



Zyra e Kryeministrit-Ured Premiera-Office of the Prime Minister

Sekretariati Koordinues i Qeverisë/ Koordinacioni Sekretariat Vlade/Government Coordination Secretariat

Concept Document on Administrative Burden Reduction

Abolishing Bureaucratic Barriers

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List of acronyms

ABR coordinators	Administrative Burden Reduction coordinators
ASPA	Albanian school for Public Administration
BRE	UK Better Regulation Executive
BRS	Better regulation Strategy 2.0 for Kosovo 2017-2021
CBA	Cost-Benefit Analysis
CD	Concept Document
DEIPC	Department for European Integration and Policy Coordination within a ministry
EC	European Commission
EGA	e-Governance Academy of Estonia
ERA	European Reform Agenda
EU	European Union
FDI	Foreign Direct Investment
FAWP	Government Annual Work Plan
GCS	Government Coordination Secretariat within the Office of the Prime Minister of Kosovo
HCDF	Human Capacity Development Fund
IFC	International Finance Cooperation
IFWP	Indicative Forward Work Plan
IO	Information Obligation
IT	Information Technology
KAS	Kosovo Agency of Statistics
KCC	Kosovo Chamber of Commerce
KIESA	Kosovo Investment and Enterprise Support Agency
KIPA	Kosovo Institute for Public Administration
KMC	Kosovo Manufacturing Club
LD	Legal Department within a ministry
LGAP	Law on General Administrative Procedures
LO	Legal Office within the Office of the Prime Minister of Kosovo
MCA	Multicriteria Analysis
MEI	Ministry for European Integration
MLGA	Ministry of Local Government Administration
MFT	Ministry of Finance and Transfers
MIAPA	Ministry of Interior Affairs and Public Administration
MTEF	Medium Term Expenditure Framework
MELTIESI	Ministry of Economy, Labour, Trade and Industry, Entrepreneurship, Strategic Investments
NAIS	Albanian National Agency for Information Society
NCED	National Council for Economic Development
NKR	Nationaler Normenkontrollrat (National Regulatory Control Council - Germany)
OECD	Organisation for Economic Co-operation and Development
OGG	Office of Good Governance within the Office of the Prime Minister of Kosovo

OPM	Office of the Prime Minister of Kosovo
OSCE	Organization for Security and Co-operation in Europe
PAR	Public Administration Reform
PCO	Public Communication Office within the Office of the Prime Minister of Kosovo
PISA	Programme for International Student Assessment
PIMO	Prime Minister’s Office of Albania
R&D	Research & Development
RPC	Regulatory Policy Committee of the UK
SBS	Sector Budget Support
SCM	Standard Cost Model
SDG	Sustainable Development Goal
Sida	Swedish International Development Cooperation Agency
SMEs	Small and Medium-sized Enterprises
SPO	Strategic Planning Office within the Office of the Prime Minister
TA	Technical Assistance
ToT	Training-of-Trainers programme
UN	United Nations
UNMIK	United Nations Interim Administration Mission in Kosovo
WB	World Bank

Introduction

The figure below provides the summary of regarding the responsible organisation, contact persons and position of the Concept Documents within the strategic policy framework.

The Government adopted this Concept Document in order to show Kosovo’s commitment to administrative burden reduction in line with the contractual obligations agreed with the European Commission in the Sector Budget Support Contract. This CD sets forth the overall aim and general approach to establishing the policy to reduce administrative burdens in Kosovo.

The burden reduction policy will be strongly embedded in the Government’s decision-making and policy development process through capacity development and ex-ante Impact Assessment (currently referred to as Concept Documents) to develop burden reduction measures. The Better Regulation Strategy will be updated and reflect the practical activities and intermediate targets to reach the 30% reduction target. In cooperation with development partners, additional funding for the extensive burden reduction programme will be sought.

Figure 1: Summary Table of the Concept Document

Title	Concept Document on Administrative Burden Reduction
Responsible ministry	Office of the Prime Minister - Government Coordination Secretariat (lead) Office of the Prime Minister – Legal Office (co-lead)
Contact persons	Arben Krasniqi – Director of the GCS Mentor Borovci – Director of the LO
GAWP	GAWP 2019 (specific activity number to be added after the adoption of the GAWP for 2019)
Strategic priority	Yes, the development of this Concept Document was announced in the Better Regulation Strategy 2.0 for Kosovo 2017-2021. The Concept Documents interconnects with a range of strategic priorities of the Government such as European Integration. This is explained in detail in ‘Chapter 2: Objectives’.
Working Group	The Working Group consisted of members representing the following institutions: <ul style="list-style-type: none"> • Cabinet of the Prime Minister • Cabinet of the Deputy Prime Minister • Government Coordination Secretariat, OPM • Legal Office, OPM • Strategic Planning Office, OPM • Public Communication Office, OPM • Office for Budget and Finance, OPM • Kosovo Agency of Statistics, OPM • Legal Department, MTI (<i>now MELTIESI</i>) • Investment Promotion Agency, MTI (<i>now MELTIESI</i>) • Legal Department, MPA (<i>now MIAPA</i>) • Legal Department, MEI • Department of Macros, MoF (<i>now MFT</i>) • Kosovo Chamber of Commerce (KCC) • Members from the ‘Project Support for Policy Development’ within the OPM The complete overview of members is presented in Annex 1.
Additional information	The adoption of this Concept Document is listed as Indicator 5.2 in the ‘Sector Reform Contract for Public Administration Reform’ and its adoption is planned for 2019. The reform

	contract and the related Financing Agreement entered into force on 15 December 2017.
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Attention: Please note that the Decision establishing the working group was taken in 2018 and most of the analyses, including the appendices, were drafted during 2018 and 2019. Therefore, in some sections the names of Ministries do not entirely reflect the Decision of the Legislature VII of the Assembly for the election of the Government of the Republic of Kosovo.

Chapter 1: Problem definition

Kosovo's economic development depends on a range of factors. These vary from the attractiveness of the country for foreign direct investment (FDI) to the development of skills of the existing workforce and educational attainments of future generations. Of particular importance is the policy framework and legal environment in which businesses can develop and invest. This is also referred to as the business and/or investment climate.

An important factor that determines the quality of the business/investment climate is the manner in which policies and regulations are developed and their quality. Good laws, and the capacity to enforce them, are fundamental¹.

This Concept Document addresses in particular the issue of improving the quality of legislation in relation to the efficiency of the implementation of existing legal requirements. This captures both the quality of legal provisions which provides the basis for their implementation and the implementation arrangements as such. The international best practice, also explained further on in this document, is to improve the quality of legislation to boost economic growth.

1.1 Public Administration Reform and Sector Budget Support

This Concept Document builds on the current approaches to reduced administrative burdens and improve service delivery. The objectives of the Government are set in various strategies of which some have been integrated into the Sector Budget Support Contract that was signed with the European Commission. This CD does not intervene in the current policy structures, policy responsibilities and policy choices. It lays the foundation for establishing a broad programme for administrative burden reduction which is expected to start in full from 2021 onwards, after the current SBS contract expires. The year 2020 will be used to prepare the management structures required for implementing an ambitious reduction programme. This CD explain why this time is needed to prepare for a comprehensive policy for administrative burden reduction since capacities for such a programme need to be developed, a baseline measurement needs to be established and the decision-making procedures of the administration need to be aligned to such a programme.

1.2 Kosovo's economic challenges

The main economic challenges of Kosovo are high unemployment – in particular youth unemployment and low economic activity of women; the large informal economy; the high living costs and regulatory burdens. The reduction of administrative burdens would address these challenges directly by contributing to economic growth, business development and job creation.

1.3 High unemployment

Unemployment in Kosovo is the highest in the region – 26.5%², and approximately more than three times higher than the EU average³. Unemployment figures of recent years show a great variation in the

¹ OECD (2014), "Creating an environment for investment and sustainable development", in Development Cooperation Report 2014: Mobilising Resources for Sustainable Development, OECD Publishing, Paris, page 149.

² Kosovo Agency of Statistics - Labor Force Survey in Kosovo, Q1 2018, page 12 <http://ask.rks-gov.net/media/4103/anketa-e-fugis%C3%AB-pun%C3%ABtore-tm1-2018.pdf>.

³ European Commission - 2018 Communication on EU Enlargement Policy, Annex II, page 2. https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20180417_strategy_paper_en.pdf.

unemployment rate – from 33.1 % in 2014, 32.9 % in 2015, 27.5 % in 2016, and 30.4 % in 2017 to 26.5% on the first quarter of 2018⁴. There is no constant increase of employment, meaning that Kosovo's economic growth does not translate constantly into job creation⁵. The change in the unemployment figures is potentially a sign (1) that job seekers give up looking for work since they do not expect to find a job and (2) that people are leaving the country to find work abroad.

The highest level of unemployment is among women, youth and unskilled persons that want to be economically active.

Of the 16.6 % of women that are economically active in Kosovo, the unemployment level is 28.7 %. The low number of economically active women remains a challenge in itself⁶. Youth unemployment is 54 % in general but 62.7 % for young women⁷.

48.4 % of economically active citizens with no education are unemployed, compared to 35.1 % of those with elementary education and 21% of those with general secondary education⁸. The level of economic inactivity is higher in rural than in urban areas⁹.

In a long term, Kosovo unemployment rate is projected to not significantly decrease and trend around 24 % by 2020¹⁰.

High unemployment rates in Kosovo are, among others, the result of a poor business and regulatory environment which fosters informality. This impedes the growth of firms and the productivity of capital and labour resources¹¹.

1.4 Large informal economy

The Economic Reform Programme (ERP) 2019-2021 highlights the challenge Kosovo faces with regards to the informal sector¹². While the informal economy is estimated to have shrunk, it is still considered as a large and an important obstacle. A recent study¹³ estimated the size of the informal (grey and black) economy in 2015 at 32% of GDP, which is considerably lower than 43% of GDP estimated for 2013 on a comparable methodology¹⁴.

The effects brought about by this considerable size of the informal economy has clear negative impacts. The value of uncollected direct taxes was estimated at 107 million EUR, or 1.8% of GDP. The informal economy has been identified as a key challenge in the Competitiveness Outlook, especially in regards to

⁴ Kosovo Agency of Statistics - Labor Force Surveys in Kosovo for years 2014 to 2018. Available at <http://ask.rks-gov.net/>.

⁵ International Bank for Reconstruction and Development / The World Bank - Kosovo Jobs Diagnostic 2017, page 7

<http://documents.worldbank.org/20BFB9A9-127A-40B9-B5A7-65148659C899/FinalDownload/DownloadId-D872AC1ADB865335A46B1D0B69737C02/20BFB9A9-127A-40B9-B5A7-65148659C899/curated/en/814361497466817941/pdf/ACS21442-WP-PUBLIC-ADD-SERIES-KosovoJDWEB.pdf>.

⁶ <http://www.worldbank.org/en/country/kosovo/overview#3>, last visited on 13 August 2018.

⁷ Labor Force Survey in Kosovo, Q1 2018, page 12.

⁸ Labor Force Survey in Kosovo, Q1 2018, page 26.

⁹ Kosovo Jobs Diagnostic, page 31.

¹⁰ <https://tradingeconomics.com/kosovo/unemployment-rate/forecast>, last visited on 10 August 2018.

¹¹ Kosovo Jobs Diagnostic, page 2.

¹² <https://mf.rks-gov.net/desk/inc/media/4FC9C8D0-8ADF-4DD1-97B8-BB2DD36150C3.pdf>

¹³ Assessment of the Extent of Informal Economy in Kosovo, report by the EU-funded project Further Support to Kosovo Institutions in the Fight against Organized Crime, Corruption and Violent Extremism, 9 Nov. 2017.

¹⁴ Survey on the Extent and Prevention of the Illegal Economy and Money Laundering in Kosovo, report by the EU-funded project Strengthening Kosovo's Capacity to Combat Money Laundering and Corruption, 2014.

the ‘tax wedge’. The informal sector also means that employment is not fully captured since informality decreases the number of formal jobs.

In 2016 and 2017, average tax revenue growth surpassed nominal economic growth and net positive yields from tax policy changes, indicating a further contraction of the tax gap. Nevertheless, further measures are required to further enhance domestic revenue mobilization and ensure a level-playing field through increased formalization, including through a more performance-based tax administration which fosters voluntary compliance and addresses the prevalence of excessive tax arrears.

Figure 2 - Economic Reform Programme Measure #11

Measure #11: Reduction of Informal Economy

The objective of the measure is improvement of the quality of State of the law and Economic Governance in Kosovo as constrain to economic growth and formal employment generation. This measure is part of the broader policy measures that the government of Kosovo is planning to undertake through the Strategy against informal economy.

Reduction of the informal economy is a key reform measure highlighted in the ERP 2019-2021. Administrative burden reduction will contribute to the reduction of the informal economy as indicated in ERP Reform Measure #7 which sets out the approval of this Concept Document on Administrative Burden Reduction in 2019 and the initiation of the actual reduction programme in line with targets set out in this Concept Document. ERP 2019-2021 thus confirms the aim to establish the broad administrative burden reduction programme after the current contractual period for the EU Sector Budget Support Programme.

1.5 High cost of living

The situation based on an analysis of the costs of living compared to the average monthly income in a country, shows that Kosovo is one of the few developing countries in which the cost of living is especially high and that the purchasing power is very low¹⁵. This makes it harder for people that live in poverty to improve their lives. The main ways to improve the situation of the people of Kosovo runs through greater economic development which should lead to (1) more jobs and higher wages and (2) improved markets for goods and services through increased competition. Improving the business/investment climate would contribute directly to these two developments. By default, improving the quality and the implementation of legal obligations will therefore add to economic growth and business development.

1.6 Regulatory burdens faced by businesses and investors

Regulatory burdens are an important factor that companies consider when deciding on investing in Kosovo or not.

1.6.1 Analysis by the Kosovo Investment and Enterprise Support Agency

In its 2014 report on ‘Investors’ perceptions of Kosovo’s Business Environment’, KIESA highlights that nearly all potential investors regard *Rule of Law* and *Regulation* as the most important factors influencing their investment location decision (97%) while the majority of current investors considers this topic as well when considering further investments (84%). When asked what the Kosovo

¹⁵ <https://www.laenderdaten.info/lebenshaltungskosten.php>, last visited on 31 July 2018.

Government could do to improve the business environment and make the country a more investor-friendly 100% of both current and potential investors surveyed agreed that it is of outmost importance to combat corruption more efficiently. The second most important aspect which current investors' preferred to be tackled was the overall de-bureaucratization and removal of red tape with 74% of respondents regarding this as very important.¹⁶

These figures underline the notion that the quality of the legal framework and its implementation determine whether investments are made in Kosovo, whether they are directed elsewhere or whether they are made at all.

KIESA also organised on an annual basis meetings and conferences with businesses in Kosovo. In its reports on those conferences for 2016 and 2017 (see Annexes 3 and 4), the burdens caused by licenses and permits and other administrative procedures are listed as relevant in hindering business development.

1.6.2 Analysis by the Kosovo Chamber of Commerce and RIINVEST

In the fourth edition of the report 'Paving the way for Better Business in Kosovo' from 2018, the Kosovo Chamber of Commerce (KCC) highlights that certification, licensing and standardization still remain challenges for the Kosovar producers. Improvements in this area would enable companies to have easier access to the European market and better competitiveness with their products.

Furthermore, export and import licenses are of particular relevance. About 14 percent of the companies participating in the KCC study, mainly manufacturing and retail sectors and mostly micro enterprises, mention these licenses as a problem.¹⁷

In May 2017, RIINVEST published its analysis 'Business Climate in Kosovo from the perspective of SMEs'. Companies are surveyed regarding the most relevant obstacles that they encountered when doing business in Kosovo. Administrative burdens, defined as 'bureaucratic procedures in all relevant institutions', proved to be a major challenge for companies at position number 7 out of 23 potential issues¹⁸. This factor was measured for the first time and most items listed as more important for by companies were outside the direct influence of the Government (e.g. small market, crime and theft and cost of funding). Administrative burdens are thus one of the few challenges faced by business that the Government can address within a relatively short time frame.

1.7 Rule of Law and administrative burden

The strong Rule of Law is key to sustainable and inclusive economic development. It directly affects the business environment and investment climate by making government acts predictable, increasing accountability and security. The main elements of strong rule of law are: legal certainty, independence and impartiality of judiciary and effective and efficient public institutions.

Under Rule of Law, laws should be:

- 1) accessible – public and easy accessible,

¹⁶ <https://kiesa.rks-gov.net/desk/inc/media/6E44ECB3-AD24-4F7A-8623-6240A226E484.pdf>.

¹⁷ <https://www.oek->

[kcc.org/uploads/files/2018/May/24/2017_PAVING_THE_WAY_FOR_BETTER_BUSINESS_IN_KOSOVO1527160828.pdf](https://www.oek-kcc.org/uploads/files/2018/May/24/2017_PAVING_THE_WAY_FOR_BETTER_BUSINESS_IN_KOSOVO1527160828.pdf).

¹⁸ RIINVEST, 'Business Climate in Kosovo from the perspective of SMEs', May 2017, page 33.

- 2) foreseeable – written with sufficient precision and clarity to enable subjects to regulate their conduct in conformity with it; and
- 3) stable and consistent – they should be changed only with a public debate and notice, and to adopt to changing circumstances which do not adversely affect legitimate expectations of the public.

Furthermore, laws should provide safeguards against arbitrariness and abuse of power, and implement the principle of equality before the law and non-discrimination.

Legal certainty positively affects its implementation and enforcement. Nevertheless, this cannot be ensured without independent and impartial judiciary, which enables transparent, timely and predictable resolution of disputes. Effective and efficient public institutions are also needed to empower businesses to contribute positively to economic development.¹⁹

Rule of Law is also key to the European Integration process. The EU membership criteria²⁰ clearly highlight that candidate countries need to have stable institutions guaranteeing Rule of Law.²¹ The latest European Commission Reports highlight Kosovo's challenges in this aspect.²²

Administrative burden reduction links directly to improving the Rule of Law since it increases legal certainty through improving the quality of laws and sub-legal acts; and since it contributes to the improved effectiveness and higher efficiency of public institutions through better implementation of legal requirements and the administrative procedures through which they are put into practice.

1.7.1 The level of administrative burdens in Kosovo

There is currently no detailed analysis of the level of administrative burdens in Kosovo. The Standard Cost Model has not been applied systematically to measure the burdens that are caused by Information Obligations.

Levels of administrative burdens in countries of the European Union differ. Based on the figures from The Netherlands, administrative burdens can be at a level of 3.6% of GDP. It is not possible to assess whether this percentage also applies to Kosovo.

On one hand, the impression is that procedures and legal requirements are far more cumbersome to comply with. This would provide reasons to assume that the level of administrative burdens in Kosovo is higher than 3.6% of GDP.

On the other hand, the legal framework in EU Member States is far more developed and comprehensive. These frameworks have integrated all requirements from the EU Acquis as well. This would provide reasons to assume that the level of administrative burdens in Kosovo as a share of GDP is below the level that The Netherlands faced at the start of its administrative burden reduction programme.

¹⁹ United Nations Global Compact, Section - Promote the rule of law to protect citizens and businesses <https://www.unglobalcompact.org/what-is-gc/our-work/governance/rule-law> Last visited on 8 January 2019

²⁰ Copenhagen criteria

²¹ European Council in Copenhagen, Conclusions of the Presidency, 1993, point 7, A (iii). <https://www.consilium.europa.eu/media/21225/72921.pdf>

²² Please see *Figure 14: Extracts from EU reports 2014, 2015, 2016 and 2018 on Kosovo and the European Reform Agenda 2016, specifically referring to administrative burdens and business environment.*

1.8 Promoting inclusive growth and enhancing global competitiveness

Countries across the world improve and promote their economies to foster entrepreneurship, business development, investments, innovation and inclusive growth. The competition between countries to attract Foreign Direct Investments, to foster innovation within their own business community, to develop a broad economic basis for growth to the benefit of all has been a strong international trend for a long time²³. The OECD recognises in particular that *framework policies* are critical to business dynamism, scaling up of young and small firms and creation of jobs. Such policies intend to improve the business environment and incentivise risk-taking and entrepreneurial experimentation. They are critical to business dynamism and to unleashing the growth potential of young firms and SMEs, especially in high-risk sectors, such as telecommunications, scientific Research & Development (R&D) and IT services. The focus is on smaller firms since they are typically more dependent on their business environment and are more vulnerable to market failures, policy inefficiencies and inconsistencies²⁴. Administrative burden reduction provides the framework for a government wide policy – in line with the OECD recommendation – that aims at improving the business environment.

In its Annual Report on European SMEs, the European Commission has highlighted that SMEs face six main issues: (1) Finding customers; (2) Competition; (3) Access to finance; (4) Costs of production or labour; (5) Availability of skilled staff or experienced managers and (6) Regulation. Between 2013 and 2016, at least 12% of SMEs state that the factor Regulation is mentioned as their most pressing issue²⁵. *Regulation* is generally the third most important issue referred to.

From these six factors mentioned by European SMEs, Regulation is the only one that is within immediate control of a Government. With the exception of finding costumers, the other factors are affected by Government policies, but the impact that policies can provide is often in the medium to long-term. Addressing the issue of Regulation provides support to economic development in the short-term.

Research in other countries confirms the analysis performed by the European Commission and national/regional surveys on the quality of the business environment and the most relevant obstacles that companies face. For example, a business survey performed by Suomen Yrittäjät (Federation of Finnish Enterprises) confirmed that 63% of Finnish SMEs would expect to employ more staff if regulatory burdens would be reduced substantially²⁶.

1.9 Medium-term economic outlook

Economic growth in Kosovo is expected to continue to be driven mainly by private consumption and exports. These two factors were driving the growth in recent years as well. In addition, public and private investments are expected to play a more pronounced role in GDP growth. For the period 2018-2021, the real average growth is projected to be 5.0%, starting with a 4.6% assessment for 2018, 4.9%

²³ See, for example: OECD (2018), *Access to Justice for Business and Inclusive Growth in Latvia*, OECD Publishing, Paris.

