others, on improving the legal and regulatory drafting process, increasing opportunities for public input and government impact analysis in such processes. The need for a better regulation strategy derives also from another Republic of Kosovo Government strategic document - "The Small and Medium Enterprise (SME) Strategy Development of Kosovo 2012 - 2016" as well as The Government Strategy for Cooperation with the Civil Society 2013-2017. Furthermore prospective EU accession process underlines the importance of establishing an effective review system for draft legislation.

Normative acts, in their numerous forms, represent the most significant mechanism of a particular policy. Throughout the last decade, European Union (EU) and Organization for Economic Cooperation and Development (OECD) member countries have established comprehensive and complex systems of regulations, whose performance is crucial for maintaining and improving the quality of living of their citizens.

Quality of normative acts and efficiency of public administration are among the key factors of competitiveness in every country. Normative acts have a large impact on the economy and can induce economic development, but may also encumber and dissimulate business entities and slow down economic development. Different impact of normative acts in various countries has an influence on attraction of foreign investors.

High-quality, mutually harmonized, logical, easily comprehensible and applicable normative acts in all domains of social relations serve the function of economic and industrial development and efficient realization of the rights of citizens, economy and entrepreneurs. The normative framework is an important instrument for governing social changes, especially in transition countries, that includes adoption and implementation of legislation and oversight over their enforcement, as this ensures the principle of the rule of law. Regulatory reform represents an important part of the overall reforms and process of development of modern society, which are complex, multidisciplinary, dynamic and ongoing activities. Regulatory reform is tangent to the public administration reform, strengthening public sector capacities and economic develop-

² See, "Action Plan of the Economic Vision of Kosovo 2011-2014" and "The SME Strategy Development of Kosovo 2012 - 2016 with a vision to 2020"

ment in the service of citizens and economy, for creation of conditions for better regulation, achievement of public interest and running of overall and sector-wide public policies.

Sound regulatory policy improves the legal system and administrative capacities, which allow:

- analysis of the existing conditions,
- transparency of the procedure of development and implementation of legislation and
- Identification of alternative regulatory solutions.

Better regulation reform shall have a systemic approach and include normative, economic, organizational, social, technological and other elements, aimed at improving the quality of normative acts. This is achieved through adoption and implementation of new normative acts and complete and/or partial revocation of normative acts in accordance with real needs of the society and international standards.

The need for a Strategy for Better Regulation is based on the following aspects:

- **ECONOMIC** – Development of private sector and the need for an increased partnership between the public and private sector imposes new requirements for a systemic approach in economic processes. It includes broader competencies in strategic planning, more flexibility, continuity and promptitude as well as the evaluation of the impact in the decision-making process.
- **SOCIAL** – Larger participation of business sector and general society stakeholders in the decision-making process. It imposes new requirements on private sector; proportionality; transparency of decisions; legal predictability; and diversification of participatory methods in the decision making processes.
- **TECHNOLOGICAL** – Easier and faster exchange of data requires the use of Information and Communication Technology (ICT) tools with the purpose to grant universal and easier access to resources and informational services; streamline the legal drafting and decision-making; and implementation of normative acts.
- **INSTITUTIONAL** – The globalization and the dynamic of the economic, social and political evolution of Kosovo impose the need for a new legal, institutional and functional approach.

Prosperity hinges on the competitiveness of a nation's economy — its ability to access markets and deliver goods and services that meet (or exceed) customer expectations at the same or lower prices as competitors in other countries. In a market economy, competitiveness depends not only on the smarts of entrepreneurs, owners and managers of businesses, but also on the business environment that sets the rules, creates incentives, and shapes transaction costs. Most countries have embraced the notion that building a better business environment, primarily through regulatory reform, which can pay off in terms of improved competitiveness and thence prosperity.

METHODOLOGY

Better Regulation Strategy was drafted by the Legal Office of the Prime Minister taking into account best international principles in this area, mainly the European Union and the OECD. Until its final version there were consultations on the Strategy for a period of more than six months with the main stakeholders of public institutions, civil society and the business community. Two consultation sessions were held in June and December of 2013 to the participation of these institutions:

- **OFFICE OF THE PRIME MINISTER** – Strategic Planning Office, Legal Office, the Office for Good Governance, Government Coordination Secretariat, Office on Official Gazette Publication, Human Resources Division.
- **MINISTRIES** – Ministry of Trade and Industry, Ministry of Economic Development, Ministry of Public Administration, Ministry of European Integration.
- **CIVIL SOCIETY AND THE BUSINESS COMMUNITY:** Kosovo Business Alliance, Center for Policy and Advocacy, Kosovar Stability Initiative.
- **INTERNATIONAL INSTITUTIONS AND DONORS:** International Financial Corporation (IFC), GIZ, OSCE..

Comments by participants were discussed and included in the Strategy.

BACKGROUND

The Kosovo normative system is based on a variety of inherited and introduced legal systems. Legislation is not being fully implemented and the courts are burdened with a backlog of cases. Both businesses and potential investors require a stable and predictable legal environment in which to operate. Better legislation in place will contribute to building mutual confidence and trust between businesses and public institutions and thereby help improve the business environment. Strengthening the Rule of Law is seen by the government of the Republic of Kosovo as one of the key issues to a faster integration towards European Union, which is presented as a challenge with the aim of integrating the regulatory reform components of the various initiatives underway relating to European integration, investment, and legal and competitiveness reforms.

The regulatory reform agenda is very broad and complex and therefore it is important to have a strategic approach to the synchronization of activities related to simplification, administrative burden reduction and quality control of new legislation and coherence development. Also, sufficient political support is required to accelerate the realization of such agenda. In drafting the Better Regulation Strategy, Government of Kosovo has followed recommendation that derive from Mandelkern Report, OECD recommendations, as well as different country experiences.

Modernizing the regulatory role of the state requires a sophisticated “good governance” agenda, aimed at cutting costs through successful regulatory reform, which will be implemented through a multifaceted strategy that includes better regulation, deregulation, reregulation, simplification and institution-building. In the modern practice, regulatory reform is not about limiting the role of the state, but about re-defining the capacities and the role of the state to meet the country’s development needs and requirements. International experience indicates that overregulation has a negative impact on market competition, investment and innovation and leads to increasing corruption and “informal” sector, all of which has an indirect impact on the efficiency and productivity of economic entities as well. It is precisely for the previously mentioned reasons that the improvement of regulation quality is one of the priority objectives both in developed countries and in transition countries³.

Improvement of the quality of regulations in the EU becomes particularly significant after the adoption of the Lisbon Strategy and the 2001 Report of the so-called Mandelkern Group. The Mandelkern Group Report⁴ provides recommendations at the level of the member countries’ governments as well as at the European Commission level, especially emphasizing six areas (principles) of the EU regulatory framework improvement:

1

REGULATORY IMPACT ASSESSMENT (RIA) - As one of the tools in the regulatory reform process, EU member countries use RIA - representing a method that enables the efficient conducting of the policy on the basis of proven facts and provides a framework for problem consideration

³ See OECD Report 2010

⁴ “Mandelkern Group on Better Regulation” Final Report (November, 2001).

and providing adequate solution. RIA should present an integral part of the policy process rather than additional red tape. RIA does not replace political decisions but makes it possible for such decisions to be made based on previously collected evidence. Cost-benefit analysis or use of Standard Cost model is another tool for regulatory quality.