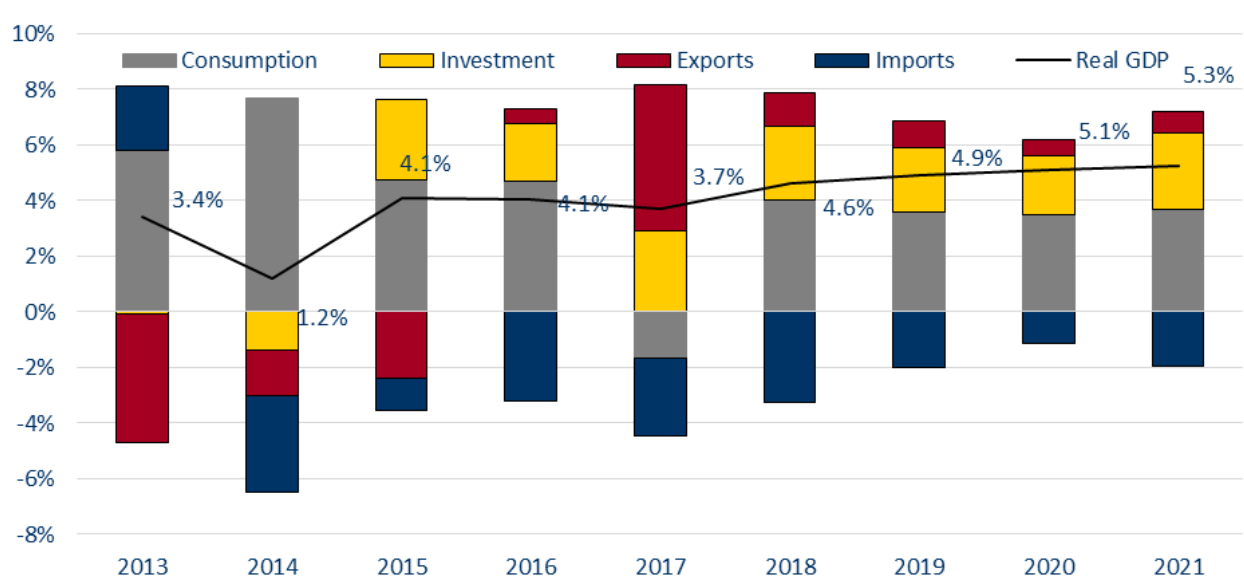
²⁴ OECD (2018), *Opportunities for All: A Framework for Policy Action on Inclusive Growth*, OECD Publishing, Paris, in particular page 125.

²⁵ European Commission (2017), *Annual Report on European SMEs 2016/2017, Focus on self-employment - SME Performance Review 2016/2017*, page 23.

²⁶ <https://www.yrittajat.fi/suomen-yrittajat/tutkimukset/yrittajagallup-565023>, website last visited 23 October 2018.

for 2019, and exceeding the 5.1% rate from 2020 onwards²⁷. The average of 5% economic growth will be the baseline for this Concept Document.

Figure 3: MTEF 2019-2021 prediction of participation of components in GDP growth



1.10 Improving the business/investment climate: past and current projects

Several projects to improve the regulatory environment have been completed or are still ongoing. These are presented in the section below. They show that the policy to reduce administrative burden needs to take into account current developments and project set-ups. They need to be effectively integrated into any government-wide administrative burden reduction programme. Furthermore, such a programme would provide an important political impetus which would contribute to successful implementation of these projects and thus to reaching the Government’s objectives. It is important to note that these past and current projects are aiming to reduce burdens for companies, citizens and the administration. This is an important factor for the comparison of options which is presented in Chapter 6.

1.11 Establishing the Registry of Secondary Legislation (Legal Office within the OPM)

In 2010, the Legal Office of the Office of the Prime Minister – with financial support provided by USAID – started with collecting all secondary legislation that had been adopted by the Government and ministers after the year 2000. Due to the large number of secondary legislation (around 2000 acts) and considering the fact that some sub-legal acts were issued at the time when there were no active laws regulating the relevant fields, it was necessary to create a register which would include all secondary legislation in force. During the analysis, secondary legislation (Regulations and Administrative Instructions) that were not in accordance with legislation in force, were not included in the Registry and therefore ceased to be valid.

²⁷ Medium Term Expenditures Framework 2019-2021, page 23.

In 2011, the Government issued instructions to review secondary legislation approved by the Government and ministers. During this process, special attention was provided to the issues linked to the World Bank Doing Business indicators. Special attention was given to procedures for business registration; licenses and permits; property rights and registration; access to financial products and services; taxes, foreign investors and closing a business.

The review of secondary legislation was designed to answer three questions dealing with secondary legislation:

1. Is it necessary?
2. Is it legal?
3. Is it “friendly” toward the business?

Every sub-legal act that passed these three questions remained in force. Every act that failed in the two first questions was abolished. Those acts that got a positive response to the first two questions but failed to accomplish the third question were submitted to the Governmental Commission for reviewing sub-legal acts.

The result of the review was that around 300 sub-legal acts were abolished when the Government of Republic of Kosovo issued the Decision No. 08/35, dated 01.09.2011 which later was amended and supplemented by Decision of the Government No. 06/81, dated 27.06.2012. Currently, in order for secondary legislation to enter into force, it needs to be uploaded and published in the ‘Registry of Secondary Legislation’ which is updated on regular basis by the Legal Office of the Office of the Prime Minister²⁸.

Figure 4 - Administrative Burden Reduction as overall programme to reassess the legal framework

Given this experience with this approach that can be defined as comparable to the Regulatory Guillotine, the Government assesses that this approach is not needed anymore in Kosovo. Instead, a more effective approach that addresses actual implementation practices is needed and the Administrative Burden Reduction programme provides such a sophisticated approach.

The burden reduction programme presented in this Concept Document will also elaborate on legality of existing rules and the actual implementation or lack therefore. All projects and processes aimed at simplification need to be brought under the umbrella of this programme.

1.12 Law on Licenses and Permits (Legal Office within the OPM)

Kosovo adopted the Law on Permit and License System, which was published in the Official Gazette on 19 December 2013. The Law establishes the principles and rules for improving the environment to do business, through reduction of administrative barriers. Based on the law, the Government has issued Regulation No. 06/2015 on Central Registry on types of permits and licenses²⁹.

²⁸ The registry is available here: <http://kryeministri-ks.net/wp-content/uploads/2018/06/REGJISTRI-I-AKTEVE-NENLIGJORE.-P%C3%ABrditesuar-m%C3%AB-11.06.2018.pdf>.

²⁹ Central Register for Licenses and Permits: <https://lejelicenca.rks-gov.net/>

The Legal Office with support from the IFC – World Bank published the Registry of the Licenses and Permits. The 2015 edition of the registry contains 480 licenses and permits that are issued by 24 central institutions in 21 areas of economic activity.

On 21st of November 2018, OPM with support from the IFC – World Bank has updated the register which has been published on the OPM web-page. It is understandable that figures show that the period from 2015 to 2018, the number of licenses was reduced to 456. Licenses and permits are issued by 26 central institutions in areas of economic activity which includes permits, licenses, certificates, authorizations, registrations and recognitions.

In the course of this process, the Legal Office OPM in cooperation with IFC organized a conference where the updated version of the Central Registry of Permits and Licenses was launched. Also, steps have been taken regarding an awareness campaign for institutions, citizens and businesses regarding the existence of the Central Registry of Permits and Licenses and the obligation of institutions, independent agencies and other bodies for reporting to the Legal Office of the Prime Minister's Office on new permits and amendments to the existing permits and licenses, in accordance with Article 29 of Law no. 04 / L-202 on the System of Permits and Licenses.

In order to start the administrative burden reduction process, the SBS contract with the European Commission sets out the aim to simplify, merge or abolish 10% of licenses and permits against the baseline of 480. This Concept Document contributes to achieving this aim as it includes a list (see Annex 13) of licenses and permits that are expected to be simplified, merged or abolished by 2020.

1.13 Implementation of the Law on General Administrative Procedures (Ministry of Public Administration)

The Law on General Administrative Procedures (LGAP) was adopted in June 2016 and entered into force one year after its publication in the Official Gazette, on June 21, 2017³⁰. LGAP, foresees the implementation of principles for streamlining administrative procedures. These include: Principle of non-formality and efficiency of the administrative proceeding; Principle of information and active assistance; Principle of gratuity of the proceeding. These principles aims simplification and acceleration of administrative procedures, reducing costs of proceedings for all parties concerned, effective protection of the interest of citizens and society, creating conditions for point of single contact as foreseen in the law. Additionally, the “silence is consent” principle foreseen by LGAP, which will enter into force in June 2019, will be applied for the majority of administrative procedures, contributing further to the streamlining process.

The LGAP allows the possibility of providing necessary derogations from general administrative procedure rules in specific fields by special laws. However, such derogations must comply with basic principles prescribed in the LGAP and cannot lower the level of protection of rights and legal interests of parties granted by the LGAP.³¹ In this regard, there is a need to harmonize specific laws with the Law on General Administrative Procedure.

As part of the Sector Budget Reform Contract with the European Union, a specific indicator was set up to ensure alignment of the legal framework and existing administrative procedures with the law. The

³⁰ Law No. 05/L-031 on General Administrative Procedure: <https://gzk.rks-gov.net/ActDetail.aspx?ActID=12559>.

³¹ Article 2 paragraph 4 of the Law No. 05/L-031 on General Administrative Procedure.

relevant SBS Indicator #4 sets the targets for 2018, 2019 and 2020 for aligning 15%, 30% and 60% of existing procedures with the LGAP³². The Ministry of Public Administration is responsible for the implementation of this indicator³³.

In line with the planned commitment that the 60% alignment with the LGAP of all administrative procedures will have been achieved by 2020, the introduction of the administrative burden reduction target and the related implementing programme, need to ensure alignment with the last tranche of 40% of procedures needed to implement the LGAP after 2020. This 40% is regarded as a maximum since it could be that the MPA ensures an alignment rate to the LGAP above the level of 60% defined under SBS.

1.14 Simplification of inspections (Ministry of Trade and Industry)

Government inspections are an essential component of a modern regulatory state. Inspectorates are special administrative bodies of the state administration that have an important role in implementation of legislation. They could be considered as guardian mechanisms that supervise law implementation in practice. For this purpose, a number of different inspectorates, which ensure implementation of laws in the fields they cover, have been established in the Republic of Kosovo. However, implementation of laws in practice is not easy. Implementation of laws requires institutions to have a clear mandate, be well organized, and responsible for the work they are obliged to perform. The business inspection is an instrument required to ensure compliance of businesses with legal requirements, such as: full and timely payment of taxes, environment protection, health and safety at work, protection of consumer rights and compliance with registration, certification and other implementable standards.

From the perspective of doing business reform, the inspection process in Kosovo, as in most developing countries, is often considered as a hindrance to the doing business environment. The procedures of carrying out inspections are poorly regulated, and entrepreneurs often lack clear ideas of what are the inspector's competencies while performing an inspection, and what is beyond his or her authority. The lack of clear, unified, and comprehensive procedures have left businesses confused and made them not welcome inspections. Furthermore, entrepreneurs are unaware of their obligations and rights, which allow inspections officers to, during inspections, often act in an arbitrary manner, and take illegal decisions and actions, misuse their authority, consequently resulting in an increased deviant behaviour and unofficial payments. These data have been identified in the numerous assessments made by international and local mechanisms, such as: European Commission³⁴, World Bank³⁵, Organisation for Economic Co-operation and Development³⁶, GAP institute³⁷ ...etc.

Based on such data and the necessity of reforms in this field, the Government of the Republic of Kosovo has initiated the overall inspection's reform process by discussing at the level of National Council for

³² Instrument for Pre-Accession Assistance (IPA II) 2014-2020, Annex IA Budget Support of the Financing Agreement for the Action Programme for Kosovo for the Year 2016 – Part II – Sector Budget Support, Kosovo Sector Reform Contract for Public Administration Reform, page 35.

³³ Idem, page 36.

³⁴ European Commission Country Reports on Kosovo (formerly the Progress Report) for several subsequent years i.e. 2016, 2015, 2014, have identified problems related to different inspection bodies.

³⁵ Specific Inspection Reports (2010 and updated in 2012) prepared by the consulting firm "Jacobs & Associates" engaged by the World Bank.

³⁶ Report "Inspectorates in Kosovo: organization and functioning" published in March 2014 by the GAP Institute – Pristina.

³⁷ The Report on "Separation of Responsibilities between Central and Local Level Inspections" published in July 2015 by the GAP Institute – Pristina.

Economic Development (NCED)³⁸, which then resulted with a Decision of the Government of the Republic of Kosovo³⁹ for establishing the Inter-institutional Working Group, and appointing the Ministry of Trade and Industry as the main coordinator of this process that foresees organizational and regulatory reforms in the field of inspections. This reforming process was identified as one of the most important government processes by Kosovo institutions, and was also included in all strategic documents.

1.14.1 Inspections: Burden to businesses

As was highlighted in the Concept Document on inspections, the main reason why inspections result to be a burden on businesses is because of the time lost and the direct costs. In fact, these are not the most important reasons, but are the easiest ones to identify. In a way, these establish good grounds for identification of other burdens (which are more difficult to identify), such as: poorly defined objectives, unclear requirements, etc.

All of these key elements make the inspection system not only a burden to businesses but rather an obstacle to investment policies and affect the (non)-establishment of new businesses. The type of costs that are usually understood as directly associated to inspections, and which represent a burden to businesses are: time required for preparation, if any, when inspections are announced in advance - including the time required to obtain or prepare specific documentation; the time spent by the business's staff or management with inspectors, during which time they are unable to perform other duties, and the amount of time, if any, required for other activities emerging directly from the inspection process.

1.15 Medium-term policy and legislative development challenges

The administration faces a range of challenges regarding the development of policies and legislation in the medium term. Furthermore, existing shortcomings with the legal framework, such as the lack of consolidation of legal texts and shortcomings in translations need to be addressed. The seven challenges are the following:

1. Continuing the transposition of the EU Acquis
2. Ensuring implementation of the EU Acquis and existing legislation
3. Consolidation of the existing legal framework
4. Implementing the Law on General Administrative Procedures
5. Implementing the Law on Licenses and Permits
6. Implementing the Law on Minor Offences
7. Ensuring translation quality into all official languages and improve translation of existing legal acts

It is clear that these challenges put considerable demands on the administration with regards to developing policies and ensuring that the legal framework is in line with the policy intentions. Administrative burden reduction would provide an additional demand that could serve as a unifying process binding together the seven challenges presented above. The scope and breadth of the policy development and legal drafting requirements for the administration are expected to be best served

³⁸ The second meeting of NCED held on 30 June 2015.

³⁹ Decision 05/138 of the Government of the Republic of Kosovo dated 22 March 2017.

through a unified management under the OPM since this is expected to provide the best guarantee for successful implementation and fulfilment of all obligations.

1.16 Kosovo compared to neighbouring countries

Within the region, Kosovo is compared to its neighbouring countries when (multinational) companies are preparing investment decisions. Two factors in particular play in Kosovo’s advantage: its young population and its committed diaspora. These can provide the competitive edge that can lead to substantial economic growth and job creation.

The position of Kosovo in the region is presented below based on two factors: (1) the inflow of FDI representing investment attractiveness of countries and the trust that investors have in a country and (2) the rank in the World Bank’s Doing Business Index which provides the opportunity to assess and compare the regulatory environment with regards to the business friendliness of their regulatory framework.

1.16.1 FDI in regional comparison

Foreign Direct Investment affect economic growth through transfer of technology and “know-how”. FDI also affect the increase of competition and development of businesses. According to the World Bank’s data, the WB6 region has had a significant percentage of FDIs in their GDPs in recent years. During the 2004-2017 the WB6 countries have marked a similar trend of FDIs.

Figure 5: FDI as a percentage of GDP (World Bank)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Kosovo	1,5	3,6	9,1	12,5	9,4	7,1	8,4	8,0	4,5	5,3	2,7	5,3	3,6	4,6
Albania	4,7	3,2	3,6	6,1	9,7	11,2	9,1	8,1	7,5	9,8	8,7	8,7	8,8	7,9
Montenegro	3,2	22,2	22,9	25,5	21,5	37,2	18,3	12,3	15,1	10,0	10,8	17,3	5,2	11,5
Macedonia	5,4	2,3	6,2	8,8	6,2	2,8	3,2	4,8	3,5	3,7	0,5	3,0	5,1	3,8
Bosnia and Herzegovina	8,9	5,6	6,6	11,7	5,3	0,8	2,6	2,5	2,3	1,7	2,9	2,3	1,6	2,4
Serbia	3,9	6,0	13,9	11,0	8,2	6,9	4,3	10,6	3,1	4,5	4,5	6,3	6,1	6,9

As seen in the table, the average FDI as part of GDP in the WB6 is around 6.2%. Montenegro has the highest average with 11.5%, with the highest level being on 2007 with 25.5%. Bosnia and Herzegovina is the country with the lowest level of FDI as part of its GDP. The Republic of Kosovo, on the other hand, has reached the highest level of FDIs during 2007 with 12.5%, whereas during 2017, the FDIs reached to 4.6% of GDP, thereby showing higher FDI levels compared to Macedonia and Bosnia and Herzegovina, and lower FDI levels compared to Montenegro, Albania, and Serbia.

In 2018, the level of Foreign Direct Investment dropped by nearly ten percent compared to the level of 2017⁴⁰. One of the main reasons listed for this drop were administrative barriers that companies faced while operating in Kosovo.

1.16.2 Doing Business

The World Bank publishes its Doing Business Index annually⁴¹. The index presents quantitative indicators on business regulations and the protection of property rights that can be compared across 190 economies and over time.

Doing Business measures regulations affecting 11 areas of the life of a business: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and labour market regulation⁴². The indicators are used to analyze economic outcomes and identify what reforms of business regulation have worked, where and why.

The Doing Business methodology applies factors that are also used for or are relevant for measuring administrative burdens, such as the number of procedures, the number of required documents and the time needed to complete procedures. This means that the World Bank indicators also cover – at least partially – information that is also covered under the Standard Cost Model which is explained in the next section.

The overview below shows the Doing Business scores of the Western Balkan countries from 2012 till 2018. It shows that Kosovo has progressed considerably during this period. However, Macedonia is a clear frontrunner in the region. The scores of Serbia and Montenegro are close to that of Kosovo. Albania is at the rank where Kosovo was in 2016 whereas Bosnia and Herzegovina has the rank that Kosovo had in 2014.

Figure 6: Doing Business rankings of the six Western Balkan countries for the years 2012 - 2018

Country	2013	2014	2015	2016	2017	2018	2019
Macedonia	23	25	30	12	10	11	10
Kosovo	98	86	75	66	60	40	44
Montenegro	51	44	36	46	51	42	50
Serbia	86	93	91	59	47	43	48
Albania	85	90	68	97	58	65	63
Bosnia & Herzegovina	126	131	107	79	81	86	89

The changes that Kosovo was able to implement show that reforms of the Doing Business related areas have contributed to improving the business and investment environment. The success of these reforms are, however, no reason to regard the process as finished. Other countries in the region can easily catch

⁴⁰ <https://www.koha.net/arberi/156863/tkurren-investimet-e-huaja-per-24-milione-euro>.

⁴¹ See also: <http://www.doingbusiness.org/reports/global-reports/doing-business-2018>.

⁴² Labour market regulation was not applied in the 2018 ranking for Doing Business.

up with Kosovo in a few years and they could also surpass and beat Kosovo at attracting FDI, business development, economic growth and creating jobs.

Figure 7: Kosovo World Bank Doing Business Scores 2019



1.17 Administrative costs and Administrative Burdens⁴³

Administrative costs are the costs that companies face from ‘legal obligations to make or have information available to public authorities and/or third parties’⁴⁴.

These costs are split into Business As Usual Costs (BAU) and Administrative Burdens. The BAU are the costs that business make even if there would be no legislation in force obliging them to do so. This is information that is essential to the functioning of a business such as the information that large

⁴³ The brief presentation for this sub-section derives from the ‘Standard Cost Model Manual - Measuring and Reducing Administrative Burdens’, adopted in November 2018. The manual contains all methodological aspects for effectively measuring administrative burdens (ex-post) and assessing the potential reductions that are achieved through the considered simplification of existing legal requirements (ex-ante). The manual is available online: http://kryeministri-ks.net/wp-content/uploads/2018/11/ZKM_SKQ_MKS_Doracaku_EN.pdf.

⁴⁴ Government of Kosovo, Standard Cost Model Manual - Measuring and Reducing Administrative Burdens, page 8.

companies need to have on the number of employees and their wages. Administrative burdens are the costs that companies need to make because they are legally obliged to by law, such as providing information on the wages and taxes to the relevant administrative bodies.⁴⁵ When fees and levies that need to be paid for the processing of administrative procedures and that are not in line with the LGAP, in particular the principle of gratuity of the proceeding, are considered to be administrative burdens as well.

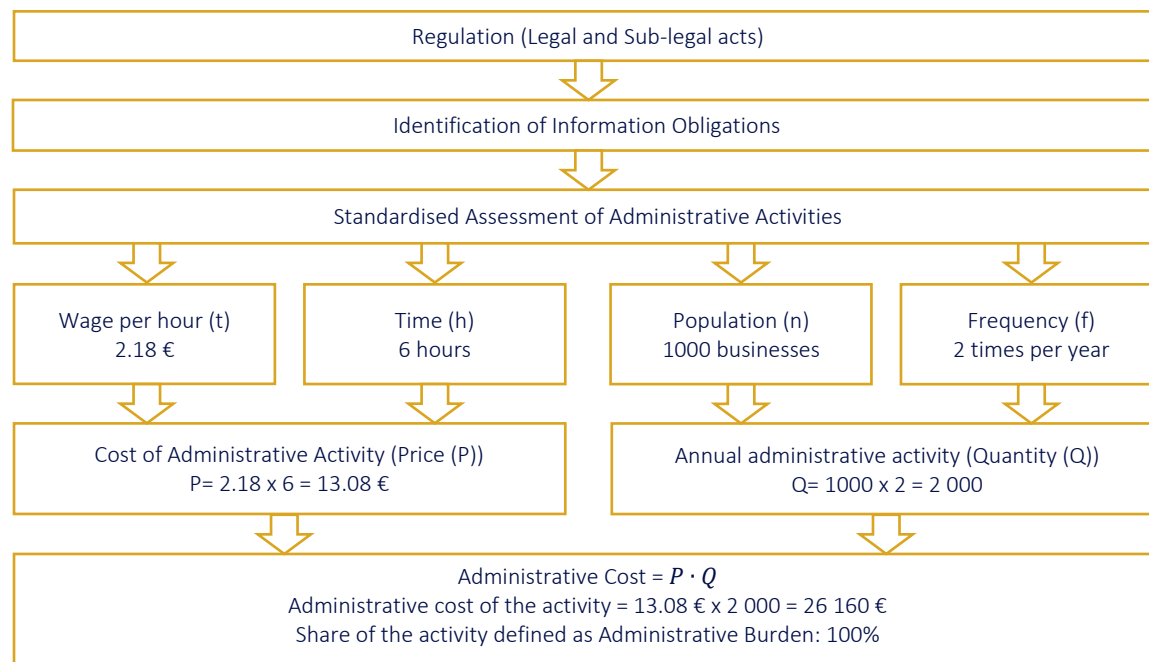
Whereas BAU are part of the normal processes to develop and manage businesses, Administrative Burdens interfere directly with the ways in which businesses must work. They claim resources that businesses would otherwise have invested in other activities, such as business development and sales growth. Legal obligations that are of low quality and are implemented ineffectively lead to unnecessary expenditures for companies when complying with legislation. These expenditures impede business development and are therefore considered to be an administrative burden. By simplifying legislation and improving the implementation of legal obligations, company resources are freed and these can then be invested into productive activities.

1.17.1 Standard Cost Model

Administrative costs and Administrative Burdens are calculated through the internationally recognised Standard Cost Model.

The model splits Information Obligations into standardised activities. The expenditures needed to implement these can then be calculated through assessing (1) the wage of the person performing the task; (2) the time needed to fulfil the task; (3) the number of businesses that must perform the task; and (4) the times that this task must be performed per year.

Figure 8: Graphic presentation of the Standard Cost Model



⁴⁵ Idem, page 11.

It is essential to keep in mind that the SCM is a policy neutral tool. It merely assesses the costs related to implementation of legislation and thus provides detailed information on the efficiency of the implementation provisions and choices. Whether the choices are justified or whether a policy or law is needed or whether the burdens caused are justifying the benefits, is not addressed through the SCM. This is a political/societal issue that cannot be determined solely on the information that the model provides.

1.17.2 Achieving administrative burden reductions

Once identified, administrative burdens can be reduced in several ways.

The law or sub-legal act can be abolished if it is thought not to be useful. International experience, however, shows that this does not happen often.

Information Obligations can be abolished when they are deemed to be not needed anymore or when they are duplicative. Several of such obligations can also be merged into new ones, potentially also leading to the merger of various legal acts. What accounts for Information Obligations, also applies to individual activities that must be performed.

The four factors that determine administrative burdens as defined in the SCM provide the most important avenue to administrative burden reduction. If tasks are outsourced due to complexity of the rules, the wage of the person performing the task can be reduced through simplification that leads to insourcing. When the time needed to fulfil a task is reduced, e.g. through e-government solutions, burdens are reduced as well. The number of businesses that must perform the task can be reduced by better targeting legal obligations in line with the potential risks that companies pose. Last, but not least, through reducing the frequency at which information must be provided, the number times that tasks must be performed per year is lowered.

Figure 9: The SCM and the assumptions of full compliance

The Standard Cost Model assumes full compliance with the legislation in force. It thus also assumes that legislation is fully implemented by the responsible administrative bodies.

These two assumptions are not always compatible with the actual situation in the country since legislation is not always applied by companies or citizens. Furthermore, not all legislation is implemented as intended by the responsible organisations.

From the angle of administrative burdens this situation can lead to two distinct situations.

On one hand, legislation that is so difficult to implement that even administrative bodies face serious challenges would probably impose excessive burdens on companies and citizens. However, since it is in force anyway, it provides a degree of uncertainty since it is not known whether the legal provisions will be applied anytime soon.

On the other hand, the lack of proper implementation of legal requirements, in particular those set forward in the EU Acquis, can lead to a situation where companies cannot do business with counterparts in the European Union or where they have to pass through highly cumbersome procedures in order to be able to perform their business activities with the EU.

For a programme aimed at reducing administrative burdens, the two distinct situations need to be addressed in the methodology for measuring the current burdens and to assess the simplification effect.

When non-implementation is a result of complex situation, the measurement would assume the full implementation based on expert views and assumptions as to how the implementation process should have looked like. The reductions are then assessed based on changes to this theoretical implementation based on the assumptions of full compliance.

When the lack of a legal framework hampers companies and citizens in their activities vis-à-vis the European Union, the manner in which they address the current difficulties via alternative measures will be assessed. In case that certain activities cannot be performed at all, the legal provisions that will be put in place to improve upon the situation will not be labelled as administrative burdens. The reason for this label is that they are necessary prerequisites for business development in Kosovo.

Moreover, the full compliance assumptions also implies that companies and citizens are following general legal requirements. In the food sector, for example, the expectation is that companies fully implement the HACCP requirements and ensure the implementation of hygiene standards set in legislation. When a company fails to do that, the subsequent administrative procedures related to temporary closure, inspections to see whether hygiene shortcomings were resolved and procedures for reopening the affected location are not regarded to be administrative burdens.

When implementing the process for developing the baseline measurement, the following approach will be applied: in case an administrative burden can be identified as the main reason for informality, it will be counted as if it were fully implemented. The subsequent reduction of this burden can, after all, be expected to boost formality and formal economic growth.

1.17.3 Standard Cost Model Training-of-Trainers (SCM ToT – Government Coordination Secretariat)

The Office of the Prime Minister and the Kosovo Institute for Public Administration have completed a Training-of-Trainers programme (ToT) on the use of the Standard Cost Model. The ToT was organized in cooperation with the Prime Minister’s Office of Albanian and the Albanian school for Public Administration (ASPA) under the agreement between Kosovo and Albania for cooperation in the area of Better Regulation⁴⁶.

The 14 persons that were certified through this ToT have started to be engaged in training civil servants on the SCM and the way in which SCM measurements need to be performed. The SCM ToT is expected to be repeated several times in order to ensure that the administration can build on extensive SCM-related capacities while implementing the administrative burden reduction programme.

The organization of SCM ToTs will be a key activity to ensure SCM capacities. The plan is that most of the staff involved in the management of the measurements needed to implement the administrative burden reduction programme will have to pass through this ToT as a means to ensure quality.

⁴⁶ The full name of this agreement is: MEMORANDUM OF UNDERSTANDING BETWEEN OFFICE OF THE PRIME MINISTER OF THE REPUBLIC OF KOSOVO AND OFFICE OF THE PRIME MINISTER OF THE REPUBLIC OF ALBANIA ON THE EXCHANGE OF EXPERIENCES AND COOPERATION IN IMPLEMENTATION OF BETTER REGULATION, AND IMPACT ASSESSMENT AND IMPROVEMENT OF POLICY DEVELOPMENT PRACTICES. The agreement was signed during the Joint Government meeting between Kosovo and Albania on 27 November 2017.

Figure 10: Norm setting in national legislation

The SCM ToT focusses on the practical application of the model for laws and sublegal acts. In discussion with the participants and during the case studies, the usefulness of the model and the possible challenges became clearer.

The model delivers information that is currently not available in Kosovo. It provide the data that is needed to effectively manage the stock and the flow of legislation. The development of a baseline based on the SCM methodology would enable the Government to effectively address service delivery and the simplification of administrative procedures.

An important challenge is that legislation is often not prescriptive in detail. This leaves room for interpretation and could lead to different ways of interpretation by different public officials. From the side of the citizens and companies the legal requirements are not clear. The consequence is that they cannot always base themselves on the legal provisions in order to find out what is actually expected to be done and how the underlying administrative process is structured.

This lack of normative clarity provides a challenge since during the baseline measurement, the analysis of the legal provisions will need to be complemented with interviews with administrative bodies with regards to how they implemented non-descriptive legal obligations.

At the same time, this lack of normative clarity provides an additional important driver for administrative burden reduction. The systematic revision of all legal obligations enables the Government to improve the quality of all legislation and set clear normative requirements.

1.18 The Problem Tree for Administrative Burdens

The Problem Tree presents the causes that create administrative burdens. It also presents the effects that these burdens have on society, in particular the economy.

Figure 11: The problem tree for showing the causes and effects of unnecessary administrative burdens

Effects	<ol style="list-style-type: none"> 1. Hampered economic growth 2. Lack of stable investment climate 3. High number of cases at the administrative court 4. Inefficient and ineffective policy implementation 5. Lower rate of business registration and formalisation 6. Lowered tax income 7. Businesses and workers lacking access to finance 8. Low quality level of services provided by the administration 9. Higher costs from frequently changing legislation 10. The administration makes expenditures that could be spend more effectively
Main problem	Unnecessary administrative burdens
Causes	<ol style="list-style-type: none"> 1. Procedures that are not needed still in force 2. Conflicting laws and sub-legal acts 3. Improper/incomplete implementation of legal provisions 4. Inefficient implementation of legal provisions 5. Duplication of legal obligations

	<ol style="list-style-type: none">6. Unclear information provided regarding legal obligations7. Inefficient functioning organisations providing services8. Staff on service level not fully informed and prepared for their task9. Long traveling and waiting times for services10. Lack of Impact Assessment regarding effects on companies and citizens11. Legislation not consolidated nor fully published online in a central registry12. Legal obligations and implementation provisions that are badly formulated and hard to understand13. Insufficient digitalisation of Government services and procedures14. Laws and sub-legal acts not properly translated15. Absence of a harmonised legal framework16. Lack of integrated service hubs (one-stop shops)
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1.18.1 The causes of the problem

The Problem Tree presents a range of causes that contribute to the creation of unnecessary administrative burdens. These are explained in general terms below.

Cause 1: Procedures that are not needed still in force

When procedures are not abolished even when they are not needed anymore, they continue to be implemented by public bodies. Companies and citizens still must oblige with them even though there is not added value. The complete procedure can thus be labelled as an administrative burden in addition to being a waste of Government resources.

Cause 2: Conflicting laws and sub-legal acts

Laws and sub-legal acts that are not harmonized might impose conflicting requirements. These make it difficult for administrative bodies to implement them. They create uncertainty and administrative burdens since it is unclear which rules must be followed.

Cause 3: Improper/incomplete implementation of legal provisions

When legal requirements are in force, but not implemented, companies and citizens cannot work within a predictable legal environment. Not being able to know what kind of requirements will be implemented makes it difficult to assess the long-term viability of investments. Investments might be made more for short-term than long-term gains. The reason for the non-implementation can include, among others, a lack of allocated budget, insufficiently allocated funds or the lack of capacity of the responsible administrative bodies to turn rules into implementation practice.

Cause 4: Inefficient implementation of legal provisions

When implementing legal obligations, administrative bodies can be expected to make the decisions based on the best available knowledge of that moment. Over time, however, improved methods for implementation might develop and new insights as to how implementation can best be organised can emerge. When these are not applied to improve implementation practices, the decent manner of implementation of the past become an inefficient process in the present.

Cause 5: Duplication of legal obligations

The same obligations can be repeated in two or more laws or sub-legal acts. When the implementation of these obligations is then not coordinated, they can lead to two identical information streams from businesses to the administration. In addition, the same legal obligations with different submission moments provide a de-facto unnecessary duplication of work on both the side of businesses and citizens as well as for administrative bodies.

Cause 6: Unclear information provided regarding legal obligations

When legal obligations are implemented, it is easier for companies and citizens to follow them when they receive the correct and complete information on how to comply. When this is not the case (e.g. when procedural information and requirements are not available online), it takes more time to find out how to deal with legal obligations in practice.

The relevance of this issue increases when the levels of functional illiteracy in Kosovo is taken into account. This kind of illiteracy means that persons have reading and writing skills that are inadequate "to manage daily living and employment tasks that require reading skills beyond a basic level"⁴⁷.

Functional illiteracy is a phenomenon that affects societies of all sorts and level of development. For example, a study performed by the Hamburg University from 2011 estimated that in Germany 7.5 million people could be considered functionally illiterate⁴⁸. In The Netherlands about 2.5 million persons belong to this group⁴⁹. As shown in the box below, this has triggered special attention to ensuring that government texts are easy to understand which means that procedures will be more accessible, citizens will be better able to understand and enjoy their rights and policies and legislation are expected to improve the level of the effect that they are intended to have.

Figure 12: Dutch Task Force on clear texts and documentation

In October 2019, the Dutch Government established the Task Force to promote the use of texts and documentation that is easier to understand.⁵⁰ The overall aim is to improve the communication by the administration on all levels. The members of the Task Force, expected to be about 100 persons by 2020, will provide trainings and coaching for civil servants. By 2019, the intermediate target is to improve the 100 most-read texts. These include letters, forms, flyers and web texts.

The PISA 2015 study – published in December 2016 – shows that Kosovo pupils aged 15 nearly have the lowest score in reading skills of the 72 analysed countries⁵¹. Based on the PISA outcomes, about 80% of pupils aged 15 can be considered functionally illiterate⁵². Official statistics indicate that 9.9% of women

⁴⁷ https://en.wikipedia.org/wiki/Functional_illiteracy; website last visited on 27 September 2018.

⁴⁸ <https://www.dw.com/en/despite-wealth-germany-struggles-with-illiteracy/a-19536651>; website last visited on 27 September 2018.

⁴⁹ <https://www.volkskrant.nl/nieuws-achtergrond/rekenkamer-2-5-miljoen-laaggeletterden-in-nederland-beleid-niet-effectief~bc0f3108>; website last visited on 27 September 2018.

⁵⁰ <https://www.rijksoverheid.nl/actueel/nieuws/2019/10/23/extra-mensen-en-middelen-voor-begrijpelijke-taal>

⁵¹ <https://www.oecd.org/pisa/pisa-2015-results-in-focus.pdf> and

<http://gpseducation.oecd.org/CountryProfile?primaryCountry=XKO&treshold=10&topic=PI>; website last visited on 27 September 2018.

⁵² <https://prishtinainsight.com/functionally-illiterate-kosovo-perform-poorly-pisa>; website last visited on 27 September 2018.

and 4.9% of man in Kosovo are illiterate⁵³. Estimates of functional illiteracy for the whole population are around 25%⁵⁴.

Given the prevalence of functional illiteracy, the provision of government services needs to take into the capacities of those that (must) request these services. When, for example, the information provided is unclear or presented in writing with text that is difficult to understand, it will be difficult to understand and thus comply with the legal requirements. A clear presentation of the requirements would thus reduce administrative burdens, in particular for the group that can be considered functionally illiterate. However, it is essential to note that everyone benefits from such clear presentation.

Cause 7: Inefficient functioning organisations providing services

Companies and citizens depend on the administration for many services and procedures. When the service provision is inefficient on the practical level of implementation – e.g. having to go to different offices instead of being served by one person – they are faced with administrative burdens due to the implementation choices.

Cause 8: Staff on service level not fully informed and prepared for their task

Staff that implements legislation needs to be informed and prepared for their task. This applies as much to the core activity, but also to the factors that, from the perspective of the company or citizen, are relevant for the functioning of a (business) process. The civil servants that interact with companies and citizens are the ‘face’ of the administration. They determine to a great extent how people value services and thus how the administration functions. When staff is badly informed and not prepared for their task, companies and citizens have difficulties with getting to know all the information that they need.

Cause 9: Long traveling and waiting times for services

When applying for documents, permits or services, staff from companies and citizens often need to come personally to offices of the responsible administrative body. Having to travel and to wait puts a considerable time demand on individuals, in particular when opening hours are considered.

Cause 10: Lack of Impact Assessment regarding effects on companies and citizens

Most legislation in force in Kosovo was developed without effective impact assessment supporting the law-development. This has been addressed partially with the introduction of the system for Concept Documents in 2012 and the improvements introduced to the system in 2018 (including the Standard Cost Model). However, these improvements did not address the lack of considerations of effects that stem from legislation that has been adopted before the CD system was introduced in 2012 and the improvements that were made in 2018.

Cause 11: Legislation not consolidated nor fully published online in a central registry

Legislation is often changed, e.g. to ensure alignments with framework laws such as the Law on General Administrative Procedures and the Law on Licenses and Permits. Original laws are regularly amended but no consolidated version is developed once these amendments are officially adopted and enter into force. In order to be able to understand the legal requirements that are in force, companies and citizens need to compare a law with the various laws amending and supplementing it. This takes time and is a process that sometimes can only be executed by a legal professional. The costs for hiring external expertise can be high and are considered to be administrative burdens.

⁵³ Kosovo Agency of Statistics, Population, Households and Housing Census 2011, Kosovo illiteracy Rates 2009.

⁵⁴ <https://archive.koha.net/?id=&l=74705>; website last visited on 27 September 2018.

Figure 13: Establishing consistent publication and consolidation of laws and sub-legal acts and administrative burden reduction

The Official Gazette currently publishes all laws. However, the publication of sub-legal acts is not yet guaranteed. Furthermore, legal texts are not systematically consolidated.⁵⁵

The Official Gazette is currently developing the Concept Document on addressing these two issues. This CD should take account of the effect on reducing administrative burdens as a result of ensuring consistent publication and consolidation of all laws and sub-legal acts.

Cause 12: Legal obligations and implementation provisions that are badly formulated and hard to understand

An important principle of the Rule of Law is that a law is foreseeable. This means that laws should be written in an intelligible matter, specifically formulated with sufficient precision and clarity. This in turn should enable legal subjects to enjoy their rights and regulate their conduct in accordance with the legal provisions⁵⁶. If a law is not foreseeable, citizens, and particularly the poor, will find it harder to acquire information about their legal rights and entitlements⁵⁷. They also will find it harder to find information and understand their legal obligations when they want to apply for permits or when they want to establish and run a business. For SMEs this means, de facto, that they face much higher costs of regulation than big companies.

In the Kosovo context, the legislation covering administrative procedures is in general regarded to be fragmented and contradictory. Research has also highlighted deficiencies with translation of legislation in languages of communities, particularly minorities. This can be expected to be impacting their rights and economic activity⁵⁸. In particular vulnerable groups, e.g. persons with no or little education, can be expected to face difficulties due to non-foreseeable legal rules and the procedures that are built upon them.

Cause 13: Insufficient digitalisation of Government services and procedures

Digitalisation of Government services can make it easier for citizens and companies to submit information and to complete (parts of) a procedure. In addition, the creation of online appointment systems can have an important effects on reducing waiting times. Furthermore, interconnectivity between databases administered by different administrative bodies could provide the basis for an exchange of information between relevant offices without the obligation for a citizen or company representative to travel to various offices to obtain documents that must be submitted for a specific procedure.

Cause 14: Laws and sub-legal acts are not properly translated

Errors in translation of laws make the application of the law by judges and courts more challenging, and reduce predictability in the legal framework. The analysis of the language quality of nine laws by the

⁵⁵ Both aspects are highlighted in the OECD/SIGMA Monitoring Report on The Principles of Public Administration, November 2017.

⁵⁶ Venice Commission – Rule of Law Checklist, 2016, pages 15 and 16
[http://www.venice.coe.int/webforms/documents/default.aspx?pdffile=CDL-AD\(2016\)007-e](http://www.venice.coe.int/webforms/documents/default.aspx?pdffile=CDL-AD(2016)007-e).

⁵⁷ Commission on Legal Empowerment of the Poor / UNDP - Making the Law work for everyone, 2008, page 20
http://www.undp.org/content/dam/aplaws/publication/en/publications/democratic-governance/legal-empowerment/reports-of-the-commission-on-legal-empowerment-of-the-poor/making-the-law-work-for-everyone---vol-ii---english-only/making_the_law_work_II.pdf.

⁵⁸ OSCE Mission in Kosovo - Multilingual Legislation in Kosovo and its Challenges, 2012, page 4
<https://www.osce.org/kosovo/87704>.

OSCE identified 162 minor and 49 substantive differences between the Albanian and Serbian language versions⁵⁹.

Differences in the two official legal languages of laws and sub-legal acts potentially lead to a different level of service provision. When essential parts of procedures and procedural requirements are not identically worded, these can be expected to be implemented differently. In addition, this can also lead to unnecessary procedures and requirements and complaints from citizens and companies. These factors combined mean that the two language versions of Kosovo laws are not coherent and the differences between that create needless administrative burdens⁶⁰.

Cause 15: Absence of a harmonised legal framework

The legal system in Kosovo is characterized by four different groups that have legal force. First, the laws and sublegal acts that have been developed since independence. Second, the regulations issued by UMIK that are equal to Laws of Kosovo. Third, Laws and sub-legal acts adopted in the period after 22 March 1989 and 12 December 1999 that are not discriminatory⁶¹. Fourth, laws in force on 22 March 1989 that have not been repealed.

Figure 14: Extract from UNMIK REGULATION NO. 1999/24 on the law applicable in Kosovo

Section 1 APPLICABLE LAW

1.1 The law applicable in Kosovo shall be:

- a) The regulations promulgated by the Special Representative of the Secretary-General and subsidiary instruments issued thereunder; and
- b) The law in force in Kosovo on 22 March 1989.

In case of a conflict, the regulations and subsidiary instruments issued thereunder shall take precedence.

1.2 If a court of competent jurisdiction or a body or person required to implement a provision of the law determines that a subject matter or situation is not covered by the laws set out in section 1.1 of the present regulation but is covered by another law in force in Kosovo after 22 March 1989 which is not discriminatory and which complies with section 1.3 of the present regulation, the court, body or person shall, as an exception, apply that law.

These different sets of laws mean that the legal framework is difficult to navigate since laws and sub-legal acts that have not been published and that are not known to the general public might still be in force. This has the potential to affect negatively the business/investment climate since it reduces legal certainty. It risks creating administrative burdens when analyzing the legal requirements that apply in practice and how to adhere to the law.

⁵⁹ OSCE Mission in Kosovo, 'Bilingual Legislation in Kosovo', September 2018, page 12.

⁶⁰ The issue of translation quality of Kosovo legislation is addressed in the 'Concept Document on the Translation Service' prepared by the Language Commissioner. Therefore, this CD will not look into further detail into the translation issue. The link between the differences in the language versions and the administrative burdens that they cause is seen as established and does not need further clarification.

⁶¹ http://www.unmikonline.org/regulations/1999/re99_24.pdf.

Cause 16: Lack of integrated service hubs (one-stop shops)

Offices of the different administrative bodies that are responsible for an administrative procedure or that are providing essential information (such as documents), are scattered around cities. Citizens and company representatives that must fulfil legal obligations must go to different offices in order to complete a procedure linked to an Information Obligation and the required data requirements. The current lack of vicinity between the various front offices of administrative bodies also makes it harder for those bodies to cooperate as long as e-governance solutions still need to be developed.

1.18.2 The effects of the problem

The Problem Tree presents a range of effects that are the result of unnecessary administrative burdens. These are explained in general terms below.

Effect 1: Hampered economic growth

Administrative burdens are expenditures that companies need to make in order to comply with legislation and to fulfil administrative procedures. For citizens, these burdens represent the time and efforts that they need in order to complete the requirements set forth in legislation.

Fulfilling administrative burdens does not directly contribute to the creation of goods or the delivery for services. They can be prerequisites to do so, but as such they do not directly add to the GDP. More importantly, for businesses these burdens have the effect that they actually divert funds and resources from activities needed to grow the economy and increase GDP.

For citizens, administrative burdens mean that they will have to spend time and resources on procedures and bureaucracy. This time could be spent in other means as well, e.g. working instead of having to take time off, developing a business or enjoying their time with family and friends. As such, administrative burdens go against the notion laid down in fundamental rights related to decent administration and good governance.

Administrative burdens have a negative effect on the levels of innovation, FDI, competitiveness, job creation, business development, imports, exports etc. The overview containing the specific economic effects can be found in ‘Annex 8: Assessment form for Economic Impacts’.

Effect 2: Lack of stable investment climate

Changes to legislation and the unclear implementation of the existing legal framework mean that it is difficult to predict which procedures to follow and whether the situation might change in the near future. For example, when the administration chooses to implement existing legal provisions that had not been implemented before, the situation for companies changes even though this was not the case when they started their operations. Similarly, procedures can be implemented differently at different moments in time even though the legal basis did not change. This creates a situation in which the administration is unpredictable and difficult to work with.