2 CONSIDERING RELEVANT OPTIONS - policy makers should consider all possible options and select the one that is most suitable to given circumstances, always taking into account that even in the cases when the adoption of regulations is the most suitable solution, it should not present the only option considered. Possible options should be assessed against the following criteria:

- Possible effects and risks to the economic, environmental and social fields
- Sustainability
- Feasibility/implementation
- Efficiency
- Effectiveness/ achieving their purpose

3 CONSULTATIONS - The public consultation component is integrated into the RIA, and it enables stakeholders to play an active role in the decision making process. The importance of stakeholder consultation process (business community, civil society) should by no means be underestimated. Providing stakeholders with the opportunity to be directly and actively involved in the consultation process provides them the opportunity to freely express their ideas and experiences as to how policies can become more efficient and more productive. Timely consultations with stakeholders present a necessary element of regulatory process that improves the quality of decision-making and reduces the possibility of appearance of contradictions in the final stages of the process. In addition, stakeholders must be well positioned to initiate the application of RIA in existing as well as in prospective policies.

4 SIMPLIFICATION - there is a constant need in all systems for innovation and simplification of the legal system. Simplification is not the same as deregulation, i.e. revocation of a particular act. Simplification presents a systematic, clearly focused and long-lasting activity that achieves regulation improvement and enables easier understanding of legislation as well as greater efficiency, in such a way for it to be understandable by all those it is dedicated to.

5 ACCESSIBILITY OF LEGISLATION - all persons without exception must be able to have access to legislation also by using new technologies.

6 ORGANIZATIONAL STRUCTURE - improvement of legislation requires a formation of appropriate structures that will be responsible for the implementation of the regulatory framework improvement strategy. The establishment of a separate body of regulatory quality within the Government that will be responsible for implementing regulatory reform within the country should be considered.

A large number of the European Union member countries took measures in order to simplify the regulatory environment and improve the operation of the government administration. Similar strategies were adopted in a certain number of new European Union member countries. In Poland, the Government adopted a three-year “Regulatory Reform Plan” in 2006, which was characterized as “the first strategic regulatory reform program in Poland that includes a comprehensive approach to conducting regulatory policy.”⁵ In the Czech Republic, the Government adopted a Regulatory Reform Strategy in 2007, which largely relies on the European Union’s Better Regulation Strategy, and also made a decision on⁶ reducing administrative barriers to the economy in 2005, which includes an action plan and methodology of administrative cost measurement by applying the standard cost method, whose application was developed by the Netherlands⁷.

The European Commission invited all member countries to implement the regulatory reform, with the objective of reducing administrative costs by 25% by 2012. Although the Mandelkern Report was strictly related to the EU institutions and EU Member States, it has had an impact on the Western Balkan region as well, through the implementation of some segments such as the simplification of the existing legislation and administrative burden reduction and obligation to perform RIA. However, a strategic approach to regulatory reform is still in its early phase at the level of the governments of the Western Balkan Countries. Different reports show that most of these countries still do not have a comprehensive government level regulatory reform strategy document which would set the objectives, determine the tools which will be used to achieve such objectives and determine the timeline for the implementation of such tools. According to the same reports⁸ the regulatory reform has been performed in three phases: (i) drafting a list of regulations and the assessment of the justification of each regulation; (ii) reassessment of the justification of regulations and creating an opinion on amending, annullment, or not amending the regulation, and (iii) introducing a unique electronic register of regulations published on the Government web-site.

In Albania, a more strategic approach to regulatory reform started with the adoption of the Albanian Government Program for the period 2005-2009 in which special importance was given to: (i) the reduction of administrative barriers and (ii) the improvement of the implementation of laws. The Government has recognized the need to remove administrative barriers and improve the quality of regulations affecting businesses, with the aim of attracting more private investments. Macedonia has elements of the regulatory reform strategy contained in several overall strategy documents, including The Program of the Macedonian Government 2006–2010, Annual programs of the Government and The National Program for Adoption of the Acquis Communautaire. In Montenegro, some of the segments of a regulatory reform strategy were contained in the Government’s Administration Reform Strategy 2002-2009 (Government of Montenegro, 2002). One of the key goals of the Administration Reform Strategy was the improvement of the quality of legislation and deregulation of over-regulated areas.

In recent years Kosovo has addressed some aspects of regulatory reform and Regulatory Impact Assessment through sectorial strategies (e.g. Strategy for Development of SMEs, Strategy for Public Administration Reform etc.). The Action Plan of the Economic Vision 2011 – 2014 adopted by the Government of Kosovo in 2011, among other things foresees the need to improve quality of legislation decrease of administrative burdens and improvement of implementation of laws.

5 OECD/SIGMA (2007).

6 No. 421/2005.

7 OECD/SIGMA (2007) Regulatory Management Capacities of Member States of the European Union that joined the EU on May 1, 2004. Sustaining regulatory management improvements through a Better Regulation policy. Mimeo draft, April, Paris.

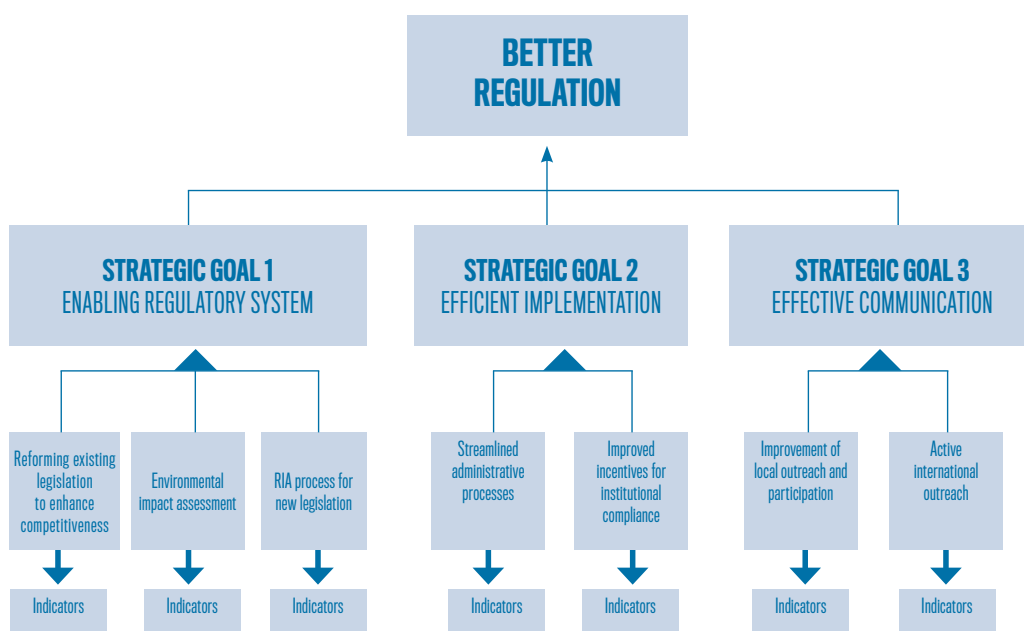
8 See OECD Report 2010; See also Slavica Penev and Andreja Marušić “Regulatory Reform in Five Western Balkan Countries” Economic Analysis Volume LIV No. 182 / July – September 2009/2009

OBJECTIVES

The Strategy will be driven by three major Strategic Goals, each one of which can be disaggregated into a set of Intermediate Results:

- 1 ENABLING REGULATORY SYSTEM:** aims at creating a *smart regulatory system* that balances gains and economic, environmental and social costs. The goal calls for strict adherence to RIA principles and procedures to ensure that all legislation meets this standard.
- 2 SOUND IMPLEMENTATION:** addresses the major challenge shaping the success of regulatory reforms through streamlining administrative procedures to keep the necessary burden to a minimum for citizens and businesses. The ability and willingness of administrative structures has to be brought in line with the aspirations of regulatory reform by establishing clear responsibility and accountability, and reducing opportunities for corruption.
- 3 EFFECTIVE COMMUNICATIONS:** aims to strengthen the dialogue; involve the private sector and ensure maximum impact on the process with the aim of **achieving outcomes**. Communications also includes better outreach capabilities to the citizens at large as well as investors and analysts.