Effect 3: High number of cases at the administrative court

When a legal framework is not implemented effectively and efficiently. This can lead to administrative decisions taken where the person/company does not agree with the final outcome. Similarly, the inconsistent application or interpretation of the legal framework can be expected to result in more mistakes and erroneous decisions taken by administrative bodies. This would logically lead to an

increase of cases brought to the court in order to appeal against decisions made by administrative bodies.

Figure 15: Administrative burdens as a source of court cases for an overwhelmed the court system

Different reports from international organizations highlight challenges in the judicial system in terms of high number and backlog of cases that are treated by the courts. The Country Report of European Commission states that Kosovo *“Overall, there is slow progress in implementing the Kosovo Judicial Council's (KJC) 2014-2019 strategic plan, the 2014-2019 communication strategy and the strategy for reducing the backlog of cases”*.

In this regard it recommend the need to continue efforts to reduce the backlog of cases, including by using alternative dispute resolution tools, the use of which shall be properly financed and promoted.⁶²

Moreover in the report is mentioned that *“the efficiency of the judiciary is seriously hampered by shortcomings in criminal legislation. Many provisions in the Criminal Procedure Code are too cumbersome and formalistic to permit robust and successful investigation and prosecution”*. The perception is that conflict of legislation is present also on other fields other than criminal legislation.

Unjustified lengthy procedures continue to undermine effective legal remedies in Kosovo according to a report published by KIPRED. At the end of 2016, there were 399,031 cases pending. The focus put on reducing the backlog pressures judges to solve cases expeditiously, which necessarily reduces the legal consistency of the sentence. In addition to the backlog, there are a high number of unexecuted court decisions (estimated in around 117,000 in September 2017 by the Ombudsperson).⁶³

Based on the Kosovo Judicial Report, the total number of cases in civil matter is 43366 out of which 16040 are old cases until end of third quarter of the year 2018. The findings of a Council of Europe Report on Kosovo judicial system shows that Kosovo is receiving a low number of incoming and commercial litigious cases and a low number of incoming administrative cases in first instance courts and appeal. This may be attributed to a lack of confidence from citizens in the judiciary or insufficient legal aid being provided for instance.⁶⁴ Another finding consists on courts on the first instance. The situation in the administrative sector is very problematic despite the low number of incoming cases. The very low Clearance Rate and high Disposition Time show that the Basic Court of Pristina faces important difficulties in coping with these cases. In the civil/commercial sector, the situation was also concerning in 2014. The Disposition Time for this category of cases at first instance level was the highest of the cluster.⁶⁵

According to statistics received from Kosovo Judicial Council⁶⁶, 8312 administrative disputes have been dealt so far by Kosovo courts, out of which 6093 are not yet completed. Based on the type of disputes, the presumption is that around 35% of all cases clearly involve businesses in disputes with administration. The most frequent cases that businesses are involved are: fines; taxes; customs;

⁶² COMMISSION STAFF WORKING DOCUMENT Kosovo* 2018 Report: <https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20180417-kosovo-report.pdf>, page 13.

⁶³ KIPRED, An underutilized system: State of Play of the Human Rights framework in Kosovo: http://www.kipred.org/repository/docs/English_Version_283269.pdf, page 11-12.

⁶⁴ Council of Europe - Horizontal facility for Western Balkans and Turkey, Report – In-depth assessment report of the judicial system in Kosovo, January 2018: <https://rm.coe.int/in-depth-assessment-report-of-the-judicial-system/16807828e6>, Recommendation No. 15;

⁶⁵ Ibid. Recommendation No. 16.

⁶⁶ See Annex 5: Lëndet Administrative të bartura, të pranuar, të zgjidhura dhe të pazgjidhura - VJETORI-2018

business and property registration; transport; tendering; licenses; permits; administrative inaction and confiscation, liquidation and return of goods. The courts so far specifically dealt with 85 cases on licenses and 21 on permits. The court statistics, and a high number of appeals dealt within administration, demonstrate the fact that interaction of businesses with administration is considerably unsettled. For more information on the statistics, please see Annex 5.

Effect 4: Inefficient and ineffective policy implementation

Administrative burdens imposed on citizens, companies and the administration lead to a situation in which the intended aims of policies and policy measures (laws and sub-legal acts in particular) are not achieved or are not fully achieved. This has the adverse effect that the creation of new policies or even the adjustment of existing ones does not generate the expected and intended positive changes for the society and the economy. Administrative burdens can contribute to a weaker link between policy formulation and policy implementation. The result is that policies, laws and sub-legal acts do not achieve the aims set out on the political level.

Effect 5: Lower rate of business registration and formalisation

When persons that have the intention to start a business face difficulties in registering as a company and/or when they expect that the operating costs for running the business will be very high as a result of administrative burdens, they can make the conscious choice not to formalise their business activities at all or only do so for a part of their business activities. Instead, they assume that staying outside the legal framework – fully or partially – carries risks that are outweighed by the prospect of developing a business fully within the legal framework. Administrative burdens thus contribute to the growth and/or continuation of the informal economic sector.

Furthermore, administrative burdens can also diminish the willingness to start a business, leading to a situation where businesses would have been created if the regulatory framework had been more business friendly.

The hurdles that companies face or expect to face have a negative effect on their employees. When companies do not formalise their activities or when they employ a part of their staff outside the formal sector, the workers do not fall under the legal framework either. Their incomes are not taxed, but at the same time the social security provisions, in particular saving for a pension, are not applied either. This contributes to possible problems later in life such as poverty during old age.

Effect 6: Lowered tax income

The effects that administrative burdens have on business registration and business creation, put a brake on economic growth. Companies that operate in the informal sector stay outside the tax system. Furthermore, many business opportunities are probably not taken up and many companies are not even created or created outside Kosovo. This means that the income from business taxes etc. is lower than it actually could be. The consequence is that the Government has less funds available to address the economic and social challenges that citizens would like to see solved.

Effect 7: Businesses and workers lacking access to finance

When business stay in the informal sector, or when they are keeping parts of their activities outside the legal framework, their financial overviews are incomplete. They thus underreport their financial situation to the tax authorities, but also to bank and other possible formal lending institutions.

Workers that work in the informal sector similarly cannot provide a track record for possible mortgages and other loans that they might need for important life time investments, such as the purchase of a house or car.

This situation might lead to higher costs for loans outside the formal sector and might lead to more risky loan choices. This if, of course, if possibilities to lend money are available. It can be expected that the current situation means that companies and workers do not make any investments at all, even though they would be beneficial for business growth and improving the personal situation.

Effect 8: Low quality level of services provided by the administration

Implementing authorities such as ministries, municipalities, agencies etc., will encounter difficulties with applying legislation in practice when this legislation is not well developed, inconsistent with other laws or when the implementation process and requirements have not been taken into account during the policy development and law-making stages.

In cases where the implementation of legal requirements is not supported with clear instructions for front office personnel and no clear information materials exist for citizens and company representatives regarding their obligations, procedural requirements and rights, administrative burdens are easily created. Front office personnel that cannot explain in detail the requirements and people that cannot prepare fully for the procedure that they are expecting to finalise are two important causes why additional visits to the administration are needed to establish a clear picture regarding the procedural obligations. Substantial time thus must be invested before it is clear what actually needs to be done.

Effect 9: Higher costs from frequently changing legislation

The legislative framework is regularly changed. This means that the legal requirements and implementation practices change as well on a frequent basis. The result is a lack of stability of the legal framework. Companies thus need to reaffirm whether they are in line with the legislation in force. Since this is a demanding task which can be costly as well when this work needs to be done by externally contracted legal experts, companies might not be aware of legal changes. The consequence is that they are confronted with these changes only when they have to go through a certain procedure again or when inspectors are inspecting their premises and administration.

The frequently changing legislation contributes directly to investment insecurity. When it is not clear what the future situation will be and when it can be expected that the situation will change in the near future, companies will restrict their investment to those that are providing short-term returns of those that are absolutely necessary. The result is a lower investment rate overall.

Effect 10: The administration makes expenditures that could be spend more effectively

Inefficient policies, legislation and implementation result in spending from the Kosovo Budget that is actually unnecessary and that could be spent on more important matters. When the administration makes mistakes, time is lost correcting them and in the worst case these mistakes lead to court cases.

When individuals need to ask front desk officers which procedures they need to follow and what kind of information and documents need to be submitted, these officers cannot work optimally and the number of clients that they are able to assist effectively is reduced. Instead of providing the service in line with legal requirements, they need to dedicate time to explaining this service and the legal requirements.

1.19 Relevant policies and legislation in relation to administrative burden reduction

The figure below shows the relevant policy documents and legislation that are linked to the development of this CD and the preparation for the programme to reduce administrative burdens. As the overview shows, all applicable legislation in Kosovo is seen as potentially relevant. Analysing each individual law and sub-legal act at this stage would be disproportionate since – as the CD also will show – this would demand substantial resources. Based on the actual number of laws, this CD therefore works with assumptions regarding the groups that these laws affect.

Figure 16: Description of the relevant existing policy and legal framework

Policy document, law or sub-legal act	Link to policy or planning document online or to legal acts in the Official Gazette	State institution(s) responsible for implementation	The role and tasks of the institution(s)
Better Regulation Strategy 2.0 for Kosovo 2017-2021	http://kryeministri-ks.net/wp-content/uploads/2018/10/Strategjia-për-Rregullim-më-të-Mirë-2.0-për-Kosovën-Shqip.pdf	GCS LO	Implementation of the strategy and its action plan; reporting on the implementation under the Public Administration Reform framework
Sector Reform Contract for Public Administration Reform ⁶⁷ , Indicator 5	-	GCS (5.1 and 5.2) LO (5.1, 5.2 and 5.3) SPO (5.1)	Ensuring implementation of Indicator 5; reporting on the achievement under the indicator
All primary and secondary laws imposing Information Obligations on companies	Database of the Official Gazette	Most Government institutions, see Annex 2	
All primary and secondary laws imposing Information Obligations on citizens	Database of the Official Gazette	Most Government institutions, see Annex 2	

⁶⁷ The MEI is responsible for the overall management of the sector budget reform contract and the connected financing agreement. This table lists specifically the responsibility for indicator 5 on administrative burden reduction.

1.20 Administrative burdens: affected stakeholders

Administration burdens affect society at large. As the problem tree identified, these burdens can cause unnecessary spending by the administration, they negatively affect the possibilities and willingness to start and grow businesses and thus slow down economic growth. This in turn affects citizens due to the missed opportunities for job creation. In addition, citizens that have to work with inefficient procedures lose time and must make costs that could be avoided.

The overview below shows this in a summarised form with a focus on businesses and citizens.

Figure 17: Stakeholders related to and/or affected by administrative burdens

Name of the stakeholder	Cause(s) to which the stakeholder is linked	Effect(s) to which the stakeholder is linked	The way in which the stakeholder is linked to these cause(s) or effect(s)
Businesses	None	All effects apply to the business community	Companies need to comply with legal obligations; when these create unnecessary administrative burdens, businesses are forced to make expenditures that do not add value; as a result, companies invest less in business development
Citizens	None	All effects apply to citizens in general	Citizens need to comply with legal obligations; when these create unnecessary administrative burdens, citizens lose time and are forced to make expenditures that do not add value; lower economic growth affects the job opportunities for citizens, in particular the youth

1.21 Expected future developments – baseline scenario

While there is no quantitative data available to show how the level of administrative burdens would develop in the future, the general expectation is that these would increase in case no policy action would be taken. The different causes listed in the Problem Tree would not be addressed while the size of the legislative framework would continue to grow.

While the integration of the Standard Cost Model into the Guidelines and Manual for Developing Concept Documents promotes addressing administrative burdens in the early stages of developing policy measures, this will not be sufficient to enable an effective reduction of administrative burdens. CDs are developed in order to provide a policy response by the Government. Possible legislative changes are just one option in the list of possibilities that the Government has at its disposal. The various generic

changes that must still be introduced into the entire legal framework – in particular the relevant legal obligations for administrative procedures, licenses and permits and minor offenses – mean that most to existing legislation will have to be changed in the near future. This in itself will create additional administrative burdens.

Therefore the general assumption is that administrative burdens will increase and the negative consequences will thus increase in relevance. This implies that the business and investment climate in Kosovo will worsen when an effective policy aimed at administrative burden reduction would not be initiated.

Chapter 2: Objectives

The objectives from which this Concept Document follows are deeply embedded in the strategic policy framework. This chapter shows the strategies, plans and Government initiatives that are most relevant in relation to administrative burden reduction.

2.1 Better Regulation Strategy 2.0 for Kosovo 2017-2021

The Better Regulation Strategy 2.0 for Kosovo 2017-2021 (BRS) defines the objective to improve the regulatory system in Kosovo. This is further elaborated in the Specific Objective 1.1. 'REFORMS OF EXISTING PRIMARY AND SECONDARY LEGISLATION TO ENHANCE COMPETITIVENESS'. The measures that are linked to this specific objective are presented below.

2.1.1 Developing the Concept Document on reducing administrative burdens

This activity was carried over from the Better Regulation Strategy that was initially adopted in 2014. In it, the reduction target for administrative burdens of 20% by 2020 was announced. However, serious implementation challenges and lack of preparation for the implementation of such a target led to a stagnation in moving towards an effective administrative burden reduction programme. The Government therefore decided to revisit the manner in which an administrative burden reduction target should be implemented and decided to develop this Concept Document as part of the preparation for the implementation of a reduction target.

2.1.2 Introduction of the Standard Cost Model

The Standard Cost Model is central to an effective and measurable implementation of an administrative burden reduction target. The BRS therefore announced the introduction of this model into the policy development system, in particular for the development of Concept Documents. A manual on applying this model has been prepared and approved in 2018 and the SCM is expected to be used for Concept Documents that address information obligations for businesses. Furthermore, a Training-of-Trainers programme for applying the SCM has been completed.

2.1.3 Simplifying, merging or revoking at least 10% of licenses and permits

The target originating in the SBS contract to simplify, merge or abolish 10% of the existing licenses and permits has been integrated into the BRS through the update that was approved in 2018⁶⁸. More information on this is provided on the sub-section on the SBS contract further below in the section on 'European Integration and administrative burden reduction'.

Figure 18: the four indicators for assessing progress achieved under Specific Objective 1.1 from the Better Regulation Strategy 2.0 for Kosovo 2017-2021

- | |
|--|
| 1) Adoption of the Concept Document by 2019 on the benefits and costs of implementing a general administrative burden reduction programme, including a comparison of potential project designs including the options presented in Figure 4, the main requirements related to reducing administrative burden against a set target and a budget assessment for each viable programme design option; this Concept Document will also determine the process for simplifying, merging or revoking 10% of licenses and permits from a minimum of 480 as they were in 2014. |
| 2) Developing capacities for implementing an administrative burden reduction programme |

⁶⁸ Government Decision No. 02/66 date 18-09-2018 on the Strategy for Better Regulation for Kosovo 2017 -2021.

through trainings of relevant staff at CoG institutions and line ministries: certifying trainers on SCM trainings by 2018; at least 5 trainers are certified by 2018; 20% of relevant staff at CoG and line ministries are trained by 2018; this number increases to 90% by 2021.
3) The SCM is used during the policy development process in relevant Concept Documents drafted according to the new guidelines, 30% by 2018, 50% in 2019, 100% by 2021.
4) Simplifying, merging or revoking at least 10% of licenses and permits by the end of 2020 from a minimum of 480 as they were in 2014.

2.2 Political commitments to fostering economic growth

Improving the economy of Kosovo is a central theme that is widely supported politically. This is shown in the strategies that successive governments have adopted, in the Government Plan 2017-2021 and in the importance that political parties in general dedicate to this topic. Administrative burden reduction is thus an issue that should be expected to be relevant for all parties of the political spectrum.

2.2.1 Existing strategies aimed at improving Kosovo's economy

In the framework of strategic documents, among other strategies, 17 of them aim to improve the performance of the economy of Kosovo and promote inclusive growth. These are presented in the table below. The prioritised objectives formulated in these strategies are reflected in the National Development Strategy 2016-2021 and in the Economic Reform Programme 2018-2021.

Of these 17 strategies, four will expire in 2018 and six others in 2019/2020, out of which some have been updated and other ones are undergoing a review process. This provides the possibility to address the policy framework through which economic development can be boosted.

Still depending on the final political choice regarding an administrative burden reduction programme that is planned to be made in 2019, it can be expected that such a programme will commence in earnest in 2021. The year 2020 would be used as a year to effectively prepare for the implementation of the policy. This is explained in more detail in Chapter 4 on Options and in particular in Chapter 6 in which these options are compared based on their implementation plan.

Administrative burden reduction would contribute to the objectives formulated in the 17 referenced strategies through the creation of a more efficient and effective regulatory framework that is built to support business activities and in which government services are provided with the least possible costs. Strategies that would have to be updated could naturally take into account the objective to reduce administrative burdens stemming from legal obligations. A number of strategies might have to be revised on the level of the objectives or on the level of the Action Plan. While this surely will lead to an increase of the need for effective and coherent policy formulation, the expected work is considered to be manageable and is taken into account in the Implementation Plans for each policy option.

Figure 19: Strategies that specifically aim at improving economic growth, business and investment climate and job creation

Institution	#	Name of the Strategic Document	Period covered
Ministry of Finance and Transfers	1	National Strategy of the Republic of Kosovo for the Prevention of and Fight against Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes	2014-2018

<i>(At the time of the approval of strategies: Ministry of Finance)</i>		Action Plan for the Prevention of and Fight against of Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes	2014-2018
	2	Public Finance Management Reform Strategy	2016-2020
		Action Plan of the Public Finance Management Reform Strategy	2016-2019
	3	Public Internal Financial Control Strategy	2015-2019
		Action Plan of the Public Internal Financial Control Strategy	2015-2019
Ministry of Economy, Labour, Trade, Industry, Entrepreneurship and Strategic Investments <i>(At the time of the approval of strategies: Ministry of Economic of Development)</i>	5	The National Action Plan for Renewable Energy	2011-2020
	6	Program for the Implementation of the Mining Strategy	2018-2020
	7	Kosovo Energy Efficiency Action Plan (KEEAP)	2010-2018
	8	Mining Strategy of the Republic of Kosovo	2012-2025
	9	Kosovo IT Strategy	2014-2020
	10	The third Medium –term Action Plan of National Energy Efficiency	2016-2018
	11	Energy Strategy of the Republic of Kosovo	2017-2026
Ministry of Labour <i>(At the time of the approval of strategies: Ministry of Labour and Social Welfare)</i>	12	The Action Plan for increasing Youth Employment	2018-2020
	13	Sector Strategy for Employment and Social Welfare	2018-2022
Ministry of Foreign Affairs	14	Diaspora and Migration Strategy	2013-2018
		Action Plan of the Diaspora and Migration Strategy	2013-2018
Ministry of Finance and Transfers <i>(At the time of the approval of Strategies Ministry of Diaspora and Strategic Investment)</i>	15	Sector Strategy and Multimodal Transport	2015-2025
		Action Plan of the Sector Strategy and Multimodal Transport	2015-2025
Ministry of Local Government Administration	16	Strategy for Local Economic Development	2019-2023
Anti-Corruption Agency	17	State Anti-Corruption Strategy	2018-2022
		Action Plan for the Anti-Corruption Strategy	2018-2022

2.2.2 Administrative burden reduction related to the positions of the political parties on economic growth and administrative burden reduction

Boosting economic development, improving the business climate and creating an investment friendly environment are general political aims that all parties have endorsed in the past.

The table below lists, per party and in alphabetical order, public statements made by the party leaders during the most recent election campaign. Given this general endorsement of the aims to boost the economy, administrative burden reduction can become a central policy pillar that contributes to the development of the country that carries full support by the Parliament and by successive future Governments.

Figure 20: Positions of political parties represented in Parliament in relation to economic growth and administrative burden reduction during the 2017 elections

Partia politike dhe shkurtesa (radhitja sipas alfabetit)	Referenca ndaj rritjes ekonomike dhe zvogëlimit të barrës administrative nga manifestimet e partive gjatë zgjedhjeve ⁶⁹	Deklaratat e rëndësishme të udhëheqësit të partisë për rritjen ekonomike dhe zvogëlimin e barrës administrative, dhe data e tyre
Aleanca për Ardhmërinë e Kosovës AAK	https://gazetablic.com/ja-cfare-tha-ramush-haradinaj-sot-ne-hapjen-e-fushates-zgjedhore/	<p>Ramush Haradinaj, kandidat për kryeministër nga koalicioni PDK-AAK-NISMA</p> <p>Kosova po na thërret të kemi ekonomi.</p> <p>Të rrisim ekonominë e vendit. Të rrisim prodhimin vendor. Të investojmë tek të rinjtë tonë e tek gratë kosovare. Ta sjellim në Kosovë fuqinë e dijes dhe investuesin e diasporës.</p> <p>Të investojmë te bizneset tona të vogla e të mesme. Të investojmë në bujqësi, të rrisim prodhimin e ushqimit, të hajmë ushqim të shëndoshë, nga toka jonë dhe duart tona...</p> <p>Ta kthejmë Kosovën në fuqi ekonomike. Ta rrisim buxhetin pa ndalë.</p>
Aleanca Kosova e Re AKR	<p>https://zeri.info/zgjedhjet-2017/146310/pacolli-shpalos-programin-e-akr-se-permend-70-mije-vende-pune/</p> <p>http://akr-ks.com/article/pacolli-enderren-e-heronjve-per-kosoven-e-lire-dhe-</p>	<p>Behgjet Pacolli –në emër të koalicionit AKR-LDK-Alternativa</p> <p>“Zhvillimi ekonomik me rritje 8%, krijimi i vendeve të punës deri në 70 mijë, do të themelojmë agjencinë e pavarur të participimeve që të mos e shesim pronën tonë, do të ftojme investitorët që të fillojnë aktivitetet e tyre në fabrikat që nuk janë në funksion, jetësimin e menjëhershëm të tri zonave të lira ekonomike Gjakovën, Mitrovicën, Prizrenin”.</p> <p>“Baza e këtij koalicionit do të jetë rritja ekonomike mbi 8%</p>

⁶⁹ Websites last visited on 17 January 2019.

	demokratike-ta-jetesojme-vepra/	dhe krijimi i mbi 70 mijë vendeve të reja të punës”
Partia Demokratike e Kosovës PDK	http://www.pdk.info/servise/post/10475/ekonomia-e-tregut	<p>Programi i PDK-së për ekonominë e tregut</p> <p>-PDK do të stimulojë, favorizojë dhe mundësojë krijimin e ndërmarrjeve duke bërë lehtësime dhe duke i zbutur masat administrative.</p> <p>- Zhvillimi i ndërmarrjeve të vogla dhe të mesme paraqet për ne prioritet absolut sepse, në këto ndërmarrje ndodhet potenciali më i madh i rritjes së rendimentit dhe krijimit të vendeve të punës.</p> <p>- PDK do ta orientojë shoqërinë drejt ekonomisë moderne dhe do të angazhohet kundër çdo ngulfatjeje të inovacioneve.</p>
Lidhja Demokratike e Kosovës LDK	https://www.botasot.info/ekonomi-lajme/711065/hotirritje-ekonomike-derine-8/	<p>Avdullah Hoti, kandidat për kryeministër nga koalicioni LDK-AKR-Alternativa</p> <p>“Presim rritja ekonomike të arrijë 7-8% duke e siguruar një platformë transparente...Do të funksionalizojmë pakon e dytë fiskale, do të ulim TVSh-në për akomodim, turizëm, do bëjmë listën e prodhimeve vendore që të kenë lirime...Kemi punuar në licencimin e disa zonave ekonomike..., të cilat do t'i funksionalizojnë krahas një kornize ligjore që iu mundëson bizneseve t'i përdorin ato për të zhvilluar biznesin. Këto zona do të jenë në dispozicion të grave...”, tha Hoti.</p>
Vetëvendosje VV	https://www.vetevendo.sje.org/	<p>Albin Kurti, kandidat për kryeministër</p> <p>Fondi Sovran që do të krijohet, do ta ketë përgjegjësinë ekskluzive për investimet në rritjen e vlerës së Trepçës, KEK-ut, Korporatës së Thëngjillit, PTK-së. Brenda Fondit do të themelohet komponenti kreditues i cili do të financohet nga paratë publike, Fondi i privatizimit dhe shitja e letrave të borxhit, dhe që do të investojë në degë të caktuara të industrisë që krijojnë vende pune e zbusin bilancin tregtar duke u përqendruar në rritjen e eksporteve e zëvendësimin e importeve.</p>
Nisma për Kosovën	http://tesheshi.com/parafushata-zgjedhore-ne-kosove-njihuni-lumin-e-premtimeve-ne-kerkim-te-pushtetit/ http://lajmi.net/fatmir-limaj-nisma-do-ti-jep-	<p>Fatmir Limaj, kryetar i partisë</p> <p>Fatmir Limaj, ka thënë se me partinë e tij NISMA në qeveri do të investohen mbi 400 milionë euro në bujqësi, si dhe çdo familje do ta ketë nga një të punësuar. Limaj, poashtu ka premtuar fuqizimin ndërmarrësisë si dhe hapjen e shkollave profesionale.</p>

	mundesi-te-re-gjithe-kosoves/	<p>Limaj ka thënë se Nisma për Kosovën do të punojë për të gjithë qytetarët e Kosovës e jo vetëm për individët...Ai ka premtuar vende të reja të punës, zhvillim ekonomik dhe përkrahje ndaj bizneseve të vogla dhe të mesme.</p>
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Figure 21: Positions of political parties represented in Parliament in relation to economic growth and administrative burden reduction during the 2019 elections

Partia politike dhe shkurtesa (radhitja sipas alfabetit)	Referenca ndaj rritjes ekonomike dhe zvogëlimit të barrës administrative nga manifestimet e partive gjatë zgjedhjeve ^[1]	Deklaratat e rëndësishme të udhëheqësit të partisë për rritjen ekonomike dhe zvogëlimin e barrës administrative, dhe data e tyre
Aleanca për Ardhmërinë e Kosovës AAK	https://insajderi.com/hulumtime/41-premtimet-e-pese-kandidateve-per-kryeminister-nuk-permendet-liberalizimi-i-vizave/	<p>Ramush Haradinaj, kandidat për kryeministër nga koalicioni AAK-PSD</p> <p>Ramush Haradinaj, tha se nëse sovrani i beson edhe një mandat ai do ta rris pagën në sektorin publik 10% çdo vit. Po ashtu, ai tha se nëse qeverisë sërish, sektori privat do ta ketë në plan të parë. Me edhe një mandat në krye me të, Haradinaj tha se rritja ekonomike e Kosovës do të shkojë deri në 8%. Ai premtoi edhe buxhet të veçantë për gratë shtatzëna dhe lehonat.</p>
Partia Demokratike e Kosovës PDK	https://www.evropaelire.org/a/pdk-papunesia-zgjedhjet/30184861.html	<p>Programi i PDK-së për ekonominë</p> <p>Ulja e papunësisë deri në 15 për qind, është njëri nga premtimet e Partisë Demokratike të Kosovës. Anëtar i kësaj partie Memli Krasniqi, ka thënë se gjatë mandatit katërvjeçar, rritja ekonomike do të jetë rreth 8 për qind. Krasniqi ka folur edhe për shumë çështje të tjera që e presin qeverinë e ardhshme të Kosovës</p>
Lidhja Demokratike e Kosovës LDK	https://insajderi.com/hulumtime/41-premtimet-e-pese-kandidateve-per-kryeminister-nuk-permendet-liberalizimi-i-vizave/	<p>Vjosa Osmani, kandidatë për kryeministër nga LDK</p> <p>Vjosa Osmani premtoi heqjen e barrierave për prodhuesit vendorë ndërkajq tha se politika nuk do të ketë dorë në biznese. Osmani premtoi edhe bashkëpunim të</p>

^[1] Websites last visited on 17 January 2019.

		ngushtë me ndërkombëtarët. E me të si kryeministre, rritja ekonomike tha se do të jetë 6% gjatë mandatit të parë.
NISMA-AKR-PD	https://reporteri.net/zgjedhjet-2019/premtimet-e-partive-ne-diten-e-pare-te-fushates-60-mije-vende-te-reja-pune-shtesa-te-femijeve-mbeshtetje-fermereve-lufte-korrupsionit/	<p>Behxhet Pacolli, në emër të koalicionit NISMA-AKR-PD</p> <p>Kryetari i AKR-së, Behgjet Pacolli iu drejtua të pranishmëve me një mesazh pasi ishte jashtë vendit. Ai nder të tjerash tha se me qeverisjen NISMA-AKR-PD vendi do të ketë 8 % rritje ekonomike dhe 60 mijë vende të reja pune.</p> <p>“Pas 6 Tetorit ne do të sigurojmë qeveri të ndershme dhe me prosperitet. Buxheti i Kosovës do të jetë zhvillimor dhe jo vetëm për shpenzim. Synojmë të kemi rritje ekonomike prej 8% dhe mbi 60 mijë vende të reja pune në sektorin privat ”, premtoi Pacolli.</p>
Vetëvendosje VV	https://kallxo.com/gjate/analize/ekipi-i-albin-kurtit-shpalos-planet-e-tij-qeverisese/	<p>Albin Kurti, kandidat për kryeministër</p> <p>“Luftimi i nepotizmit dhe ndalja e privatizimit të mëtejshëm është pjesë e planit”, tha udhëheqësi i Vetëvendosjes, i cili po ashtu premtoi se do të mbyllë Agjencinë Kosovare të Privatizimit, APK.</p> <p>Kurti njëkohësisht premtoi krijimin e një Banke Zhvillimore për të ndihmuar bizneset vendase, duke vënë theksin e tij tek kritikën ndaj normave të larta të interesit të ofruara nga bankat ekzistuese komerciale, të cilat, momentalisht, variojnë midis gjashtë dhe tetë përqind.</p> <p>“Me Bankën Zhvillimore synojmë të kemi norma të interesit në më pak se tre përqind,” tha ai, duke shtuar se bizneset e vogla dhe të mesme do të përfitonin më shumë nga një bankë e tillë.</p>

2.3 European Integration and administrative burden reduction

Reducing administrative burdens is a central theme for European Integration. The European Commission, for example, highlighted in its 2018 report on Kosovo the need to ‘step up the fight against the informal economy’⁷⁰ and ‘ensure effective implementation of the *acquis*’⁷¹. Furthermore, the report states that there is a need ‘to reduce the administrative burden on Small and Medium Enterprises’⁷² through Impact Assessment. These aspects were raised as well in the EU Reports on Kosovo from 2014, 2015 and 2016.

Whereas the system for developing Concept Documents has been further strengthened with the introduction of the SME Test and the Standard Cost Model to measure and reduce administrative burdens⁷³, these measures address the flow of new legislation. They do not systematically ensure the reduction of administrative burdens that stem from existing legislation.

Burdensome legal requirements can be an important reason why businesses in the informal sector choose not to formalise their activities⁷⁴. A reduction of administrative burdens will ease the burdens on business which, in turn, would provide a better basis for companies to formally register. An effective burden reduction programme is thus expected to result in a reduction of the informal economy and contribute to a stronger economy.

Figure 22: Extracts from EU reports 2014, 2015, 2016 and 2018 on Kosovo and the European Reform Agenda 2016, specifically referring to administrative burdens and business environment

Kosovo Report – 2018

“As regards alignment with European standards, Kosovo is at an early stage. Legislative alignment has continued in some areas but implementation is weak. Overall, Kosovo needs to improve its administrative capacity and coordination, across all sectors, to ensure effective implementation of the *acquis*.”

“In the coming year, Kosovo should in particular improve legal predictability for citizens and businesses by gradually amending the identified special laws and implementing regulations that contradict the new Law on General Administrative Procedures and address the current backlog of administrative cases.”

“The Basic Court of Pristina has a substantial backlog of administrative cases.”

“The government promotes a user-oriented administration, but lack of clear vision, leadership and coordination hamper reform efforts. Many institutions have therefore started to implement their

⁷⁰ Kosovo* 2018 Report Accompanying the document Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, 2018 Communication on EU Enlargement Policy, 17.4.2018, SWD(2018) 156 final, page 5.

⁷¹ Idem.

⁷² Idem, page 65.

⁷³ Government Decision No. 20/20 from 20.12.2017 on the adoption of the Guidelines for Developing Concept Documents and the use of the SME Test and the SCM.

⁷⁴ Andrews, D., A. Caldera Sánchez and Å. Johansson (2011), "Towards a Better Understanding of the Informal Economy", OECD Economics Department Working Papers, No. 873, OECD Publishing, Paris, <http://dx.doi.org/10.1787/5kgb1mf88x28-en>, page 28.

own solutions outside the central electronic identification (eID) tools that are being developed. Central tools to collect public and business feedback on service delivery are at an early stage of development. Technical solutions for interoperability are yet to be developed. **Legislation on equal access to services exists, but applying it is a challenge, particularly as regards persons with reduced mobility.”**

“Stronger exports of services helped to narrow the external imbalances. The current account deficit shrank to 5.9 % of GDP in 2017, compared to 9.1 % of GDP in 2016. This was mainly due to the **strong growth in services exports**. Methodological changes in accounting for the economic activity of Kosovo's periodically returning diaspora could explain such a strong adjustment and the drop in private consumption mentioned above. The goods trade deficit increased by 1 percentage point to 38.9 % of GDP. An important source of revenue for many Kosovo households, remittances increased to 12 % of GDP in 2017. Net FDI increased to 3.9 % of GDP compared to 2.9 % of GDP in 2016). FDI inflows were even more concentrated in 2017, given that the share of real estate, construction and the financial sector FDI rose to 97.1 %. Inflow to the production sectors was negative. **This reflects a weak business environment and few 'greenfield' investment opportunities.”**

Important consideration for this Concept Document: The economic areas identified as key sectors driving exports and the sectors characterised by the high level of informality could be the priority areas for administrative burden reduction. This would foster economic growth further by strengthening the strong expert sectors and by reducing informality.

“**Despite progress on the legal rules governing businesses many obstacles remain.** In 2017 Kosovo was one of the top 10 reformers according to the World Bank Doing Business report. Nevertheless, the main obstacles to doing business still include a weak and unaccountable administration, weak rule of law, corruption and a widespread informal economy. Although informality remains high, around 30 % of GDP, different studies point to its continued decrease between 2013 and 2015 due to the improved effectiveness of tax administration practices. However, the black economy increased in absolute terms. **The construction and trade sectors experienced the largest losses in**

revenue due to informality.”

“**Some progress was made by introducing measures to improve the business environment. There is a need to further build up administrative capacity and ensure stronger inter-ministerial coordination.”**

Kosovo Report – 2016

“Service delivery to citizens and businesses: The government is committed to user-oriented administration. However, coherent policy-making is often undermined by a lack of coordination and common vision between the ministries responsible. The development of e-services is slow for want of an appropriate interoperability framework.”

“In line with the ERP policy guidance and in order to support long-term growth, in the coming years Kosovo should pay particular attention to **improving bankruptcy and insolvency procedures.”**

“Business environment - Some progress was made in simplifying business registration and insolvency procedures. The establishment of 29 one-stop shops has reduced the time needed to register a company to 3 days. The announced online registration has, however, still not been fully implemented.”

“Kosovo has some level of preparation on industry and SMEs policy. Some progress was made in this field, notably with the creation of a credit guarantee scheme to support SMEs. As already recommended last year, Kosovo should in particular:

→ follow up on the recommendations from the EU’s ‘Small Business Act’ assessment;

→ introduce regulatory impact assessments to reduce the administrative burden on SMEs

Implementation of Kosovo’s 2013-2017 private sector development strategy is progressing slowly, while the industrial strategy still needs to be finalised. Both have to be aligned with the 2016-2020 national development strategy adopted in January 2016. There has been no follow-up since last year’s country report for the EU’s ‘Small Business Act’ assessment.

The silence-is-consent principle for business registration and online company registration have not yet been introduced. The main obstacles to SME development and further growth remain limited access to finance, **weak legal enforcement of contracts and business regulations, administrative barriers**, unfair competition from the informal sector, an inefficient judiciary, and corruption.”

“Alignment with the 2009 Renewables Directive was targeted with amendments to the laws on energy, electricity and the energy regulator adopted in June 2016. While Kosovo’s renewable and energy efficiency action plan for 2013-2020 envisages a very ambitious 29.47 % renewables share by 2020, it has now become very unlikely that Kosovo will meet even the mandatory target of a 25% share. This is in particular due to years of neglect in the sector, the **inefficient regulatory framework** (in particular lengthy administrative procedures in issuing different permits and licences) and poor administrative capacity in managing renewables.”

Kosovo Report - 2015

“ERP Recommendation 8: “**Continue to improve the business environment** and continue with the clearing of court backlogs, strengthening capacities of judicial system, and developing cadastre databases. Advance measures to tackle informality in line with the strategy for the **prevention and fight against informal economy, including incentives to reduce undeclared work. Reduce the administrative burden for business** by implementing the Better Regulation Strategy and the Law on Permits and Licences.”

“Kosovo has some level of preparation on industry and SMEs. Some progress was made in this field. In the coming year, Kosovo should in particular:

→ follow up on the recommendations of the ‘Small Business Act’ assessment”

“**Despite some progress made on the legal rules governing business, their implementation has remained insufficient.** Very weak institutional capacity for legal enforcement combined with widespread corruption continued to hinder the business environment. **The judicial system suffers from poor accessibility, inefficiency, delays and a growing backlog of unresolved cases** (400 000 in July 2015).”

Kosovo Report - 2014

“**The legal framework for corporate accounting and auditing is weak; this affects the capacity of companies to obtain loans, and slows down the development of a financial market.** Kosovo needs to align the requirements concerning accounting and reporting with international standards.

As for the acquisition of real estate, including the purchase of land, by non-Kosovo citizens, the constitutional legal framework enables foreigners to purchase real estate. However, provisions in sectoral laws and administrative practices prevent them from exercising this right. **The identification**

of these obstacles by Kosovo is ongoing and their removal would help increase foreign investment.”

“Implementation of the Small Business Act needs to be prioritised. This implementation is still in an early phase. **Consultation of the business community during the drafting of laws, strategies and impact assessments is essential. The business environment in Kosovo remains challenging.**

Overall, limited progress was made on industrial and SME policy. To improve the business environment, Kosovo needs to improve conditions for enforcing contracts, **reduce unnecessary administrative barriers**, promote the fight against the informal economy and corruption, and develop a financial market.”

European Reform Agenda (ERA) – November, 2016

- Reduce the regulatory burden to firms, in particular by making transparent the fees and procedures required to get permits and licences.
- Follow up on the 'Small Business Act' assessment recommendations
- Focus on improving the World Bank 'Doing Business' indicators
- The online business registration is made available

The complete text segments from the listed pages are provided in Annexes 3 and 4.

2.3.1 Sector Reform Contract for Public Administration Reform

The Sector Reform Contract for Public Administration Reform and the related Financial Agreement entered into force on 15 December 2017. Under this contract, the administrative burden reduction is a specific indicator that is split into three components that are expected to be met in 2018, 2019 and 2020.

Indicator 5.1 stipulates the need to increase the capacities at the OPM for the management of administrative burden reduction. Without these adjustments, the additional work following from reducing administrative burdens would not be implementable since the existing human resources at the relevant offices are insufficient.

Indicator 5.2 stipulates the requirement to develop the basis for effective administrative burden reduction through this Concept Document. This CD provides the basis for the target formulated under Indicator 5.3 and also explores the possibilities to embed administrative burden reduction as a central policy goal in the strategic policy framework and, as a consequence, also into the working processes for policy development and law making.

Indicator 5.3 stipulates the target for simplifying, merging or abolishing 10% of all licenses and permits against the 2014 baseline. The simplification is assessed based on a methodology that derives from the Standard Cost Model, but does exclude the need to measure administrative burdens in full.

Figure 23: The methodology for assessing administrative burden reduction for Indicator 5.3 of the Sector Reform Contract for Public Administration Reform

Administrative burden reduction will be measured based on the following principles:

- Abolishing a license or permit is marked as a simplification; no further analysis is needed.
- Merging licenses or permits is marked as a simplification when forms and/or the application process are merged; this needs to be proven by showing that the legal basis has been adjusted and that the merger took place.

- Simplification of individual licenses and permits has to be shown based on the Standard Cost Model (SCM) which is used to measure administrative burdens. Since the time for analysis is limited, the four variables of the SCM will be applied but the measurement can be adjusted to the actual information need to prove that a license or permit has been simplified.

The SCM calculates administrative burdens for licenses and permits based on four factors: 1) the time needed to complete the process for applying for a license or permit; 2) the wage level of the person(s) that need(s) to complete the application for a license or permits; 3) the number of companies that need to apply for a license or permit; and 4) the frequency at which the license or permits needs to be renewed.

Factor (1), the time needed to complete the application process for a license or permit, is determined by factors such as the amount of information that needs to be provided (e.g. certified documents, copies of documents etc.), the length and complexity of forms that need to be filled, the manner in which documents can be delivered to the authorities (paper versions vs. electronic exchange) and the processing time that the administration takes to approve the license or permit. A measure is marked as a simplification when specific requirements have been eliminated so that the time needed to apply for a license or permit is reduced.

Factor (2), the wage level of the person(s) that need(s) to complete the application for a license or permits, follows from the complexity of the license and permit requirements and the legal demands. The most relevant determination factor is whether the application for a license or permit requires the involvement of external specialists such as lawyers, accountants and auditors for tasks that could, if they are simplified, be executed by company staff. A measure is marked as a simplification when it is proven that work that is normally conducted by external experts is now conducted within the company. The business community will have to specifically acknowledge simplifications that are not clearly reflected in changes to legal requirements for licenses and permits.

Factor (3), the number of companies that need to apply for a license or permit, is determined by the legal scope of a license or permit. A measure is marked as a simplification when this legal scope is reduced, e.g. through exempting companies of certain size classes from the legal requirements or implement other SME friendly measures.

Factor (4), the frequency at which the license or permits needs to be renewed, is determined by the frequency set in laws or sub-legal acts. A measure is marked as a simplification when the validity period of a license or permit is lengthened as this will lead to a lower frequency for renewal and thus fewer application processes over a certain period of time.

The SCM-based presentation of the simplification achievements embeds the principle of proportionate analysis into the analytical process for the Concept Document and the reporting on meeting the target. A detailed baseline measurement of the administrative burdens for licenses and permits is not required.

2.4 Sustainable Development Goals

In 2015, all United Nations Member States adopted the ‘2030 Agenda for Sustainable Development’⁷⁵. This agenda is worked out in 17 Sustainable Development Goals (SDGs) that provide a shared global blueprint for peace and prosperity. The SDG are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve nature.

The Assembly adopted its Resolution on the Sustainable Development Goals on 25 January 2018⁷⁶. In this resolution, the Assembly stated the relevance of the implementation of the SDGs for the improvement of the economy and wellbeing of all citizens of Kosovo. It highlighted the importance of the SDG for the development of the country and thus fully endorsed them.

Figure 24: Administrative burden reduction contributes to a range of SDGs as presented in the table below.

Sustainable Development Goal (SDG)	SDG Targets and Indicators
<p>SDG 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>8.1 - Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries</p> <p>8.1.1 - Annual growth rate of real GDP per capita</p> <p>8.3 - Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p> <p>8.3.1 - Proportion of informal employment in non-agriculture employment, by sex</p> <p>8.6 - By 2020, substantially reduce the proportion of youth not in employment, education or training</p> <p>8.6.1 - Proportion of youth (aged 15-24 years) not in education, employment or training</p>
<p>SDG 9 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>	<p>9.b - Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities</p>

⁷⁵ <https://sustainabledevelopment.un.org>

⁷⁶ Resolution of the Assembly of the Republic of Kosovo, No. 06-R-001 from 25 January 2018.

<p>SDG 10 Reduce inequality within and among countries</p>	<p>10.3 - Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard</p> <p>10.3.1 - Proportion of the population reporting having personally felt discriminated against or harassed within the previous 12 months on the basis of a ground of discrimination prohibited under international human rights law</p> <p>10.4 - Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality</p>
<p>SDG 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<p>16.3 - Promote the rule of law at the national and international levels and ensure equal access to justice for all</p> <p>16.6 - Develop effective, accountable and transparent institutions at all levels</p> <p>16.6.1 - Primary government expenditures as a proportion of original approved budget, by sector (or by budget codes or similar)</p> <p>16.6.2 - Proportion of the population satisfied with their last experience of public services</p> <p>16.7 - Ensure responsive, inclusive, participatory and representative decision-making at all levels</p> <p>16.7.2 - Proportion of population who believe decision-making is inclusive and responsive, by sex, age, disability and population group</p> <p>16.10 - Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements</p> <p>16.B - Promote and enforce non-discriminatory laws and policies for sustainable development</p> <p>16.B.1 - Proportion of population reporting having personally felt discriminated against or harassed in the previous 12 months on the basis of a ground of discrimination prohibited under international human rights law</p>
<p>SDG 17</p>	<p>17.14 - Enhance policy coherence for sustainable development</p> <p>17.14.1 - Number of countries with mechanisms in place to enhance policy coherence of sustainable development</p> <p>17.16 - Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries</p>

2.5 Summary of current references to administrative burden reduction in the Government’s strategic policy framework

The figure below summarises the strategic objectives and measures that the Government has endorsed in various planning documents and that directly link to administrative burden reduction.