The improved management of the regulatory reform process affects all three goals and their Intermediate Results. The framework for this Strategy can be sketched as shown in below.



GENERAL OBJECTIVE 1: AN ENABLING REGULATORY SYSTEM

■ Principles and criteria

This General Objective implies a balance between the protection of public health, public security, environment, usage of natural resources and public revenue—and the burden of regulatory compliance placed on businesses and citizens. The Objective aims for new laws and qualifying regulations to meet this standard through an effective RIA process, and to revise the body of existing legislation gradually to meet these standards. The process of revision of the existing regulatory framework is driven by the main principle that any negative economic, social and environmental impact need to be commensurate with the social good achieved. An effective RIA process leads to performance-based regulations.

SPECIFIC OBJECTIVE 1.1: REFORMS OF EXISTING REGULATIONS TO ENHANCE COMPETITIVENESS

■ Focus and activities

Existing legislation may in certain cases constrain efforts of the private sector to improve competitiveness in terms of market prices, quality or market access. These economic costs are often hidden, but can be sizeable. As market conditions and technological opportunities change, legislation that might have made sense earlier may begin to impose constraints on competitiveness. These issues create a need to put in place a more systematic effort to identify priority regulatory reforms that directly benefit key elements of the economy.

■ Continuous reduction of the administrative burden

With respect to the administrative burden on business, an “across-the-board” approach can rely on standard approaches to estimate the most burdensome components of the existing regulatory framework. One such technique is the Standard Cost Model (SCM), which evaluates the full range of legislation and estimates the total compliance cost to the business community. The price tag for any particular set of regulations then can become the criterion for assigning reform priorities. Activities focused on reduction of the administrative burden will also draw on the continued monitoring of performance metrics, such as *indicators of Doing Business*. Monitoring these sources in a systematic fashion will therefore inform further efforts to lower the administrative burden. It is also driven by changes in the regulatory system required to improve legislation implementation.

■ Reducing the economic costs of legislation

The SCM approach is unlikely, however, to identify regulations that entail serious loss of competitiveness in specific sectors of the economy. Therefore, a systematic approach is needed to identify priorities according to their impact on the competitiveness of key components of the economy. Viewing the existing body of regulations from the perspective of an individual economy sector makes it possible to assess the real economic cost of any constraint on competitiveness. Once the impact of feasible reforms has been assessed, any proposed revisions or amendments of the existing regulatory framework would then be subject to the RIA process.

■ Improved ex post analysis

Consistent retrospective (ex post) analysis of the performance of normative acts will be essential to improving prospective policy analysis. A systematic approach to monitoring and evaluation of the regulatory reform process will also highlight areas of weakness in the existing regulatory system, and contribute to reducing the regulatory burden.

SPECIFIC OBJECTIVE 1.2: ENVIRONMENTAL IMPACT ANALYSIS

Environmental Protection Legislation aims to regulate the relationships between man and the environment, the protection of environmental components and environmental processes, providing the material conditions for sustainable development, completing the necessary framework for implementation of the constitutional requirements for an ecologically clean environment.

The objectives of environmental protection legislation, among others, should enable the following:

- Improvement of environmental conditions relating to quality of life and public health protection.
- Rational use of natural resources and reducing emissions that pollute the environment, prevention of damage towards environment and rehabilitation of environmental damage.
- Rational use of the environment presents a significant legal framework for the prevention of pollution or environmental damage from human activities.
- Comprehensive, integrated and timely assessment of environmental impacts of projects or activities to be implemented, preventing and reducing negative impacts on the environment;
- An open and impartially administered assessment process, through the participation of central and local authorities, the public, environmental NGOs, project proposers and natural persons and legal entities specialized in this field.
- Coordinating the country's economic and social activities with requirements for environmental protection and sustainable development.
- Establishing and strengthening the institutional system for environmental protection at the central and local level.

■ Environmental impact assessment enables the following:

- Identify, define and assess the direct and indirect effects of the project or activity on the environment where they are implemented;
- Compare the advantages and disadvantages of a project proposed in other possible scenarios, containing changes;
- For the country where the project is implemented;
- For its size and capacity;
- For the technology;
- For comparisons with state of the environment in the event the project would not be implemented;
- To determine the measures to prevent and mitigate damage to the environment;
- For provision of good quality technical, professional, legal and administrative review of the application and the decision by the relevant authorities.

SPECIFIC OBJECTIVE 1.3: A RIA PROCESS FOR NEW LEGISLATION

■ Focus and activities

An effective RIA process can safeguard the balance between protecting social goods and the business cost of legislation compliance. RIA becomes a key element to advancing toward a system of smart legislation. Proposing institutions shall view RIA not as just another task required by law, but as a tool to arrive at better policy solutions for a given problem through systematic prospective analysis. Improved guidance to government proposing institutions and appropriate incentives to comply with the spirit of the RIA requirements will be essential to employ this approach as a central policy tool. Policy development is tied to implementation. RIA then becomes a major part of policy justification, which typically has also budgetary implications. Providing incentives for compliance related to eventual discrepancies will require additional commitment to preparing RIA by the proposing body.

According to the Rules of Procedure (RoP) Nr. 09/2011 of the Government of the Republic of Kosovo, proposing institutions are required to accompany the final proposal of any draft normative act with the following documents: the Minister's official recommendation; a concept document or explanatory memorandum; a Financial Impact Assessment (where required) and the opinion of the Ministry of Finance; an opinion of the Ministry of European Integrations; an opinion from relevant offices of the Prime Minister's Office; a table listing comments received from other institutions as defined under article 7 of the above regulation which describes the reasons as to whether the recommendations were taken into account or not; draft Government decision; any reports or advice from the Secretary that comes out of the General Secretaries Council. The purpose of the concept document is to enable the Government to consider in general terms the objectives and main characteristics of a proposal and the possible options for addressing it. Among other criteria, the concept document includes a 'Fiscal impact assessment for each option'⁹.

The purpose of the explanatory memorandum is to include and set out: The key issue being addressed; The objectives and their relationship to Government priorities; Recommended option; Rationale for recommendation, including justification for the level of approximation with the EU legislation; Key elements of proposed legislation or policy (content, policy instruments, cost, administrative arrangements); The complete list of EU legal acts that have to be included in the draft normative act as informative reference (if applicable); A fiscal impact assessment for the recommended option; Consultation (who was consulted and brief summaries of the responses); How the new policy should be communicated to the public Draft Government decision any other background information and analysis necessary to permit ministers to take an informed decision¹⁰.

The statement on harmonization (SH) and Compliance Tables (CT) are comparative working documents, which reflect the degree of compliance of a local draft normative act with the EU Acquis and are prepared by the carrying ministry – Proposing Body. The Ministry of European Integration issues a Legal Opinion (LO) of Compliance with the EU Acquis. The draft normative act, together with the SH, CT and LO, are submitted to the Prime Minister's Office Legal Office who review the compliance of normative act with the Constitution and legal order, procedural development of the act and with normative act drafting standards.

The statement of harmonization with EU legislation includes the assessment of the harmonization status of the local legislation with relevant EU legislation, or, if there is no such legislation in the EU, the statement to that fact.

⁹ See Article 29 Regulation No. 09/2011 of Rules and Procedure of the Government of the Republic of Kosovo
¹⁰ See Article 30 Regulation No. 09/2011 of Rules and Procedure of the Government of the Republic of Kosovo

GENERAL OBJECTIVE 2: SOUND IMPLEMENTATION

■ Principles and criteria

Challenges in implementation of legislation have delayed and sometimes negated the impact of legislative and regulatory changes. What shapes perceptions of the business environment is not so much what is law, but how it is applied in the day-to-day interactions with administrative structures and government officials. Inadequate institutional capacities and bureaucratic resistance can be blamed for these challenges. Sound and effective implementation of legislation calls for the proper set of incentives for full compliance (and disincentives for non-compliance) and adequate capabilities of the institutions charged with implementation.

One of the major priorities for the future is to help administrative institutions in meeting their legislative mandates. Addressing this priority also calls for a better understanding of the financial implications of compliance with regulatory reforms by administrative bodies, both for the institution and the individual official.

One key principle is the requirement that any business information held by any government agency should be available government-wide. No business should be requested to provide again information that is already being held by some government unit. Meeting this requirement is the pre-condition for the full implementation of one-stop shop (OSS) principles that can lower the administrative burden on businesses. Such arrangements will require new integrated operating procedures. Any written communication in pursuit of this Objective is not subject to a mandatory RIA. At times, though, changes in administrative procedures and other implementation activities may require legislative or regulatory changes that are covered under Specific Objective 1.2.

SPECIFIC OBJECTIVE 2.1: STREAMLINED ADMINISTRATIVE PROCESSES

■ Focus and activities

Clearly, there will be a close link between activities aimed at streamlining administrative processes and a sound regulatory environment. Sometimes, this streamlining requires changes in legislation subject to the RIA process, while at other times; improvements can be achieved by changing management structures, personnel policies, operating procedures, or administrative cooperation agreements. None of these administrative policies have to go through a mandatory RIA process, but may have significant impact in the proper execution of regulatory reforms, and thereby on the business environment.

■ More efficient procedures for starting, operating and liquidating businesses

The EU Feasibility Study states that Kosovo has implemented the initial essential reforms towards establishing a fully functioning market economy. At the same time, Kosovo's economy faces many important challenges. Unemployment is very high and the private sector remains weak. Informalities are widespread and the rule of law needs to be enhanced to improve the business environment and support private sector development. Significant further efforts are needed to better target economic policies; address fiscal addresses and cash box consolidation, job creation and competitive-

ness issues, and promote private investments to achieve more sustainable and inclusive growth¹¹.

When it comes to starting a business the government has made relevant progress. The business registration system has been integrated with Tax Administration and Customs, whereby businesses now can, parallel to the registration, obtain the fiscal number, VAT Certificate or the import-export certificate in the case of small importers. Businesses now can be registered with a single procedure in one place, or “One Stop Shop”. This is of course a very important step on improving the legal and regulatory business environment in Kosovo¹².

A focus for the Strategy will be on ensuring that past and future changes in the regulatory framework are in fact reflected in the day-to-day interactions between the private sector and the government at all levels. The Strategy will build on accomplishments to date regarding better systems for issuing permits and licenses, and moving more broadly to a risk-based approach for inspections. The pursuit of these sub-objectives requires an intensive interaction between regulatory change and the administrative procedures for implementation. Other aspects include improved corporate governance (“protecting investors”), and enforcing contracts and registering property. Many of these efforts in effect represent a continuation of current initiatives, outlined in respective strategies and action plans¹³. Finally, the Strategy also covers changes in the implementation of existing and future changes in the regulations governing the liquidation of businesses to free up resources for new business formation.

■ Promotion of one-stop-shop solutions

This objective also includes efforts to combine services through one-stop shop or single-window solutions. While the notion of a one-stop shop for all business-government intervention may not be fully attainable—face-to-face communication between the above mentioned is likely to continue to involve different locations—bundling of services will facilitate interaction and lessen the administrative burden on citizens and businesses. One of the targets for this strategy is the creation of systems that will allow all agencies to exchange information, such that any information provided by businesses only needs to be submitted once. This “one report-many uses” principle can be attained through development of integrated electronic applications.

SPECIFIC OBJECTIVE 2.2: ENHANCED INCENTIVES FOR INSTITUTIONAL COMPLIANCE

There are few real incentives, both at the institutional and personal level, for institutions to comply with new regulatory provisions, or in fact to embrace the essence of smart regulation in their day-to-day interactions with businesses. Remaining gaps in the regulatory system and weak enforcement mechanisms provide major opportunities for administrative discretion, one of the sources of corruption.

Fundamental changes in existing incentive structures will take time and involve significant reforms in the civil service. As part of this Strategy, however, the Government will encourage innovative approaches to establishing incentives to contribute to the achievement of objectives and eliminating barriers and administrative obstacles – which make effective implementation of legislation in the respective

11 See “Communication from the Commission to the European Parliament and the Council on a Feasibility Study for a Stabilization and Association Agreement between the European Union and Kosovo”, Brussels, 10.10.2012

12 See, World Bank Doing Business Report 2012, <http://doingbusiness.org/rankings>

13 See for example “The SME Strategy Development of Kosovo 2012 - 2016” July 2011

field more difficult – as well as taking measures against those who impede effective implementation of legislation.

Activities related to this objective involve the development of clear incentive schemes, with SMART objectives (S-Specific, M-Measurable, A-Achievable, R-Relevant, T-Timely) and performance indicators for each regulatory agency—policy makers (Ministries and other authorities) and implementers (agencies and inspectorates). The establishment of these incentive schemes will be a joint public and private sector effort. The incentive schemes will be incorporated into the regulations addressing the competencies of these regulatory agencies, in particular laws and Government Decisions, but not extending to lower level normative acts. These incentive schemes will be subject to annual updates in response to the findings of the monitoring exercise, toward improving the targets and performance.

Activities will also include the development of indicators and objectives by each regulatory body, in cooperation with principal stakeholders, regarding the impact (cost) of their activities on the private citizens and businesses. These indicators should be adopted in their by-laws, and updated on a periodic (annual) basis. Each regulatory body will report performance on these indicators or objectives. Based on these reports, activities may also include the development and enforcement of sanctions for administrative bodies that do not comply.

GENERAL OBJECTIVE 3: EFFECTIVE PUBLIC CONSULTATION AND PARTICIPATION OF STAKEHOLDERS

■ Principles and criteria

Effective public consultation between the public institutions officials and stakeholders, business community and the civil society —is the key to implementing an effective system of policies and legislation, which balances interests and responds to changes in the social and economic environment. Consultation is essential for active participation in reforming the regulatory framework and ensuring its full implementation. Performance would be measured in part by perceptions on the part of participants that their views are being reflected in process of regulatory reform. Effective consultation and participation also means that systems are in place not just to collect comments on draft legislation, but also to review and incorporate them and to provide responses to given comments.

This Objective stresses active outreach campaigns both domestically and internationally, and the creation of incentives for stakeholders to participate in a system of effective legislation. The domestic outreach serves the citizens and businesses to become more familiar with the goals of the regulatory reform initiatives, and to build support for it. Participation of private sector representatives in legislation drafting is crucial in supplementing public sector capacity and knowledge of the domain, contributing significantly to regulatory quality. International outreach seeks to build a better understanding of the direction and pace of Kosovo regulatory reform program and improvement in the country's business environment.