Figure 25: Overview and origin of Government objectives, measures and references that (in-)directly touch upon administrative burden reduction

Objective	Origin
GENERAL OBJECTIVE 1. AN ENABLING REGULATORY SYSTEM Specific Objective 1.1. ‘REFORMS OF EXISTING PRIMARY AND SECONDARY LEGISLATION TO ENHANCE COMPETITIVENESS’	Better Regulation Strategy 2.0 for Kosovo 2017-2021 and its supporting Action Plan
Outline of Objectives of the Office of Prime Minister 5. Development of a facilitative regulatory system for businesses and citizens	Program of the Government of the Republic of Kosovo 2017-2021
Measure 8. Further enhancement of Customer-Focused Service Delivery for businesses and the public	NDS Road Map 2016-2021
Measure 9. Decreased administrative barriers to licenses and permits	Second Pillar: Good Governance and Rule of Law
Structural reforms – Area IV. Business environment and reduction of informal economy Measure #7: Adoption of evidence-based policies and reducing administrative burdens The purpose of the measure is to introduce ex-ante policy assessment, simplify the legislation and the regulatory system, including reduction of administrative burden for businesses based on the adoption of this Concept Document.	ERP – 2019-2021 Macro Economic Reform Overview
Reduce the regulatory burden to firms, in particular by making transparent the fees and procedures required to get permits and licences. Follow up on the 'Small Business Act' assessment recommendations Focus on improving the World Bank 'Doing Business' indicators The online business registration is made available	ERA
Rationalize the operating costs and create space to increase the financing and effectiveness of judicial, health and educational institutions Improve the effectiveness of social expenditures and agricultural	Medium Term Expenditure Framework 2019-2021

<p>subsidies through better targeting and testing opportunities within the framework of current expenses. Revenue mobilization by expanding the tax base instead of increasing statutory tax rates.</p>	
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<p>Streamline administrative fees and reduction of regulatory burden.</p>	
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Chapter 3: Options

The options that exist for implementing a programme for administrative burden reduction are manifold. The considerations that need to guide the decision on such a programme are the benefits that it is expected to bring about in terms of economic growth; the effects that an improved legal and implementation framework can be expected to have; the feasibility of implementing an administrative burden reduction programme effectively; and the organisational and financial resources that are required to do so.

In order to determine the benefits and demands of an administrative burden reduction programme, the lessons learned in other jurisdictions provide valuable input with regard to the possibilities, challenges and considerations that should be taken into account for the analysis and that need to be reflected in the implementation plan. Therefore - before the options are presented and their impacts are assessed - information from other countries is presented to show how administrative burden reduction programmes have been implemented in the past and what issues are relevant.

Administrative burden reduction is a policy that has been successfully implemented by a range of countries. The OECD, for example, analysed the regulatory policy of 39 countries and reported upon this in 2018. Of these, 31 had conducted a principle-based mayor review of their legislation and 26 conducted public stocktakes in which they consulted citizens and companies on how to improve legislation⁷⁷.

The experience from several countries is presented below. The process they went through provides key information for this Concept Document. First, the experiences from the EU and some of its Member States are presented (section '3.1 International Comparison'). Second, the activities related to administrative burden reduction and legislative simplification implemented by several Western Balkan countries will be presented to position the situation of Kosovo in the regional context (section '3.2 Regulatory Competitiveness Check').

3.1 International Comparison

The description of the efforts to reduce administrative burdens below provides an overview of several countries and the European Union that have all enacted successful administrative burden reduction policies.

The description starts with the presentation of the administrative burden reduction policy in The Netherlands since it provided the impetus for an international drive to increase efficiency of legislation through measurements based on the Standard Cost Model and transparent and verifiable burden reduction process based on that model. The Netherlands is regarded as providing a particularly good reference since it shows that administrative burden reduction can be managed with regularly changing governments as Kosovo has witnessed in the recent past. In addition, the experience of The Netherlands provides a good insight into the developments in the scope of administrative burden reduction as a centralised Government-wide policy.

⁷⁷ OECD Regulatory Policy Outlook 2018, Dataset on the Indicators of Regulatory Policy and Governance (iREG); https://qdd.oecd.org/subject.aspx?Subject=GOV_REG (website last visited and dataset consulted on 18 October 2018).

This presentation of the Dutch example is supplemented with specifically relevant characteristics of the administrative burden reduction programmes of the European Union, Germany and the UK. These programmes are deliberately presented with less detail compared to the Dutch experience. This is justified since these programmes derived from the Dutch approach regarding administrative burden reduction. The burden reduction programmes of these countries are presented to highlight the main management choices that have been made regarding managing administrative burden reduction. In addition, they took different approaches to managing administrative burdens in the medium-term which can be informative as to how the focus on administrative burden reduction could develop once an effective reduction policy is established.

Overall, the international comparison analysis focusses on the issues that are relevant for the decision on implementing a burden reduction programme in Kosovo. It is not a full analysis of all aspects of the burden reduction programmes that are presented. The focus is deliberately placed on the management of programmes for administrative burden reduction, the main issues that came to the fore during the implementation and the overall societal benefits that such a programme can be expected to bring about. Specific examples of measures that aim to reduce administrative burdens are not presented since they are not relevant for the decisions elaborated in this Concept Document.

Naturally, the situation in The Netherlands, the EU Institutions, Germany and the UK differs significantly from the situation in Kosovo. This needs to be taken into account when applying assumptions based on experiences from the administrations of other countries to the administration of Kosovo. Also, the economic situation cannot be compared as the comparison countries all have developed economies and are high-income countries while Kosovo is still developing its economy, is in a transitional phase and is characterised by low incomes of the population.

3.1.1 The Netherlands

This section will present the general trend analysis of the administrative burden reduction policy in The Netherlands. In 2008, the World Bank Group declared that the Dutch regulatory reform programme was the world's leader⁷⁸. Given this status and the subsequent inspiration that the Dutch experience provided to other countries who followed similar burden reduction approaches, the Dutch case is analysed more in-depth than the other programmes.

Since the policy to reduce administrative burdens in The Netherlands spanned two decades and since it saw a considerable broadening of the use of the Standard Cost Model from companies to citizens, professional working in the (semi-)public sector and to burdens within the administration as such, the presentation below focusses on the key moments and development.

Reduction of administrative burdens for businesses in The Netherlands 2000-2018

The burden reduction process was characterised by a very high degree of transparency. It was based on a critical and honest self-assessment by the administration on the added value of information obligations, work processes and implementation provisions. The two decades that The Netherlands invested in administrative burden reduction saw a substantial reduction in administrative burdens for businesses from 16.3 billion euro per year in 2004 to 6.029 billion in 2017 as shown in the figure below.

⁷⁸ Review of the Dutch Administrative Burden Reduction Programme, World Bank Group, February 2007: <http://www.doingbusiness.org/reports/thematic-reports/review-of-the-dutch-administrative-burden-reduction-programme>

Figure 26: Measured and/or estimated administrative burdens for companies in The Netherlands⁷⁹

Reference year	Measurement and/or estimate	Administrative burden level
2000	Both measurement and estimate	7.49 billion Euro ⁸⁰
2002	Partially completed measurements	8.258 billion Euro ⁸¹
2003	Fully measured burdens	16.3 billion Euro ⁸²
2005	Updated baseline measurement	15 billion Euro ⁸³
2005	Updated baseline measurement	14.7 billion Euro ⁸⁴
2007	Baseline measurement	8.810 billion Euro ⁸⁵
2009	Updated baseline measurement	7.873 billion Euro ⁸⁶
2010	Updated baseline measurement	7.5 billion Euro ⁸⁷
2011	Updated baseline measurement	7.417 billion Euro ⁸⁸
2017	Updated baseline measurement	6.029 billion Euro ⁸⁹

The figures show a steep increase at the start till 2003 and a gradual, but steady, decrease thereafter. Initially, the level of administrative burdens had been significantly underestimated. However, once the true extent of administrative burdens had been defined and effective management structures had been set up, a consistent policy to decrease the burden level yielded impressive results.

The figures do not include the burden reduction achievements that were reached for citizens and within the public sector.

Continuous political support independent of Government composition

The Netherlands saw a relatively high number of governments taking office between 1998 and 2012. The composition of the Dutch Government also changed and not party was continuously in government

⁷⁹ The administrative burden levels presented in the figure are the official figures presented in Government documents. The figures provide a useful insight into the development of the level of administrative burdens in The Netherlands. However, the figures do not take account of technical updates that were made during the two decades of administrative burden reduction policy was implemented; neither do they address changes in the scope of the SCM and burden reduction policy. The presented numbers are thus not fully comparable.

⁸⁰ Tweede Kamer der Staten-Generaal, Kamerstuk 24 036, Nr 160, Brief van de Ministers van Economische Zaken en van Justitie, 15 May 2000.

⁸¹ Tweede Kamer der Staten-Generaal, Kamerstuk 24 036, Nr 255, Brief van de Ministers van Economische Zaken en van Justitie, 7 May 2002.

⁸² Tweede Kamer der Staten-Generaal, Kamerstuk 29515, Nr 59, Kabinetsplan aanpak administratieve lasten, 11 March 2005.

⁸³ Idem.

⁸⁴ Tweede Kamer der Staten-Generaal, Kamerstuk 29515, Nr 94, Kabinetsplan aanpak administratieve lasten, 3 October 2005.

⁸⁵ Voortgangsrapportage Regeldruk Bedrijven, November 2008. This is the figure after technical corrections were made after the initial figure of 9.014 billion Euro had been reported to the Dutch Parliament in May 2008.

⁸⁶ Beknopte rapportage voortgangs reductie Administratieve Lasten bedrijven, 1 September 2009.

⁸⁷ Eindrapportage Regeldruk Bedrijven, April 2010.

⁸⁸ Programma Regeldruk Bedrijven 2011 – 2015.

⁸⁹ Goed geregeld - Een verantwoorde vermindering van regeldruk 2012-2017, 12 May 2017.

during this period. As the figure above shows, this did not have an effect on the efforts that The Netherlands showcased in the burden reduction policy.

The reason for the success of the policy lies in the fact that the goal to simplify life for businesses received full support from the political spectrum in The Netherlands. Administrative burden reduction remained a top Government priority even with altering Government coalitions because all parties had embraced the notion of improving service provision by the administration and increasing efficiency of legislation and the manner in which it is implemented. As such, it would naturally be listed as a key item in Government Programmes during a period that spanned two decades.

Figure 27: Dutch Governments 2000 – 2018 and their commitment to administrative burden reduction⁹⁰

Government	Government period	Coalition parties	Reduction target	Lead organisation for implementation
Kok II	1998-2002	PvdA, VVD, D66	25% for companies ⁹¹	Ministry of Economic Affairs
Balkenende I	2002-2003	CDA, LPF, VVD	25% for companies, citizens and schools ⁹²	Ministry of Economic Affairs
Balkenende II	2003-2006	CDA, VVD, D66	25% for companies and citizens ⁹³	Ministry of Finance
Balkenende III	2006-2007	CDA, VVD		
Balkenende IV	2007-2010	CDA, PvdA, CU	25% for companies on national level and 25% reduction of administrative burdens on regional and local level for companies and citizens ⁹⁴	Ministry of Finance
Rutte I	2010-2012	VVD, CDA	10% in 2011 and 2012; 5% per year thereafter for companies and citizens ⁹⁵	Ministry of Economic Affairs
Rutte II	2012-2017	VVD, PvdA	Structural reduction of regulatory burden for companies, citizens and professionals by 2.5 billion Euro by 2017 ⁹⁶	Ministry of Economic Affairs
Rutte III	2017-tbd	VVD, CDA, D66, CU	No new target, but focus on keeping burdens low	Ministry of Economic Affairs

⁹⁰ Information on the Government name, government period and coalition parties is taken from this website:

https://nl.wikipedia.org/wiki/Nederlandse_kabinetten_sinds_de_Tweede_Wereldoorlog, last visited 14 March 2018.

⁹¹ Tweede Kamer der Staten-Generaal, Kamerstuk 24 036, Nr 148, Brief van de Ministers van Economische Zaken en van Justitie, 11 February 2000.

⁹² Tweede Kamer der Staten-Generaal, Kamerstuk 28 375, Nr 5, Kabinetsformatie 2002, 3 July 2002.

⁹³ Meedoen - meer werk - minder regels, HOOFDLIJNENAKKOORD VOOR HET KABINET CDA, VVD, D66, 16 May 2003.

⁹⁴ Coalitieakkoord tussen de Tweede Kamerfracties van CDA, PvdA en ChristenUnie, 7 februari 2007.

⁹⁵ Vrijheid en verantwoordelijkheid – Regeerakkoord, VVD-CDA.

⁹⁶ Bruggen slaan - Regeerakkoord VVD – PvdA, 29 oktober 2012.

			and introduction SME Test ⁹⁷	
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The implementation of the programme was characterised by the continuous use of the Standard Cost Model; the inclusion of burdens of companies, citizens, professionals working within the administration (such as policy officers, nurses and youth workers) and the administration; in-depth studies to analyse the legal requirements and simplification possibilities in specific sectors; and extensive analysis with regard to substantial system changes. The programme was implemented in a period that spanned two decades even though the composition of the Government changed several times and elections were held at frequent intervals. This was possible since all political parties agreed on the overall goal to reduce bureaucracy and improve services through setting concrete burden reduction targets. The required management infrastructure was firmly embedded within the administration.

Number of legal acts in The Netherlands

By the end of 2004, a report on the size of the legislative framework in The Netherlands underlined the importance of establishing a policy to address the stock of legislation⁹⁸. It showed the workload that the administration of The Netherlands faced when implementing the burden reduction programme. The overall conclusion was that a total number of 12.192 laws and sub-legal acts were in force that year. Since 1980, the number of primary laws had increased from 1.100 to 1.800.

While these numbers provided a general understanding of the legal framework, they did not in themselves define how burdensome and complex this framework was. The length of laws – measured in the number of articles – and the matters that they regulate do, naturally, not derive from the total number only.

The 12.192 laws and sub-legal acts represented a total of 140.000 articles with a law containing 26 articles on average. These numbers for a cabinet regulation and a ministerial rule were 12.5 and 7 respectively. These average numbers did hide a large difference in the length of laws per ministry.

The figure below shows the general trend in the number of laws and sub-legal acts in The Netherlands. These figures show a remarkable adjustment in the entire stock of legislation with the number of sub-legal acts decreasing significantly between 2004 and 2018. However, no data exists regarding the number of articles that these laws and sub-legal acts contain.

Figure 28: The total number of primary laws and sub-legal acts in The Netherlands in 1980, 2004 and 2018

	1980	2004	2018 ⁹⁹
Primary laws	1.100	1.800	2.011 ¹⁰⁰
Cabinet regulations	-	2.675	2.138 ¹⁰¹

⁹⁷ Vertrouwen in de toekomst - Regeerakkoord 2017 – 2021 - VVD, CDA, D66 en ChristenUnie, 10 oktober 2017.

⁹⁸ Every rule counts, Laws, Cabinet regulations and ministerial rules in the Netherlands, October 2004.

⁹⁹ Data on the number of primary laws and sub-legal acts was collected through the website 'wetten.overheid.nl/zoeken'. The website was visited on 9 March 2018.

¹⁰⁰ The total number of laws for Kosovo was 435 according to the Government report on the 'Laws published in the Official Gazette of the Republic of Kosovo', 12.03.2018.

¹⁰¹ The number of sub-legal acts that are in force in Kosovo is estimated to be around 2.500. The report on the 'Registry of Secondary Legislation in Power approved by the Government and the Ministers' contains 509 pages with an average of 5 sub-

(Sub-legal acts)			
Ministerial rules (Sub-legal acts)	-	7.717	5.624
Total	-	12.192	9.773

The total number of laws and sub-legal acts decreased by nearly 2.500 in the period between 2004 and 2018. The reasons behind this decrease can be tentatively linked to the administrative burden reduction programme of successive Dutch Governments. The programme encouraged ministries to simplify their legal frameworks which led to a process of merging legislation, for example in the cases where permit systems were merged. In addition, ministries worked together to establish a new legal basis to achieve substantial reductions which triggered merging of legal acts. However, a detailed analysis on the causality of the link between the administrative burden reduction programme and the number of legal acts has not yet been made.

The number of laws and sub-legal acts highlights one specific issue very well. The management of the legal framework of The Netherlands and the process of screening this framework on possibilities to reduce administrative burdens was a considerable task. In practical terms, the majority of these legal acts were analysed on their possibilities to reduce administrative burdens; research was done into the effect of these potential reductions; stakeholders were consulted; amendments were developed and adopted through the standard law-making processes.

Furthermore, setting up a database containing all articles and ensuring that detailed figures were collected for the calculations through the Standard Cost Model put additional considerable demands on the management and organisation in order to achieve the 25% reduction target for administrative burdens. It meant a full involvement of all levels of Government: from the Government to the Parliament; line ministries to municipalities; and from Statistics Netherlands to enforcement/inspection organisations.

The workload was considerable. The investments made into the programme for administrative burden reduction were clear with a large number of people working on this topic and budget set aside for research and improving implementation practices for legal requirements. Specific numbers are not available unfortunately, but given the large number of involved persons, it is clear that they must have been substantial.

That these investments were worth it, shows itself in the fact that The Netherlands achieved a burden reduction level far beyond the initial reduction target for administrative burdens for companies. As is explained below, the administrative burden reduction policy eventually included not just companies, but also citizens, professionals working in the (semi-) public sector and the information exchange between the national government and the regional and local level. The Netherlands is a good example that effective long-term management of the stock and flow of legislation yields considerable benefits for society in economic and social terms.

legal acts listed per page. The sub-legal acts are not numbered and they were not counted individually as part of the analysis for this Concept Document.

The early phases in administrative burden reduction in The Netherlands

Efforts to reduce administrative burdens in The Netherlands stretch back to the 1990s. Two reports, both developed by the Commission on Administrative Burdens, stand out in importance: the interim report ‘Tackling the paper mountain’ from 25 November 1999 and the final report ‘Rules without burdens’ from 25 November 1999¹⁰². The reports focused on the urgency of the reduction of administrative burdens, the possible means to achieve such burden reductions and the manner in which the Dutch Government could manage an effective burden reduction programme. The initial estimate of the total amount of administrative burdens was expected to be 16.5 billion Dutch guilders¹⁰³. At that time, this was equal to 7.49 billion Euro¹⁰⁴.

In early 2000, the Dutch Government presented the outline of its policy initiative to reduce administrative burdens by setting a net reduction target of 25%¹⁰⁵. Administrative burden reduction was presented as a continuous process with the central focus being an improved awareness of all involved stakeholders – within and outside the administration – about the effects of legislation and administrative burdens in particular. These burdens were labelled as having a negative effect on the international competitiveness of The Netherlands and reduced the societal acceptance of measures taken by the Government. Burden reduction, it was argued, led to improvements of the business climate and improved the quality of the public administration. In order to effectively address administrative burdens, the Dutch Government set out its approach that addressed both the ‘flow’ of legislation as well as the ‘stock’ of legislation.

Figure 29: The main issues from the proposal of the Dutch Government to reduce administrative burdens by addressing both the ‘flow’ and ‘stock’ of legislation¹⁰⁶

Reducing administrative burdens by addressing the flow of legislation	<ul style="list-style-type: none"> - Preventing the creation of new administrative burdens - Focus during the policy development and law-making process on least burdensome options with the aim to achieve a cultural sea change within the public administration - Establishment of independent oversight for the entire law-making process (all proposals for primary and secondary laws) and scrutiny of ministerial plans for and reports on administrative burden reduction (Actal would perform this task¹⁰⁷) - Use of company panels during the law-making process to assess least burdensome options
Reducing administrative	<ul style="list-style-type: none"> - Measurement of administrative burdens caused by the entire

¹⁰² Tweede Kamer der Staten-Generaal, Kamerstuk 24 036, Nr 148, Brief van de Ministers van Economische Zaken en van Justitie. The names are translated from the Dutch. The ‘Commission on Administrative Burdens’ is the translation of ‘Commissie Administratieve Lasten’. ‘Tackling the paper mountain’ is the translation of ‘De papierberg te lijf’. ‘Rules without burdens’ is the translation of ‘Regels zonder overlast’.

¹⁰³ Tweede Kamer der Staten-Generaal, Kamerstuk 24 036, Nr 160, Brief van de Ministers van Economische Zaken en van Justitie, 15 May 2000.

¹⁰⁴ The conversion from Dutch guilders to Euros is made on the conversation rate used for the introduction of the Euro under which 2.20371 Dutch guilders equaled 1 Euro.

¹⁰⁵ Tweede Kamer der Staten-Generaal, Kamerstuk 24 036, Nr 148, Brief van de Ministers van Economische Zaken en van Justitie, 11 February 2000.

¹⁰⁶ Idem.

¹⁰⁷ Tweede Kamer der Staten-Generaal, Kamerstuk 24 036, Nr 160, Brief van de Ministers van Economische Zaken en van Justitie, 15 May 2000.

<p>burdens by addressing the stock of legislation</p>	<p>stock of existing legislation (responsibility was placed with the individual line ministries that had to measure the administrative burdens originating from the legislation for which they were responsible)</p> <ul style="list-style-type: none"> - Announcement of a uniform measurement methodology for administrative burdens (the Standard Cost Model would become the uniform measurement methodology and it would be agreed on in 2003¹⁰⁸) - All administrative burdens were to be reviewed regarding their reduction potential and the expected burden reduction potential was to be quantified - Increased use of IT solutions for reducing administrative burdens through (1) improved digital information exchange between companies and the administration; (2) improving service provision by the administration by ensuring companies receive all information that they need to have; and (3) enhanced information exchange within the administration and multiple use of the same data
<p>Managing the burden reduction policy</p>	<ul style="list-style-type: none"> - Monitoring and transparency based on detailed ministerial action plans for administrative burden reduction and annual reporting against these plans to the Parliament regarding actual achievements (initially, the planned burden reductions and reports on implementation were expected to be presented in May each year) - Every ministry was obliged to report on the burden reduction efforts within the domain of the ministry and the Ministry of Economic Affairs was tasked to report on the programme in its entirety - Each ministry was obliged to establish a focal point for administrative burden reduction; the staff at these focal points were responsible for managing the burden reduction policy regarding the flow and the stock on the level of the ministry; it provided support to the political leadership of the ministry and ensured effective reporting to the Parliament; and it ensured that capacities within the ministry were developed on issues ranging from performing SCM measurements to ensuring that the ministry would operate in line with the new requirements for the policy and law-making process

The implementation of the administrative burden reduction policy followed soon from the announcement in early 2000. By May 2000¹⁰⁹, ministries reported in their ministerial reports on the legislative domains that they were going to measure and when these measurement were expected to be completed. The approach was flexible and adjusted to the capacities, possibilities and needs of

¹⁰⁸ Tweede Kamer der Staten-Generaal, Kamerstuk 24 036, Nr 1, Kabinetsplan aanpak administratieve lasten, 9 April 2004.

¹⁰⁹ Idem.

ministries. The Dutch Government announced that while the reduction policy was being implemented, the coverage of the measurements would be expanded. The administrative burdens of more and more laws and sub-legal acts would be measured. The Dutch Government also clearly communicated that the measurement was an essential tool for administrative burden reduction. However, the total amount of these burdens was of second order importance compared to the real focus of the programme: the actual possibilities to reduce burdens and increase efficiency of legislation. Administrative burdens were regarded as a problem that had to be set right in the future. Two measures in general were seen as the main conduits for administrative burden reduction: (1) adjusting legal provision and (2) improving the de facto implementation of existing legal obligations.

In their plans on administrative burden reduction, line ministries reported on four aspects. First, they indicated which reduction possibilities they regarded as feasible in the short term. The focus was on the significant administrative burdens that resulted from the high frequencies of Information Obligations, the large number of affected companies and the prospect of straightforward and easy to implement IT solutions. Second, attention was given to administrative burdens that caused a high level of irritation within the business community. These burdens were identified through consultation. Third, burden reductions that would need the involvement of more than one ministry had to be identified and the basis for implementation of burden reductions had to be prepared through a shared project between ministries and ministers. Fourth, the existing projects that had links to or aimed to achieve administrative burden reductions had to be brought under the umbrella provided by the administrative burden reduction policy.

This approach ensured that the Government collected all information that was available on the possibilities to reduce administrative burdens through a thorough stock taking of measures that were already in progress and measures that could be implemented in the near future. Furthermore, it identified the reduction measures for which inter-ministerial coordination was needed and IT project for which sufficient budget would have to be reserved.

The complexity of implementing administrative burden reduction effectively showed itself while research and insight developed when the policy was implemented and further matured. A discussion about the role of administrative burdens led to the clarification by the Dutch Government, notably in 2002¹¹⁰. The outcome of the discussion was along the lines that administrative burdens should be avoided where possible and that the focus should be on the efficiency of the implementation of legislation. Additional administrative burdens could not be avoided as such, especially not when taking into account the obligation to implement new legislation that originated in the European Union. Administrative burdens are justified when they achieve a societal goal, but should be kept to the minimum level necessary. To ensure this, the role of the independent watchdog Actal was stressed as being essential to achieving this aim in the medium to long term.

A few years after the initialisation of the administrative burden reduction policy, the reporting on the administrative burden reduction programme changed. From 2003 onwards, the main part of this reporting was integrated into the annual budget cycle. The plans and achievements were integrated into the budgeting process as an annex to the budget proposal. Line ministries had to report on the

¹¹⁰ Tweede Kamer der Staten-Generaal, Kamerstuk 24 036, Nr 255, Brief van de Ministers van Economische Zaken en van Justitie, The Hague, 7 May 2002

administrative burden reduction achievements in their annual reports. The Government also started publishing periodic updates in May each year¹¹¹.

The 2004 impetus

The year 2004 marked an important change in the manner in which The Netherlands addressed administrative burdens.

This affected the scope of the policy, which went to include also citizens, professionals working within the (semi-)public sector and reporting requirements from the national level to the regional and local levels of government. As such, administrative burden reduction became a central pillar for Public Administration Reform and triggered a fundamental review of the information-related processes used by the administration and, as such, it started the process that re-evaluated and redefined the role and function of the administration in society.

In addition, it led to a substantial revisiting of the structure needed to manage the administrative burden reduction policy and substantially strengthening the process.

Strengthening the policy to reduce burdens for businesses

The policy to reduce administrative burdens matured further. In early 2004, the Netherlands Bureau for Economic Policy Analysis published a report that showed the potential impacts of a reduction of administrative burdens by 25%¹¹². The main expected economic impact was a GDP increase of 1,5%. This increase would result from increased labour productivity by 1,7%; improved competitiveness of the Dutch economy and its businesses; and increased flexibility of companies to adjust to changing economic conditions. These figures were confirmed by the Dutch Government in its report to the Parliament in which it reiterated its commitment to a renewed administrative burden reduction target of 25%¹¹³.

In 2004, the figures regarding the level of administrative burdens were revised upwards once the full measurement of all laws and sub-legal acts had been completed. The total administrative burdens were set at 16.3 billion Euro annually¹¹⁴, the cost equivalent of 3.6% of GDP. The full measurement also showed that European legislation was linked to about 40% of these burdens as a result of the creation of a European level playing field in the economic sphere. Moreover, the coordination of the administrative burden reduction programme was moved to the Ministry of Finance whereas the Ministry for Economic Affairs focussed its efforts on the use of IT solutions in order to reduce administrative burdens¹¹⁵. This strengthened the link with the budget cycle and specific instructions were developed to ensure that all ministries were informed about and able to work with the new requirements¹¹⁶. The Ministry of Finance also established the Interministerial Project Unit for Administrative Burden which was later renamed

¹¹¹ Idem.

¹¹² Tweede Kamer der Staten-Generaal, Kamerstuk 29515, Nr 1, Bijlage bij Kamerstuk 29515 nr. 1, CPB-notitie Economische effecten van een verlaging van de administratieve lasten, 7 April 2004.

¹¹³ Tweede Kamer der Staten-Generaal, Kamerstuk 29515, Nr 1, Kabinetsplan aanpak administratieve lasten, 9 April 2004.

¹¹⁴ The initial report from 2004 by the Government set the level of administrative burdens at 16.4 billion euro per year. This figure was adjusted in May 2005 to 16.3 billion euro per year. See also: Tweede Kamer der Staten-Generaal, Kamerstuk 29515, Nr 59, Kabinetsplan aanpak administratieve lasten, 11 March 2005.

¹¹⁵ Tweede Kamer der Staten-Generaal, Kamerstuk 29515, Nr 10, Kabinetsplan aanpak administratieve lasten, 27 May 2004.

¹¹⁶ See also: http://www.rijksbegroting.nl/archief-minfin/2004/default242a.html%3FCMS_ITEM=73E1C24091964853BDE7A5C12DE64386X1X61397X45?CMS_ITEM=73E1C24091964853BDE7A5C12DE64386X1X61397X45 (website consulted on 9 March 2018)

into Regulatory Reform Group¹¹⁷. This directorate consisted of specialists from the MoF itself, combined with policy and administrative burden reduction experts from the line ministries whose legislation caused the most substantial amount of administrative burdens in The Netherlands. This composition brought together policy expertise with the expertise required to manage the administrative burden reduction programme.

The realisation that the previous approach to administrative burden reduction had not lived up to the promises and political/societal expectations, convinced the Dutch Government to insert new rigour and energy into its burden reduction programme. Ministerial reduction plans were updated. Ceilings per ministry for administrative burdens were introduced by 2005. These ceilings were net ceilings which meant that ministries – next to ensuring that the 25% reduction target would be achieved for the stock of legislation – had to compensate each burden increase that resulted from new legislation. The Dutch Government reported in detail to the Parliament about the planned burden reduction measures. At this stage, it set the reporting bar for proposals that would reduce burdens by more than 1 million Euros. Many of these proposals had been prepared through so-called ‘Mixed Committees’ in which line ministries cooperated closely with business representatives on the identification of reduction possibilities. These committees would provide an official advice to ministers on possible measures to reduce administrative burdens¹¹⁸. This advice was published online and generally sent to the Parliament for information as well. Ministers and their line ministries therefore often reported in detail on the manner in which they took the suggestions from these committees forward to the Parliament¹¹⁹.

2004: municipalities and administrative burdens

The analysis of the origins of administrative burdens led the Dutch Government to assess how businesses were affected by legal information obligations on the local level. The result of an in-depth analysis showed that while municipalities played a central role in about 1.4 billion Euro in burdens. Most of this amount was the result from the role that municipalities had in implementing national legislation. Only about 200 million Euro administrative burdens per year were the result of purely locally developed information obligations. Even though the contribution of municipalities to the total of administrative burdens in The Netherlands, specific efforts were developed to address issues in the implementation of legislation, such as shortening procedural time needed to process permits and to reduce waiting time for services provided by municipalities¹²⁰.

2004: administrative burdens for citizens

During 2004, the Ministry for Internal Affairs and Kingdom Relations complemented the policy to reduce administrative burdens for companies with a burden reduction policy aimed at simplifying the life of citizens. It presented its plans to the Dutch Parliament in June that year and linked the policy to the overall aim to modernize the Public Administration¹²¹. It established a Commission that had to analyse

¹¹⁷ Name translated from the Dutch original names: Interdepartementale projectdirectie administratieve lasten and Regiegroep Regeldruk.

¹¹⁸ The following report is an example of such an advice: Lasten in Balans, Eindrapport van de gemengde commissie Administratieve Lastenvermindering, Advies aan de minister van Landbouw, Natuur en Voedselkwaliteit, March 2004.

¹¹⁹ See, for example, Tweede Kamer der Staten-Generaal, Kamerstuk 29515, Nr 34, Kabinetsplan aanpak administratieve lasten, 21 September 2004; and Tweede Kamer der Staten-Generaal, Kamerstuk 29515, Nr 38, Kabinetsplan aanpak administratieve lasten, 28 September 2004.

¹²⁰ Tweede Kamer der Staten-Generaal, Kamerstuk 29515, Nr 36, Kabinetsplan aanpak administratieve lasten, 24 September 2004.

¹²¹ Tweede Kamer der Staten-Generaal, Kamerstuk 29 362, Nr 136, Modernisering van de overheid, 16 May 2008.

the possibilities to reduce burdens for citizens¹²². In 2005, the baseline measurement for citizens was presented to the public. Dutch citizens, it was calculated, spent 112 million hours and nearly 1.3 billion Euro in out-of-pocket costs in order to comply with Information Obligations defined in legal acts¹²³. While the average administrative burdens per citizen was not particularly high at 10 hours per year and 100 euro in out-of-pocket costs, the analysis singled out specific target groups. These are listed in the overview below. This approach showed that the administrative burdens for specific groups were considerably higher than for others. Of particular relevance was the fact that especially groups for who support structures had been set up to help out, had far higher administrative burdens than had been realised before.

The policy to reduce administrative burdens for citizens was also subject to a reduction target of 25%. However, the overall reduction achieved by 2008 were 17% and 21% respectively for the total amount of hours and out-of-pocket costs. The reasons behind not reaching the target were explained and the programme was considered to be implemented¹²⁴.

Figure 30: Citizen target groups as defined by the Dutch Government

<p>2007 profiles:</p> <p>Family Verstappen: general profile of an average Dutch family</p> <p>Bart, 9 years: profile of a family with a chronically ill child</p> <p>Thea, 80 years: profile of an elderly person</p> <p>Maria, 31 years: profile of a single mother with one child</p> <p>Henk, 46 years: profile of an active volunteer¹²⁵</p> <p>In 2008, these profiles were refined and the administrative burdens per target group were defined to show the differences that existed between them (figure presented below are rounded)¹²⁶.</p> <p>Family Andriessen, average family with two children: 24 hours in administrative burdens</p> <p>Agnieska, single mother dependent on social benefits: 96 hours in administrative burdens</p> <p>Michel, single father with diabetes: 51 hours in administrative burdens</p> <p>Ad, unemployed person: 69 hours in administrative burdens</p> <p>Sophie, teenager with handicap: 107 hours in administrative burdens</p> <p>Bert, senior with dementia: 21 hours in administrative burdens</p> <p>Gerda, active senior: 42 hours in administrative burdens</p> <p>Jan, volunteer: 88 hours in administrative burdens</p> <p>Maarten, living in the Netherlands, working in Belgium: 33 hours in administrative burdens</p> <p>Bjorn, expat: 37 hours in administrative burdens</p> <p>Constanza, foreign student: 16 hours in administrative burdens</p>
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¹²² Instellingsbesluit Algemene Commissie Administratieve Lasten Burgers, 17 November 2004, Staatscourant, 22 November 2004 (publication date), nr. 225 / pag. 8.

¹²³ Tweede Kamer der Staten-Generaal, Kamerstuk 29 362, Nr 35, Modernisering van de overheid, 23 May 2005.

¹²⁴ Tweede Kamer der Staten-Generaal, Kamerstuk 29 362, Nr 17, Modernisering van de overheid, 1 June 2004.

¹²⁵ The Ministry of the Interior and Kingdom Relations developed the brochure 'Passie onder (regel)druk' on how municipalities can be more service minded towards volunteers that was published in November 2007.

¹²⁶ NEDERLAND REGELLAND - op weg naar merkbare verbeteringen voor burgers, brochure published by the Ministry of the Interior and Kingdom Relations, June 2008.

Research into the manner in which EU Member States addressed administrative burdens for citizens confirmed the political attention that had been provided to the topic across the continent¹²⁷. It showed that administrative burdens for citizens was often addressed through projects that aimed at reducing bureaucracy in general; projects that focussed on digitalising governmental services; and efforts to increase government efficiency. Moreover, substantial differences were found in the level of administrative burdens caused by legislation that aimed to achieve the same results, such as the issuing of passports and the filing of tax returns. While a part of these differences related to the manner in which countries assessed the administrative burdens (qualitative vs. quantitative), they also showed the substantial differences between countries regarding national policy choices regarding implementation and the use of IT.

In 2007, the Dutch Government presented its updated policy for administrative burden reduction for citizens and introduced considerable changes. Reducing administrative burdens for citizens was linked directly to improving service provision by the administration¹²⁸. In addition and in line with the policy developments regarding the reduction of administrative burdens for companies, the focus adjusted in order to take into account citizens' perception of burden reduction measures. In order to achieve this, cooperation with the municipal level was strengthened since municipalities are highly relevant as service providers to citizens and companies in The Netherlands.

A nation-wide administrative reduction target was not reintroduced in 2007, marking a considerable policy shift compared to the continued focus on administrative burden reduction targets for companies. However, a burden reduction target kept dominating the efforts to improve service provision, but this time it applied to the burdens caused by municipalities, including their roles in implementing/executing national policies. In addition, specific bottlenecks were identified as being especially cumbersome for citizens and companies. These had to be addressed effectively through a cooperation in which the national and local level cooperated closely.

Figure 31: The most common complaints from Dutch citizens about the administration in 2007¹²⁹

- 1) The obligation to provide the same information several times
- 2) Waiting time (at the front desk, on the phone, time spent awaiting a decision)
- 3) Filling in forms
- 4) Text that is hard to understand
- 5) Difficulties to reach the right person/organization
- 6) Mistakes made by administrations that are hard to correct
- 7) Being sent from one office to another without being provided with a solution
- 8) Lack of understanding from civil servants
- 9) Waste of time due to activities without clear added value

¹²⁷ Administrative Burden Reduction for Citizens - A European overview; research contracted by the Ministry of the Interior and Kingdom Relations; study performed by PWC-Netherlands and published 14 May 2007.

¹²⁸ Brochure 'Betere dienstverlening aan burgers met minder administratieve lasten' from 21 September 2007 issued by the Ministry of the Interior and Kingdom Relations.

¹²⁹ Last van de overheid 5, Vijfde rapportage over de meldingen; research contracted by the Ministry of the Interior and Kingdom Relations; study performed by Hein Albeda Advies and published June 2007.

The nine most common complaints were the basis for measures to improve services for citizens. The choices made were a mix of improving client friendliness through a grading system; in line with the administrative burden reduction methodology, introduce measures such as (1) reducing frequencies of Information Obligations for citizens such as the technical check for cars and (2) establishing IT processes for pre-filling forms for application of pension benefits; and the revision of forms used by the administration¹³⁰.

Figure 32: Forms, understandability and mistake rate

Forms are the link between the administration and legislation on one side and the citizens and companies on the other. Mistakes made when filling in forms cause multiple problems. Citizens and companies have to submit forms multiple times and do not get the speedy reactions and decisions that they were expecting; the administration need to analyse and return forms until they are completed in the correct manner.

Research shows that forms that are screened and made more clear and understandable can lead to a reduction in mistakes by 50%¹³¹. This in turn is beneficial for citizens, companies and the administration alike. Since forms are essential in the decision-making processes of the administration, a lower mistake rate will ensure smoother decision-making.

2004: administrative burdens for administrative bodies and professionals in the (semi) public sector

The focus of the administrative burden reduction policy was extended gradually. For example, the Dutch Ministry for Education, Culture and Science issued a study into the perceived and actual administrative burdens in the education sector. The results were published in early 2004¹³². Politically, the topic kept receiving substantial support since the question on how the administration regulates itself and how this contributes to the overall goals that have been set remained relevant¹³³.

In 2007, the programme to address administrative burdens for professionals – such as police officers, teachers, nurses and youth workers – was set up. Instead of establishing a reduction target, the policy aim was to substantially address the Information Obligations that these professionals face. The driving force was to ensure that they were able to spend more time on their actual job instead of filling in forms. In addition, the Dutch Government set forth the aim to address the five most cumbersome procedures¹³⁴. These goals were complemented with three secondary goals: (1) to make clear the added value of specific obligations; (2) increase the trust that is awarded to professionals in the public sector; and (3) share approaches and best practices on how to comply with specific obligations¹³⁵. In 2008, the Dutch Government presented a detailed overview in which it showed which administrative burdens professionals working in the public service have to deal with. It also showed the issues that these

¹³⁰ Voortgang vermindering regeldruk burgers, professionals en overheden, 16 May 2008.

¹³¹ Idem.

¹³² Regeldruk voor OCW-instellingen. Een onderzoek in de sectoren PO, BVE, OWB, WO en podiumkunsten; research contracted by the Ministry for Education, Culture and Science; study performed by ECORYS-NEI and published on 2 February 2004.

¹³³ <https://www.trouw.nl/home/bezwijkt-het-onderwijs-onder-de-regeldruk-~afc45dae/>

¹³⁴ Brochure 'Betere dienstverlening aan burgers met minder administratieve lasten' from 21 September 2007 issued by the Ministry of the Interior and Kingdom Relations.

¹³⁵ Administratieve Lastenvermindering voor Professionals in de (semi-)Publieke Sector - Doelstellingen en aanpak, Ministry of the Interior and Kingdom Relations, December 2007.

professionals faced, such as IT systems that were not interoperable, duplication of registration requirements and other inefficiencies¹³⁶.

The administrative burdens caused by reporting requirements that municipalities and provinces in The Netherlands had to comply with, were subjected to a reduction target of 25% in 2007. The financial information stream was to be considerably simplified. The amount of information requested through interim evaluations, monitoring reports and other obligations on the implementation of policy were expected to be reduced by 25%¹³⁷. For implementation of the burden reduction target, a baseline measurement was made for the administrative burdens per year. This included both the burdens caused through rules developed by municipalities in line with their autonomy and burdens caused as a result of municipalities implementing legislation developed on national level. The burdens were calculated to be 101 million Euro for companies. For citizens, the burdens amounted to 10.6 million hours and 23 million Euro out-of-pocket costs¹³⁸.

The discussion on administrative burdens and the added value of specific Information Obligations continues. Hospitals in The Netherlands, for example, raised the issue of quality marks and labels that have been developed over the past years. While they contributed to raise awareness and yielded important improvements in patient care, they are regarded as having achieved their intended goal. As such, they are not necessary anymore in the current form. They could be changed or abolished¹³⁹. In May 2018, The Dutch Government announced the action plan to eliminate unnecessary bureaucracy from the health sector.¹⁴⁰ A dedicated approach to simplifying the administrative burdens in the psychiatric care sector yielded a burden reduction of about one hour per day, freeing up time for the core task of psychiatrists, carers and other professionals in that field.¹⁴¹

Consultation during the implementation of the administrative burden reduction programme

Consultation was an integral part of the policy to reduce administrative burdens. When measurements were made through the interviews with businesses, the respondents were always asked whether they saw possibilities to simplify the process of delivering information to the administration¹⁴².

In 2003, the Dutch Government established a temporary hotline service in order to receive feedback from business on rules that are contradictory. It reported on the results of this one-off feedback loop in early 2005¹⁴³.

¹³⁶ NEDERLAND REGELLAND - naar merkbare administratieve lastenvermindering voor professionals, brochure published by the Ministry of the Interior and Kingdom Relations, January 2009.

¹³⁷ Brochure 'Betere dienstverlening aan burgers met minder administratieve lasten' from 21 September 2007 issued by the Ministry of the Interior and Kingdom Relations.

¹³⁸ 'Nulmeting AL Gemeentelijke Regelgeving 2007, Onderzoek naar de Administratieve lasten van de gemeentelijke regelgeving voor Bedrijven en Burgers', measurement performed by SIRA consulting, 1 September 2008.

¹³⁹ <https://www.ad.nl/rotterdam/ziekenhuizen-in-rotterdam-willen-af-van-vele-keurmerken~a7c8a377>, visited on 13 March 2018.

¹⁴⁰ https://www.rijksoverheid.nl/actueel/nieuws/2018/05/23/kabinet-minder-papier-meer-zorg?utm_source=emailnieuwsbrief&utm_medium=email&utm_campaign=Regeringsnieuws, last visited 23 May 2018.

¹⁴¹ <https://amp-nos-nl.cdn.ampproject.org/c/s/amp.nos.nl/artikel/2306246-minder-administratie-levert-in-psychiatrie-bijna-uur-per-dag-op.html>

¹⁴² See for example Chapter 5 in 'Nulmeting AL Gemeentelijke Regelgeving 2007, Onderzoek naar de Administratieve lasten van de gemeentelijke regelgeving voor Bedrijven en Burgers', measurement performed by SIRA consulting, 1 September 2008.

¹⁴³ and Tweede Kamer der Staten-Generaal, Kamerstuk 29515, Nr 49, Kabinetsplan aanpak administratieve lasten, 17 January 2005.

Figure 33: Methods for business consultation in The Netherlands for administrative burden reduction

Company visits
Interviews during the measurement process
Mixed committees for identification of measure to reduce administrative burdens
Model companies that provided the basis for testing administrative burden reduction measures
Online platforms for submitting complains and suggestions
High-level committees reporting on specific issues

During October 2003, nearly 800 bottlenecks had been identified by businesses. The issues that companies faced in their daily operations showed, however, that the actual number of strictly legal contradictions was rather low since only 8 issues could be traced back clearly to such contradictions. In most cases, the perceived contradictions did not originate in the legal framework as such, but in the way legal provisions were implemented. The majority of issues raised by companies were linked to the difference in interpretation of legislation by various implementing authorities; the apparent lack of logic of rules compared to the actual situation in which businesses operated; and lack of coordination between implementing authorities with regards to their respective internal decision-making processes and the alignment of their positions to each other.

The majority of the 800 cases had been addressed and dealt with effectively during 2004. Only 8 issues out of the original 800 remained open at the time the Government reported on the progress in January 2005.

The experiences gained during the one-off feedback round from companies led, however, to the development of a permanent secretariat to address issues raised by companies.

In 2006, the Dutch Government reported on the further developments¹⁴⁴. The number of new issues raised by companies decreased significantly and this was interpreted as a sign that the day-to-day challenges that companies face regarding legislation were decreasing as well. In addition, sector profiles were developed to provide businesses with a clear overview of the existing legal requirements they have to adhere to¹⁴⁵.