SPECIFIC OBJECTIVE 3.1: IMPROVED DOMESTIC OUTREACH AND PARTICIPATION

The success of the regulatory reform depends on broad acceptance and support for its principles. The engagement and participation of businesses and civil society increases as they become more aware of the benefits brought by relevant reform. This Specific Objective has more than one dimension. There is a need for renewed efforts to inform citizens and the businesses community of changes in the regulatory and administrative framework that will facilitate interaction with public administration. The outreach program should be incorporated into overall management of the process of regulatory reform.

The second major dimension is an intensified dialogue between the public and private sector. This element goes through all activities under the regulatory reform program. Revision of existing legislation, a RIA process, streamlined administrative procedures, and enhanced incentives for institutional compliance depend critically on the input of businesses and citizens. Increased interest and participation of the private sector will improve quality of legislation. A RIA process, combined with bottom-up approaches will be a major tool for high-impact policy dialogue for regulatory reform. Better participation by the private sector in policy making will enhance the overall capacity to draft better quality and more effective legislation. Moreover, the private sector can also play a significant role in providing feedback on better implementation of legislation.

SPECIFIC OBJECTIVE 3.2: ACTIVE INTERNATIONAL OUTREACH

International ratings and rankings, and the behavior of investors depend in part on reality, but to a large extent on perceptions. For this reason, a regulatory reform program includes specific efforts to reach international investors and analysts to share progress towards a superior business environment. Additionally, this component will include active sharing of knowledge and experience on regulatory reform with other countries.

Improved international outreach will also require systematic monitoring and participation, as appropriate, of all major regional and international programs and initiatives on regulatory reform and active participation in them. The Government will also monitor systematically all international indicators/rankings related to regulatory environment.

Finally, the Strategy also includes full cooperation with organizations developing international rankings related to regulatory environment. This cooperation will ensure a better understanding of the methodology, identifying opportunities for improvements, and highlighting and responding to any inaccuracies.

ANNEX I.

REGULATORY IM- PACT ASSESSMENT

As one of the tools very often used by EU member countries, Regulation Impact Analysis (RIA) is a document that accompanies proposal for legislation with the goal of providing support in the decision making process, which is followed by in-depth analysis with available regulatory options and possible impacts that may result from them. European Commission introduced regulation impact analysis in 2003, and in 2006 announced improvement of economic analysis of proposed legislation, which refers to competitiveness, placing large significance on consultations with the interested business entities. The goal of the RIA is to identify alternative possible options and their likely positive and/or negative impact, with a special focus on economic, social and environmental effects. European Commission invited the member countries to carry out regulatory reform with the goal of reducing administrative costs by 25% until 2012. This goal was formulated by the European Commission in 2007 and states that: "establishment of an efficient and integrated system of better regulations should be a medium and long-term goal of each country"¹⁴. In January 2009, European Commission published latest guidelines for regulatory impact analysis. The guidelines identify the importance and objectives as follows:

- Help EU institutions design better policies and laws,
- Facilitate better-informed decision making throughout the legislative process,
- Ensure early coordination within the Commission,
- Take into account input from a wide range of external stakeholders, in line with the Commission's policy of transparency and openness towards other institutions and civil society,
- Help to ensure the coherence of Commission policies and consistency with the objectives of Stabilization and Association Agreement, respect for Fundamental Rights and high level objectives like the Lisbon or Sustainable Development strategies,
- Improve the quality of policy proposals by providing transparency on the benefits and costs of different policy alternatives and help to keep EU intervention as simple and effective as possible,
- Help to ensure that the principles of subsidiarity and proportionality are respected and explain why the action being proposed is necessary and appropriate.

¹⁴ European Commission provided this key recommendation in its paper entitled „Economic Reform and Competitiveness“ (European Competitiveness Report COM (2006) 697, final. Brussels

■ Best Practice as prerequisite for efficient analysis of legislation

OECD Report, published in 1997, defines the “best practice”¹⁵, that is considered a precondition for efficient analysis of legislation:

- Regulatory impact assessment must be incorporated into the overall system of forming views towards a particular policy,
- Regulatory impact assessment should be carried out as much as possible, notwithstanding political pressures,
- Responsibility for implementation of regulatory impact assessment needs to be clearly specified,
- Legislative bodies need to be capacitated in order to be aware of the importance of regulatory impact assessment,
- Analytical methods, including cost-benefit analysis and data collection methods, need to be developed,
- Regulatory impact assessment efforts need to be clearly targeted, and utilized resources well allocated,
- Regulatory impact assessment needs to be implemented in the drafting stage and thereby incorporated into the decision making process ,
- Results of the RIA need to be communicated to the government, public and all stakeholders,
- Regulatory impact assessment should be applied for both new and existing regulations.

BOX 1. Introducing effective RIA¹⁶

The following key elements are based on good practices identified in OECD countries:

- 1 Maximize political commitment to RIA
- 2 Allocate responsibilities for RIA program elements carefully
- 3 Train the institutions
- 4 Use a consistent but flexible analytical method
- 5 Develop and implement data collection strategies
- 6 Target RIA efforts
- 7 Integrate RIA with the policy-making process, beginning as early as possible
- 8 Communicate the results transparently
- 9 Involve the public extensively
- 10 Apply RIA to existing and new regulation.

Practice in OECD countries shows that RIA procedures improve understanding of the impact of the government policies, consolidate different interests and approaches to the problem, improve transparency of the government policy and increase accountability in management of public resources.

OECD also provides a quick checklist for decision-makers, which is to be used while assessing a policy proposal and drafting legislation.

¹⁵ Regulatory Impact Assessment: Best Practice in OECD Countries, 1997.
¹⁶ OECD (1997), 'Regulatory Impact Analysis: Best Practice in OECD Countries', Paris: OECD.

BOX 2. The OECD Reference Checklist for Regulatory Decision-making¹⁷

1 Is the problem correctly defined?

The problem to be solved must be identified. This means that the problem should be precisely stated, giving evidence of its nature, magnitude and intensity, and an explanation of why it has arisen. Defining the problem correctly will by itself suggest a potential solution and eliminate other options which are not appropriate. Many problems are complex and affect different groups in different ways. When reviewing the existing regulations, it is necessary to examine whether the nature and magnitude of the problem have changed since the time when the regulations were adopted.

2 Is government action justified?

Government intervention should be based on explicit evidence that the problem exists and that the government action is justified: because of the value in ongoing government policies, likely costs and benefits of action (based on a realistic assessments of the government efficiency) and alternative mechanisms for addressing the problem. Markets should be considered as an alternative to government actions, and the capacity of the private sector and individuals to resolve the problems should be the subject of assessment. Government should carry out a systematic and periodic review of the existing conditions with the aim of preventing obsolescence, of govern-

ment actions i.e. with the aim of creating regulations appropriate to current issues. Further activities may not be necessary if other programs or legislation, including international norms, may be adapted to respond to the problems at hand.

3 Is regulation the best form of government action?

Regulators should carry out an informed comparison of a variety of regulatory and non-regulatory policy instruments early in the regulatory process, considering relevant issues such as costs, benefits, distributional effects and administrative requirements. The decision on how to intervene may be of equal importance as the decision on whether to intervene. Governments can choose between numerous regulatory and non-regulatory policies, instruments with very different implications on results, costs, distribution of costs and benefits and administrative preconditions. Substantive work in OECD countries suggests that adequate use of alternatives may limit the costs and increase the efficiency of government activities. Still, in practice, the legislators seldom considered non-traditional approaches. Government officers should be encouraged, in the process of adoption of normative acts, to conduct informative considerations of regulatory and non-regulatory instruments beforehand. Such deliberations will support the process of systematic and open

¹⁷ Based on OECD (1995), 'The 1995 Recommendation of the Council of the OECD on Improving the Quality of Government Regulation', Paris: OECD.

decision-making using a wide array of instruments of more creative and purposeful policy, in order to obtain better policy results. When the information is not adequate for initiating the full scale of alternative approaches, experimental and pilot testing may be an appropriate transitional step.

4 Is there a legal basis for the regulation process?

Regulatory processes should be structured so that all regulatory decisions rigorously respect the “rule of law”; that is, responsibility should be explicit for ensuring that all lower level acts are in accordance with higher-level acts, consistent with treaty obligations and comply with relevant legal principles such as certainty, proportionality and applicable procedural requirements. On the highest level, this may include examination of constitutional authorities for actions on lower levels, which includes systematic control over compliance with regulations on the higher level, as well as with treaties and other international obligations. Administrators should examine regulatory proposals with the aim of harmonization with mandatory legal principles such as accuracy, proportionality and equality before the law. Where necessary, decision makers need to ensure harmonization with the prescribed procedural requirements.

5 What is the appropriate level (or levels) of government for this action?

Regulators should carefully choose the most appropriate level of government to take action, or if multiple levels are involved, should design efficient systems of co-ordination between levels of government. This question is of both legal and practical significance. In some cases, competencies are set by high-

er authorities and regulators do not have the right of decision making. However, in many cases, the authorities may choose who should be taking action. In such cases, the question is, depending on the nature of the problem, which level or system of cooperation among levels may deal with the problem most adequately through its regulation. This question arose in many policies, including decentralization, federalism, subsidiarity and internationalism. As they distribute the competence of legal regulation, government nowadays are more and more careful in choosing between sub-national, national and supra-national (international) levels of government. Response to this question will be based on several criteria: has the problem been correctly defined; Is the action justified; Is the law the best course of action, or is a subsidiary act necessary; Is there a legal basis for this normative act; What level of government is adequate for this action; Do the benefits justify costs of this normative act; is the normative act clear, consistent, coherent, comprehensible and accessible to all; Have all stakeholders had the opportunity to express their opinions; How will its implementation be ensured. In many cases, the need for national (or international) uniformity of regulatory standards must be balanced with observance of sensitivity towards local differences. Harmonization can achieve useful results through removal of barriers, but excessive harmonization may equally have absence of results as non-harmonization. Multiple levels of government are often involved in regulatory development or implementation. In such cases, the legislator should ask the question: In what way can consultations and coordination be best effected among different levels of government? Resolving the problem, either through regulation or by other means, will very often include cooperation among activities of several levels of government. Cooperation, in turn, may require development of

new forms of administrative partnership and relation. In order for the regulations to be successfully implemented, those who are adopting them need to ensure that the administrative capacities are given charge over the tasks at hand in full capacity, and should carry out consultations and training programs in order to achieve this.

6 Do the benefits of normative acts justify the costs?

Regulators should estimate the total expected costs and benefits of each regulatory proposal and of feasible alternatives. They should also make the estimates available to decision-makers in an accessible format. The costs of government action should be justified by its benefits before action is taken. A clear estimate of total costs and benefits from a regulation, including those that refer to doing business, citizens and administration, should be implemented in practice as it represents a priority information for decision makers. These estimates are necessary in order to make an assessment of reasonableness of regulating (adopting the regulation). Regulators should routinely make estimates of anticipated costs and results for every proposed regulation. Such estimates should include all economic costs for doing business, for citizens and public administration, and include administrative and fiscal costs of regulatory and non-regulatory alternatives. Estimates of major normative acts should include costs and benefits of main sub-elements of the normative acts with the aim of identification of those elements that are justified and those that are not. In all cases, a reasonable estimate should be made so that the costs of an action by the authorities are justified by its

benefits before the action is taken. Government should also work on improvement of centralized capacities for estimation of overall regulatory burden.

7 Is the distribution of effects across society transparent?

To the extent that distributive and equity values are affected by government intervention, the distribution of regulatory costs and benefits across social groups should be transparent. In terms of allocation and valuation of their own capital, the regulators should make the allocation of regulatory costs and benefits across all social groups transparent. Labor regulations, for example, may have benefits for the employed workers, but they may make the situation more difficult for those seeking employment. There may be disproportionate effects on particular groups such as small and medium enterprises or on particular regions. Such effects must not necessarily mean that taking the action is objectionable for the community as a whole; instead, it is necessary to consider other options with the aim of setting the course, for example, is it necessary to compensate to groups in the most unfavorable position.

8 Are the normative acts clear, consistent, comprehensible and accessible to users?

Regulators should assess whether normative acts will be understood by likely users and, to that end, should take steps to ensure that the text and structure of provisions are as clear as possible. This step in the decision making process can improve not only the text of the normative

act, but also uncover unanticipated lack of clarity and any inconsistencies. Clear and precise language also limits the costs of education about the rules, minimizing misunderstandings in the course of application. Regulators should examine the normative acts in the sense of consistency of language and form with other acts, logical sequence of drafting and adequacy of the definitions.

9 **Have all stakeholders had an opportunity to present their views and opinions?**

Normative acts should be developed in an open and transparent fashion, with appropriate procedures for successful and timely input from stakeholders, such as affected businesses and trade unions, other interest groups, industrial associations, trade associations, and broader interest groups such as consumers or environmental protection organizations. With the aim of obtaining use of public consultations, the administration should make the information available as much as possible, including proposed texts, explanation of the need for government action and assessment of costs and benefits. Consultations and public participation in regulatory decision making are considered as contribution to quality of normative acts through (i) bringing expertise, perspectives and ideas for alternative actions from those directly affected into the discussion; (ii) helping regulators to balance opposing interests; (iii) identifying interaction between normative acts from different segments of government. The consultation process also improves voluntary compliance by reducing the reliance on enforcement and sanctions. Consultations can be a useful tool in responding to other regulatory principles in this check list, such as problem identification, assessment of need for government

action, and selection of the best model of activity.

10 **Si do të arrihet zbatimi më i mirë i akteve normative?**

Regulators should assess the level of implementation of normative acts by institutions and then design and review the need for drafting relevant strategies with the aim of implementation of normative acts in the best manner possible. Even after the most rigorous decision making process within the administration, normative acts need to pass the most demanding test, which is the test of the public. After an assessment how normative acts will be implemented, it is necessary to design an appropriate multilayered implementation strategy. Implementation should be considered through all stages of decision making, rather than being left for the end. One of the common sources of dissatisfaction, for example, is failure of affected groups to understand the legislation as a consequence of poor drafting and excessive complexity or inconsistent interpretation by officers who enforce them.

ANNEX II. ACTION PLAN

OBJECTIVES	ACTIONS	RESPONSIBLE INSTITUTIONS	DEADLINE FOR IMPLEMENTATION	STRATEGIC RESULT INDICATORS	COSTS OF IMPLEMENTATION
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SPECIFIC OBJECTIVE 1.1: EXISTING LEGISLATION REFORM TO ENHANCE COMPETITIVENESS

Strategic result indicators:

- Annual ex-post analyses, identifying optimization opportunities, drawn up by each regulatory authority
- A 20% reduction in administrative burden of compliance with regulatory framework for areas of intervention, estimated by applying the Standard Cost Model (SCM), by 2020
- Drafting annual proposals on reducing the regulatory burden, drawn up by each regulatory authority for its areas of regulation, calculated based on SCM and relevant indicators (DB, Economic Freedom etc.)
- Annual assessment of at least five key sectors (supply chains), identifying main constraints and approving amendments to the legal framework in order to implement proposed solutions derived from regulatory impact assessment
- Increase in the turnover of the involved supply chains, at least twice over the next two years following the implementation of solutions to identified constraints and a 10% increase in investments in involved sectors, compared with historical trends
- Annual training programs conducted, covering the following areas: analysis of regulatory constraints in supply chains, analysis of international indicators and SCM analysis (since 2014)

1. Regularly review international indicators (DB, Economic Freedom, other indicators and surveys) and submit proposals on improving indicators to competent public administration authorities	National Council for Economic Development, Ministry of Trade and Industry	2014-2020 annually	<ul style="list-style-type: none"> ○ Report on review of international indicators annually published ○ Proposals on streamlining the regulatory framework annually put forward to the Government, pointing out the impact on international indicators 	Administrative cost
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<p>2. Carry ex-post analysis of regulatory impact on key regulations, identified jointly with private sector and by applying the Standard Cost Model (SCM), identify the potential for regulatory burden reduction and submit proposals on reducing the burden. Each regulatory authority, whether individually or in cooperation with other authorities, to annually assess main regulatory fields and analyze the main constraints to competitiveness of the main sectors (supply chains) and on basis of the RIA, draft proposals for removing identified constraints.</p>	<p>Regulatory authorities, National Council for Economic Development, Ministry of Trade and Industry</p>	<p>2015 - 2020 annually</p>	<ul style="list-style-type: none"> ● Number of ex post RIA's conducted ● Proposals on reducing regulatory burden for assessed laws, annually put forward to the Government, pointing out the impact on regulatory burden ● Proposals on eliminating constraints for key supply chains sent to the Government annually, pointing out the impact on value chains 	<p>Administrative cost</p>
<p>3. Design a training course on the analysis of the regulatory constraints to key supply chains and training on the Standard Cost Model (SCM). Conduct this training course for public and private sector representatives</p>	<p>PMO/MTI KIPA</p>	<p>2014 and continuing</p>	<ul style="list-style-type: none"> ● Training course developed - 2014 ● Training conducted until 2020 ● At least 2 representatives of each regulatory authority responsible for the analysis of key supply chains participates annually 	<p>Training costs to be covered by IFC (Cooperation Agreement 19 May 2013) and by other Donors based on eventual agreements</p>
<p>4. Establishment of a i "Better Regulation Unit"</p>	<p>PMO</p>	<p>2015</p>	<ul style="list-style-type: none"> ● Unit established in 2015 ● Staff trained and ready to train others in 2015 and continuing 	<p>Training costs to be covered by IFC and by other Donors based on eventual agreements</p>

OBJECTIVES	ACTIONS	RESPONSIBLE INSTITUTIONS	DEADLINE FOR IMPLEMENTATION	STRATEGIC RESULT INDICATORS	COSTS OF IMPLEMENTATION
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SPECIFIC OBJECTIVE 1.2: ENVIRONMENTAL IMPACT ASSESSMENT

Strategic result indicators:

- Annual ex-post analyses, identifying optimization opportunities, drawn up by each regulatory authority
- A 20% reduction in administrative burden of compliance with regulatory framework for areas of intervention, estimated by applying the Standard Cost Model (SCM), by 2020
- Drafting annual proposals on reducing the regulatory burden, drawn up by each regulatory authority for its areas of regulation, calculated based on SCM and relevant indicators (DB, Economic Freedom etc.)
- Annual assessment of at least five key sectors (supply chains), identifying main constraints and approving amendments to the legal framework in order to implement proposed solutions derived from regulatory impact assessment
- Increase in the turnover of the involved supply chains, at least twice over the next two years following the implementation of solutions to identified constraints and a 10% increase in investments in involved sectors, compared with historical trends
- Annual training programs conducted, covering the following areas: analysis of regulatory constraints in supply chains, analysis of international indicators and SCM analysis (since 2014)

<p>1. Carry ex-post analysis of environmental impact on key regulations, identified jointly with the civil society and submit proposals on changes to regulations with negative impact on the environment.</p>	<p>Ministry of Environment and Spatial Planning</p>	<p>2015 - 2020 Annually</p>	<ul style="list-style-type: none"> ○ Number of ex post RIA's conducted ○ Proposals on amendments to assessed laws, annually put forward to the Government, pointing out the impact on the environment 	<p>Administrative cost</p>
<p>2. Design a training course on the analysis of environmental impact. Conduct this training course for public sector representatives and the civil society.</p>	<p>MESP KIPA</p>	<p>2014 and continuing</p>	<ul style="list-style-type: none"> ○ Training course developed - 2014 ○ Number of trainings conducted until 2020 ○ At least 2 representatives of each regulatory authority responsible for environmental analysis participates annually 	

SPECIFIC OBJECTIVE 1.3: A RIA PROCESS FOR THE NEW LEGISLATION

Strategic result indicators:

- RIA methodology adopted and RIA manual published (2014)
- Annual training course on drafting RIA is carried out (since 2015)
- Interactive system for consultation and participation in drafting regulatory acts and review of draft acts and RIA is launched and operational in 2015
- KIPA institution include RIA courses in their curricula since 2015
- ToT on RIA
- All draft normative acts are published in order to be commented since 2015
- All normative drafts are accompanied by RIA, containing cost and benefits assessment; since 2015
- All relevant normative drafts are submitted for consultation to the relevant Better Regulation Unit within the Prime Minister's Office Legal Office in order to have the opinion of it when referred to decision makers (Government and Parliament)
- All regulatory authorities submit annual reports on levels of compliance with RIA regulations
- Annual report on regulatory framework reform approved and published by Government

				2014	○ Adoption of Law on Normative Acts
	1. Amend the legal framework in order to introduce RIA	Prime Minister's Office			
	2. Review and improve the legal framework regulating RIA process and methodology	Zyra e Kryeministrit	2014-2015	<ul style="list-style-type: none"> ○ Subsidiary acts on implementation of the Law on Normative Acts issued ○ Proposals on regulatory framework amendments and development of RIA methodology developed and approved by the Government ○ RIA manual drafted and published 	<p>Manual costs to be covered by IFC (Cooperation Agreement 19 May 2013) and by other Donors based on eventual agreements</p>
	3. Design a training course on good governance principles and RIA. Annually conduct trainings for the Better Regulation Unit, representatives of regulatory authorities, NGOs and private sector	Prime Minister's Office	Çdo vit	<ul style="list-style-type: none"> ○ Training of Trainers on RIA - 2014-2015 ○ Number of training courses developed- 2015 - 2020 ○ Annual training of representatives of main regulatory authorities 	<p>Training costs to be covered by IFC and by other Donors based on eventual agreements</p>

OBJECTIVES	ACTIONS	RESPONSIBLE INSTITUTIONS	DEADLINE FOR IMPLEMENTATION	STRATEGIC RESULT INDICATORS	COSTS OF IMPLEMENTATION
	4. Provide assistance to KIPA in order to include the course on good governance principles and RIA in their curricula	Prime Minister's Office	2014	<ul style="list-style-type: none"> Training materials developed in 2015 Training courses official and launched in 2015 	
	5. Set clear and effective reporting criteria for regulatory framework reform for regulatory authorities, including on meeting principles of good governance and RIA.	Prime Minister's Office	Continues	<ul style="list-style-type: none"> Reporting requirements submitted to the Government and approved in 2015 Reports on regulatory framework reform submitted annually by regulatory authorities 	

SPECIFIC OBJECTIVE 2.1: STREAMLINE ADMINISTRATIVE PROCESSES

Strategic result indicators:

- Annual increase in Doing Business ranking, to 2020
- Number of inspections reduced by at least 20% to 2015 and by at least 40% to 2020
- Number of permissive acts reduced by at least 20% to 2015 and by at least 40% to 2020
- Reduction in costs of obtaining permissive acts by at least 20% to 2015 and by at least 40% to 2020
- No public authority shall request from businessmen information that is already held by another public authority, since 2015

1. Implement Law on Permits and Licenses that will regulate the principles and risk levels associated with different types of permits related to economic activities.	PMO	<ul style="list-style-type: none"> 2014 Continues 	<ul style="list-style-type: none"> Adopted subsidiary acts on law implementation Collected information and published register of permits and licenses 	
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2. Streamline those administrative procedures that are not established in laws, but rather only on instructions and regulations.	PMO	2014 - 2015	Submitted compliance reports to each institution that must review permits and licenses not based on the law).	Analysis costs to be covered by IFC (Cooperation Agreement 19 May 2013) and by other Donors based on eventual agreements
3. Conduct sector analysis and provide recommendations for simplification of procedures, reduction of cost and time for obtaining permits.	PMO	2015	Submitted reports on analysis of permits and licenses to institutions to at least 5 institutions.	Analysis costs to be covered by IFC (Cooperation Agreement 19 May 2013) and by other Donors based on eventual agreements
4. Adopt and implement Law on Inspections.		2014	Adopted subsidiary acts on law implementation	

SPECIFIC OBJECTIVE 2.2: DEVELOP INCENTIVES FOR INSTITUTIONAL COMPLIANCE

Strategic result indicators:

- Objectives and performance indicators related to business environment improvements developed and approved for all regulatory authorities in 2014
- Review and annually update objectives and performance indicators related to business environment improvements
- Annual reports on meeting objectives and performance indicators submitted and published by each regulatory authorities
- Enhance positive perception of economic operators of services provided by regulatory authorities (including permissive acts and inspections)

1. Each regulatory authority, jointly with private sector and other stakeholders, develop objectives and performance indicators related to costs of regulating their activity, incurred by private sector and citizens. These indicators will be set forth in the regulations of authorities. Annually, reports on compliance with objectives and indicators, including their revision, will be developed and published.	Each authority	<ul style="list-style-type: none"> ○ Performance indicators developed and approved through regulations of authorities in 2014 ○ Annual reports on the performance of these indicators published by authorities ○ Revision and update of performance indicators in regulations of the authorities, annually
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OBJECTIVES	ACTIONS	RESPONSIBLE INSTITUTIONS	DEADLINE FOR IMPLEMENTATION	STRATEGIC RESULT INDICATORS	COSTS OF IMPLEMENTATION
	<p>2. Develop and approve respective measures applicable to regulatory authorities for the non-compliance with the legal framework related to regulatory framework reform. Annual review of measures undertaken</p>	<p>Each authority</p>		<ul style="list-style-type: none"> ○ Respective measures developed and approved in 2014 ○ Sanctions applied and revised annually 	

SPECIFIC OBJECTIVE 3.1: ENHANCE DOMESTIC OUTREACH AND PARTICIPATION

Strategic result indicators:

- Government to Business portal (G2B) to exist in the government portal in 2015 and constantly updated
- Increase in number of G2B portal visitors
- Enhance the level of citizens and businessmen awareness about regulatory reforms
- Increase the positive perception of businessmen about changes in business environment
- Share of law actions won by companies, related to disputes with regulatory public authorities

	<p>1. Development and maintenance of Register for Permits and Licenses</p>	<p>PMO</p>	<p>Regular basis</p>	<ul style="list-style-type: none"> ○ Register developed in 2014 	<p>Register development costs to be covered by IFC</p>
	<p>2. Development and maintenance and update of Government to Business (G2B) part within the Government portal</p>	<p>PMO</p>	<p>Regular basis</p>	<ul style="list-style-type: none"> ○ Portal developed in 2015 ○ B2G register developed which will contain assessments from businesses related to activity of public authorities ○ Portal maintained and updated on a regular basis 	

	<p>3. Organization of regular events and campaigns aimed at enhancing transparency and promoting business regulatory reforms and encouraging participation of private sector in drafting and reviewing regulations</p>	PMO / MTI	Regular basis	<ul style="list-style-type: none"> ○ Events and activities promoting reforms held monthly ○ TV shows on business environment/reform of the regulatory framework 	
	<p>4. Drafting and implementation of binding rules for consultations with public and private sectors and drafting the guide for consultations. Update the rules and the guide.</p>	PMO	Regular basis	<ul style="list-style-type: none"> ○ Rules concerning the consultation process developed and approved in 2014 ○ Guide for Consultations developed published in 2014 ○ Rules and guidelines revised regularly 	
	<p>5. Ongoing collaboration with respondents for international indicators /rankings in order to achieve a better communication of the impact of reforms and prevent misperception of the business environment</p>	PMO / MTI	Regular basis	<ul style="list-style-type: none"> ○ Regular meetings and communications prior to collecting data for international indicators 	
	<p>6. Provide assistance to public authorities to use social networks (public consultation, ads etc.)</p>	PMO	Regular basis	<ul style="list-style-type: none"> ○ 50% of public authorities use social networks by 2020 	Administrative cost

OBJECTIVES	ACTIONS	RESPONSIBLE INSTITUTIONS	DEADLINE FOR IMPLEMENTATION	STRATEGIC RESULT INDICATORS	COSTS OF IMPLEMENTATION
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SPECIFIC OBJECTIVE 3.2: ACTIVE INTERNATIONAL OUTREACH

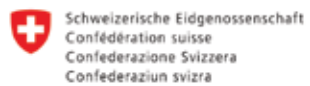
Strategic result indicators (language to be reviewed):

- Number of international conferences and other events on regulatory reform, organized in Kosovo
- Number of international conferences and events on regulatory reform, organized in other countries, where the experience of Kosovo is presented
- Number of innovative approaches, for the regulatory reform, implemented in Kosovo
- Number of regional and international programs/initiatives on regulatory reform, to which Kosovo adhered
- Kosovo is bi-annually ranked among the first 10 reformers in Doing Business
- Number of projects / initiatives funded by donors during the regulatory reform and the amount invested in these projects

	<p>1. Organization of international annual conferences and other events with representatives from other countries on regulatory reform in Kosovo and worldwide</p>	PMO	Regular basis	<ul style="list-style-type: none"> ○ Annual organization of conferences and of other events 	
	<p>2. Ongoing communication with international organizations and donors. Request for annual assessment of the regulatory environment and technical assistance. Cooperation with organizations that develop international rankings on the regulatory environment in order to learn about methodology, identify respondents, identify opportunities for improvement and inaccuracies in the responses (namely, indicators of Doing Business, Economic Freedom, relevant sub- indicators of the Global Competitiveness Index, Logistics Performance Index). Ongoing monitoring and reporting on indicators / international rankings on the regulatory environment.</p>	Each institution	2014 - 2016	<ul style="list-style-type: none"> ○ List of partner international organizations ○ Kosovo business environment assessment reports developed by international organizations ○ Reports on international indicators ○ Technical assistance projects in the field of regulatory reform and their amounts 	



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