Standardised profiles were developed for so-called model companies in seven sectors. These were the chemical industry; hospitality sector; glasshouse horticulture; metal industry; performing arts; temporary work agencies; and hospitals. The model companies were used as focal points of legislation and yielded a total of 300 bottlenecks that were subsequently addressed. Representatives from businesses and business organisations were closely involved in this process¹⁴⁶.

Furthermore, the Dutch Government established several committees that analysed important bottlenecks and most cumbersome rules while the administrative burden reduction policy was

¹⁴⁴ Tweede Kamer der Staten-Generaal, Kamerstuk 29515, Nr 143, Annex 3, Voortgangsrapportage Strijdige Regels, 22 May 2006

¹⁴⁵ Currently, the Dutch Government provides detailed information to companies through the website 'www.ondernemersplein.nl'. This website is a culmination of other initiatives such as 'www.bedrijvenloket.nl' and 'www.antwoordvoorbedrijven.nl'.

¹⁴⁶ Tweede Kamer der Staten-Generaal, Kamerstuk 29515, Nr 94, Kabinetsplan aanpak administratieve lasten, 3 October 2005.

progressing. These committees – such as the Committee Stevens¹⁴⁷, the Sounding Board for Entrepreneurs on Regulatory Burden¹⁴⁸, Committee Wientjes¹⁴⁹, Committee Elverding¹⁵⁰ – presented practical suggestions on how to reduce administrative burdens. The main contributions of these committees was to ensure feedback from businesses; link business reality to the burden reduction efforts; ensure political support for the issues that businesses found most relevant; and to communicate – indirectly – the burden reduction programme to important business stakeholders.

Independent oversight for administrative burden reduction

The Dutch policy for recusing administrative burdens was independently verified through two bodies. The first was the independent watchdog Actal. The second was the Dutch Court of Audits¹⁵¹.

Oversight by Actal: 2000-2017

Actal was the independent watchdog that oversaw the administrative burden reduction policy in The Netherlands¹⁵². It was embedded fully in the policy and law-making processes that were developed specifically for managing and implementing the administrative burden reduction policy. In guiding goal was to ensure that the Dutch administration, i.e. civil servants developing policies and laws, take into account the effects of regulation and the costs caused by regulation in particular.

Actal was active between 2000 and 2017. In that year its mandate was significantly altered, together with its name. Since 1 June 2017 it is continuing under the name Dutch Advisory Board on Regulatory Burden¹⁵³.

The mandate of Actal developed and expanded as the administrative burden reduction policy matured and expanded to include not only businesses but also citizens, professionals working within the (semi-) public sector and information exchange between the different levels of the public administration.

At its inception in 2000, Actal's mandate was to screen legal proposals developed by line ministries. It had to identify possibilities to further simplify the proposed changes and to suggest less burdensome options when it identified these. Actal would provide an official, but non-binding opinion on the proposed legal acts.

In 2004, the mandate was expanded. From that moment on, Actal was allowed to analyse the existing legal framework as well in order to propose measures to reduce administrative burdens for businesses. The scope of its work went on to include administrative burdens for citizens in 2005. In 2008, the mandate was broadened to cover compliance costs in general, costs related to inspections, burdens linked to applying for subsidies. In addition, upon the request of regional and local administrations, Actal could provide opinions on their operations as well. From 2012, Actal developed 'regulatory burden audits' and provided suggestions to improve the management of the processes for reducing regulatory

¹⁴⁷ Tweede Kamer der Staten-Generaal, Kamerstuk 29515, Nr 143, Kabinetsplan aanpak administratieve lasten, 22 May 2006.

¹⁴⁸ Ondernemersklankbord Regeldruk, MinEZ 2005, Check ook de brief 'De Ondernemer Centraal' van 2006

¹⁴⁹ Programma Regeldruk Bedrijven 2011 – 2015. The Committee is formally known as the 'Commissie Regeldruk Bedrijven'.

¹⁵⁰ Adviesrapport Weg Belemmeringen, Adviezen van de Commissie Fundamentele Verkenning Transportbelemmeringen, 11 juni 2008.

¹⁵¹ Translation from the Dutch name of the organization: Algemene Rekenkamer.

¹⁵² The presentation of the functions of Actal is derived from the brochure 'Naar betere regels – Lessen uit 17 jaar Actal' published by Actal in 2017.

¹⁵³ See also: <https://www.atr-regeldruk.nl/english/about-atr>, last visited 19 March 2018.

burdens and how to ensure that the policy and law development and implementation processes remain tuned to the needs and possibilities of those that are being regulated.

Actal's functioning was evaluated several times. Its mandate was also temporary as the Dutch Government set its mandate for a specific number of years. The evaluations showed time and again that the contribution of Actal through its external oversight function, was essential to the success of the administrative burden reduction policies in The Netherlands. Various Dutch Governments recognised the contribution that Actal by deciding to prolong its existence and to broaden its mandate. Internationally, the Actal model has been transferred into the policy and law-making processes in, for example, the European Union through the Regulatory Scrutiny Board and Germany through the Normenkontrollrat.

Figure 34: The activities of Actal 2000-2017

- Screening all legal proposals on administrative burdens from 2000 onwards
- Screening all legal proposals on regulatory burdens from 2008 onwards
- Screening all measurement reports
- Screening Government and ministerial reports on the actual implementation of administrative burden reduction targets
- Screening Government and ministerial reports on the plans to reach the administrative burden reduction targets
- Providing concrete suggestions on how to reduce administrative burdens
- Providing strategic advice on achieving reductions in regulatory burden
- Performing 'regulatory burden audits' from 2012 onwards to assess to what extent the administration had developed a sustainable awareness regarding regulatory burdens

Oversight by the Court of Audits

The Dutch Court of Audits published its report on the achievements of the Dutch Government in June 2006¹⁵⁴. This report covered the years 2003 and 2004. The analysis focussed on the question whether the Dutch Government had lived up to the promises it had made to the Parliament. Furthermore, it analysed how companies assessed the achieved burden reductions.

The general conclusion was that the Dutch Government had implemented what it had promised. The management and related processes within the administration were firmly established and enabled achieving the burden reduction target. The measures proposed to reduce administrative burdens had generally been correctly calculated according to the Standard Cost Model. The auditors, after checking all reduction measures from 2003 and 2004, found only a few calculation errors.

The auditor's report highlighted an important aspect related to administrative burden reduction. The companies that are expected to benefit from the simplification of legislation do not necessarily perceive burden reductions in the same manner as the administration expects them to be felt. Four reasons are contributing to this: (1) when Information Obligations are simplified or abolished, companies might not have implemented them in full in the first place; this affects the perception of the achieved reduction¹⁵⁵;

¹⁵⁴ Tweede Kamer der Staten-Generaal, Kamerstuk 30605, Nr 2, Reductie administratieve lasten voor het bedrijfsleven, 15 June 2006.

¹⁵⁵ Important to note is that non-compliance or only partial compliance with Information Obligations does not necessarily have to be a deliberate act. Highly complex rules that are hard to understand, extensive reporting requirements in which a lot of data

(2) some administrative activities are continued even when the legal obligation is removed, but this is – naturally – the choice of the company or a choice of a specific industry sector (e.g. to uphold certain standards and the related reporting); (3) It takes time for companies to make use of the new possibilities offered through administrative burden reduction since old habits might be hard to change; and (4) administrative burden reduction leads to legal changes and changes in implementation; this means that companies also have to adjust to the new situation and this situation causes one-off adjustment costs.

Communication as additional pillar of the Burden Reduction Programme

In its reaction to the report of the Court of Audits, the Dutch Government explained that it would look more closely at the perception on the side of businesses and pay more attention to the manner in which businesses react to burden reductions and how these reductions are communicated. With the introduction of the burden reduction programme for 2007-2011, the Court of Audits concluded that its suggestions had been taken forward, especially regarding the focus on improved communication regarding the administrative burden reduction programme and individual reduction measures¹⁵⁶. To this end, the Dutch Government developed the ‘Experience Monitor for administrative burden reduction’¹⁵⁷ for which the Public Information Service of the Dutch Government was responsible. The monitor addressed issues ranging from the views of entrepreneurs and staff at companies regarding the general regulatory requirements and their added value to issues such as the differences in experiences between companies according to sector and size class. It was repeated in 2009¹⁵⁸ and 2010¹⁵⁹. It was also supplemented with sector specific research¹⁶⁰.

Administrative burden reduction and implementation of the EU Acquis

As an EU Member State, The Netherlands is obliged to implement EU legislation. This raised issues as to how EU law is implemented and whether legislation is ‘topped up’. On the EU level, this process is often referred to as gold plating which refers to adding additional requirements on top of those laid down in EU Directives¹⁶¹.

The position of the Dutch Government is that all gold plating needs to be avoided unless there are clear national reasons to go beyond the demands set in EU Law¹⁶².

Figure 35: Types of gold plating

<p>Gold plating of EU Law happens when:</p> <ol style="list-style-type: none">1) European legislation sets minimum standards and these standards are set stricter in national

must be provided and other reasons can make it hard to comply with IOs. In addition, the more elaborate the demands from the administration, the higher the chances that mistakes are made.

¹⁵⁶ Tweede Kamer der Staten-Generaal, Kamerstuk 30605, Nr 4, Reductie administratieve lasten voor het bedrijfsleven, 27 March 2008.

¹⁵⁷ Belevingsmonitor Regeldruk 2008, research contracted by the Public Information Service for the Ministry of Finance; research performed by Stratus marktonderzoek b.v. and published 7 May 2008.

¹⁵⁸ Belevingsmonitor Regeldruk 2009, research contracted by the Ministry of Finance; research performed by Stratus marktonderzoek b.v. and published 15 June 2009.

¹⁵⁹ Belevingsmonitor Regeldruk 2010, research contracted by the Ministry of Finance; research performed by Stratus marktonderzoek b.v. and published 23 March 2010.

¹⁶⁰ Eenmeting ervaren regeldruk in de jeugdsector – Eindrapportage onderzoeksresultaten, research contracted by the Ministry of Health, Welfare and Sport, research performed by Caggemini Consulting, May 2011.

¹⁶¹ EU Regulations are implemented directly and therefore cannot be gold plated.

¹⁶² Kabinetsreactie resultaten tweede inventarisatie 'nationale koppen' op Europese regels, 2 November 2007.

legislation

- 2) European legislation provides the possibility to use exemptions, but these are not transposed into national legislation
- 3) European legislation sets a clear scope for the obligations but this scope is expanded during transposition
- 4) national legislation existed before EU legislation was developed and the national standards are stricter than the EU minimum standards
- 5) EU standards are not clearly defined and comparison with other countries shows that an approach was chosen that could have been less strict
- 6) EU legislation is implemented before the actual deadline set for implementation

The first three cases are referred to as 'ex-post' gold plating. The fourth case is referred to as 'ex-ante' gold plating. The fifth case is an 'in-between' situation since the question whether gold plating took place can only be answered after in-depth analysis. The sixth case is referred to as temporary gold plating.

From administrative burdens to regulatory burdens

The programme to reduce administrative burdens for companies was quickly expanded to include citizens, professionals working in the (semi-)public sector and administrations as well. In addition to these burdens, the Dutch Government started looking into other costs caused by legislation as well.

In 2005, the Ministry for Economic Affairs launched pilots to measure substantive costs¹⁶³ of regulation¹⁶⁴. The Dutch Government established a 15% reduction target for these costs for the period 2007-2011. The approach focussed on the following specific policy domains: Environment, Agriculture and Nature; Transport; Employment; Health Care; Hotel, Catering, Food; Finance. The total costs for these sectors was measured to be 1.8 billion Euro per year. In addition, the Dutch Government established a 25% reduction target for costs related to inspections and established the simplification process to ensure that all subsidy programmes were low in administrative burdens¹⁶⁵.

From 2012 onwards, the policies to reduce various kind of burdens were integrated into one single reduction target of 2,5 billion euro within four years. This included administrative burdens for companies, citizens and professionals working in the (semi-)public sector as well as compliance costs in general.

3.1.2 The European Union¹⁶⁶

The European Union started its administrative burden reduction programme in 2007 and completed it in 2012. Whereas The Netherlands included all legislation into its programme, the EU chose to focus on 13 priority areas that were either responsible for a substantial part of all administrative burdens or policy fields that were regarded as particularly relevant from the business perspective.

¹⁶³ Translated from the Dutch phrase: nalevingskosten.

¹⁶⁴ Tweede Kamer der Staten-Generaal, Kamerstuk 30605, Nr 2, Reductie administratieve lasten voor het bedrijfsleven, 15 June 2006.

¹⁶⁵ Voortgangsrapportage Regeldruk Bedrijven, mei 2009.

¹⁶⁶ The description of the administrative burden reduction programme of the European Union is based mainly on the analysis of the following document:

'Action Programme for Reducing Administrative Burdens in the EU Final Report', European Commission, 2012.

When the description does not refer to this document, the additional source is clearly referenced in additional footnotes.

Figure 36: The 13 priority areas covered by the Action Programme for Reducing Administrative Burdens in the EU

- Agriculture and Agricultural Subsidies • Annual Accounts / Company Law
- Cohesion Policy
- Environment
- Financial Services
- Fisheries
- Food Safety
- Pharmaceutical Legislation • Public Procurement
- Statistics
- Taxation and Customs
- Transport
- Working Environment / Employment Relations

Within these 13 priority areas, 42 legal acts were initially selected for the measurement. In 2009, this number was expanded to 72 legal acts¹⁶⁷. The policy was governed by a 25% reduction target for the legislation that was covered under the programme and worked under the assumption that the selected legal acts represented about 80% of all administrative burdens caused by the EU Acquis.

The administrative burden measurement showed that the selected laws resulted in nearly 124 billion Euro in administrative burdens per year for all companies active in the EU. The European Commission had developed proposals that had the potential to reduce administrative burdens by about 41 billion Euro, but not all of these were adopted as official EU Law. By 2012, most of the reduction proposals - worth 30.8 billion Euro in administrative burden reduction - had been officially adopted by the European Parliament and the Council of the European Union. This meant that the 25% reduction target had been achieved and that the intended burden reduction percentage had been surpassed.

The programme to reduce administrative burdens was supported by EU Member States through the High Level Group of National Experts on Better Regulation and the Single Points of Contact. In addition, independent oversight of the measurements and the reduction possibilities was conducted by the High Level Group of Independent Stakeholders on Administrative Burdens. This group was established in 2007 and provided, for example, advice on the implementation of the programme and the application of the SCM.

Initially, the management responsibility for the programme to reduce administrative burdens lay with the Commissioner for Enterprise and Industry. This included responsibility of the SCM methodology, management of the measurement process and the reporting in the reduction measures.

With the reduction programme successfully concluded, the European Commission integrated the aim to further reduce administrative burdens into its general policy for Better Regulation. The Standard Cost Model was integrated into the policy development process through the Better Regulation Guidelines

¹⁶⁷ 'Action Programme for Reducing Administrative Burdens in the EU - Delivering on promises', European Commission, 2010.

and Toolbox¹⁶⁸. This means that the use of the SCM is part of both the ex-ante Impact Assessment process as well as the ex-post Evaluation process¹⁶⁹.

Furthermore, the European Commission followed up on the administrative burden reduction programme through the Administrative Burden Reduction Plus Programme (ABR+) initiative. This initiative focused on the implementation of administrative burden reductions through implementation choices made by EU Member States and sharing best practices for implementation¹⁷⁰.

In addition, the European Commission established the Regulatory Fitness and Performance Programme (REFIT) in 2015¹⁷¹. The rationale behind REFIT is to make EU law simpler and to increase efficiency by reducing the costs that legislation causes. This needs to be achieved without undermining the policy objectives. The programme builds on evaluation to collect evidence for simplification proposals and on extensive consultation and involvement of EU Member States and stakeholders.

3.1.3 Germany¹⁷²

The burden reduction programme in Germany addresses the burdens caused by legislation for companies, citizens and the public administration. The focus was initially on administrative burdens but has been widened to include compliance costs.

After an initial preparation period of about two years during which the Dutch approach regarding administrative burden reduction was taken as a lead-model for developing the German approach, the federal government of Germany initiated its administrative burden reduction programme in 2006.

The start of the reduction programme in Germany and the measurement process

In April 2006, the German federal government adopted the decision to initiate the reduction programme¹⁷³.

In its decision, the federal government stipulated the benefits of reducing administrative burdens in relation to creating a better basis for economic growth and enhancing acceptance and trust in policies and legislation adopted and implemented by the government.

The decision provided (1) the basis for the role of the National Regulatory Control Council (NRCC); (2) introduced the Standard Cost Model as the required methodology for identifying and measuring administrative costs; (3) established the new position of coordinator for administrative burden

¹⁶⁸ https://ec.europa.eu/info/law/law-making-process/planning-and-proposing-law/better-regulation-why-and-how/better-regulation-guidelines-and-toolbox_en, website last visited on 30 April 2018.

¹⁶⁹ See also the European Commission Tool #60 The standard cost model for estimating administrative costs: https://ec.europa.eu/info/files/better-regulation-toolbox-60_en.

¹⁷⁰ 'Regulatory Fitness and Performance Programme (REFIT): State of Play and Outlook', European Commission, 2014.

¹⁷¹ https://ec.europa.eu/info/law/law-making-process/evaluating-and-improving-existing-laws/refit-making-eu-law-simpler-and-less-costly/refit-platform_en, website last visited on 30 April 2018.

¹⁷² The description of the administrative burden reduction programme in Germany is based mainly on the analysis of the following document:

'Bessere Rechtsetzung 2016: Mehr Zeit für das Wesentliche', Bericht der Bundesregierung 2016 nach §7 des Gesetzes zur Einsetzung eines Nationalen Normenkontrollrates, Federal Chancellery of Germany, May 2017.

When the description does not refer to this document, the additional source is clearly referenced in additional footnotes.

In addition, the presentations provided by representatives of the German Government and its administration during the HCDF-supported study visit are also reflected in this description of the German policy on administrative burden reduction.

¹⁷³ Kabinettsbeschluss vom 25. April 2006 'Programm Bürokratieabbau und bessere Rechtsetzung':

<https://www.bundesregierung.de/resource/blob/975232/444356/d6e11886e90972808ebf6948131e07d8/2010-09-17-kabinettsbeschluss-april-2006-data.pdf?download=1>

reduction; (4) tasked the Committee of Secretaries-General with the coordination of the implementation of the programme; (5) established the Office for Administrative Burden Reduction within the Federal Chancellery with about ten staff members; (6) indicated the responsibility of ministries to develop the baseline measurement in cooperation with and supported by the Federal Statistical Office; and (7) established the requirement to use the SCM during the development process of new policy and legislative proposals.

The Government decisions provided the stepping stone for the development of the Law on the Establishment of the National Regulatory Control Council in August 2006 and it was updated in 2011¹⁷⁴. This law formalised and therefore strengthened considerably the basis for administrative burden reduction by defining the roles of the key institutions: the Office of the Federal Chancellor, the National Regulatory Control Council, the Federal Statistical Office and the requirements set on the Federal Government itself. Furthermore, it provided the legal basis for the application of the Standard Cost Model and defined the scope of the policy to address administrative burdens (and from 2011 also compliance costs) to cover companies, citizens and the administration.

These arrangements were all made to ensure that Germany could deliver against the reduction target for administrative burdens of 25%.

Following the April decision, the Federal Statistical office completed the methodological manual for the application of the Standard Cost Model in August. This manual served as the basis for the development of the baseline measurement and the introduction of the SCM into the policy development and law-making processes.

By the end of 2006, the trainings for relevant staff at the line ministries on the application of the Standard Cost Model were completed. During this time, all Information Obligations in federal legislation were identified. The staff at the line ministries was responsible for this task since they had the expertise regarding the policies and legislation that their ministry was responsible for.

The measurement process that eventually yielded the baseline started in January 2007 with the testing of data collection methods. By the summer of 2007, the most burdensome information obligations had been measured. The measurement process was completed by the summer of 2008. The results of the measurement process were presented in December of that year.

Figure 37: The methods used by the Federal Statistical Office for establishing the baseline measurement for administrative burdens

Data collection method	%e of all IOs measured based on it	Context, background and usefulness of the data collection method
On site interviews	1%	Due to the size of the country, the German baseline measurement did not deploy a large number of face-to-face interviews since this would be disproportionate in terms of costs and demand too much time. On-site interviews were held for very demanding IOs and are considered especially useful to assess the processes of organisations that have to comply with a large number of Information Obligations.

¹⁷⁴ <http://www.gesetze-im-internet.de/nkrg/NKRG.pdf>.

Phone interviews	14%	Phone interviews were a useful means to obtain information from companies in an efficient manner. This approach proved especially meaningful in cases where the IOs were not too complex in structure and implementation.
Expert panels	25%	Expert panels, including representatives from businesses, were useful to establish the baseline value for more complex procedures and requirements. They proved to be an effective and efficient method to obtain the required information.
Simulations	23%	Simulations were practical for IOs and data requirements that were not complex in nature. Simulations could be run based on the information obtained through the other methodologies that provided information for the baseline measurement.
Expert interviews	19%	Expert interviews were useful to obtain detailed information about complex processes and IOs and provided the possibility to have in-depth discussions with a limited number of people.
Paper-based interviews	18%	Questionnaires were a useful way to gain insight into processes that the questionnaire could be linked to. For example, the time needed to complete a certain application could be gathered through a questionnaire that respondents were asked to complete as part of the application process.
Studies	1%	Studies were a useful means to analyse highly complex IOs and enabling as well the identification of reduction measures that would only be possible through a complex set of implementation and legal changes.

Overall, the measurement process lasted from August 2006 till the completion of the results in December 2008¹⁷⁵. This is a time span of nearly 2 ½ years. The choice to focus the first part of the measurement process on the most burdensome Information Obligations provided a useful moment in time to present concrete results relatively quickly and start working on measures to reduce the burdens caused by these IOs.

Since the decision in April 2006, the approach to administrative burden reduction has been further embedded within the decision-making processes and the structures of the federal government of Germany. In particular, the initial approach in which the programme to reduce administrative burdens can be characterised more as a project was changed to ensure full incorporation of the reduction policy into the formal structures of the Government. This is in particular visible with the establishment of the position of State Minister and Coordinator for the Reduction Bureaucracy and Better Regulation¹⁷⁶.

¹⁷⁵ The sequencing of steps in the measurement process was provided during the presentation of the representative of the German Federal Statistical office as part of the HCDF-supported study visit.

¹⁷⁶ <https://www.bundesregierung.de/breg-de/themen/die-staatsminister-444562>.

Managing administrative burden reduction: institutional tasks and responsibilities

The organisation of the policy to reduce administrative burdens and compliance costs in Germany covers both the political as well as the administrative/technical level.

The role of the State Minister for the Reduction Bureaucracy and Better Regulation is to ensure implementation of the political aim to reduce bureaucracy by coordinating this policy on the level of the Government and to maintain relations with the Parliament on this issue. The State Minister is supported by the Better Regulation Unit within the Office of the Federal Chancellor.

Figure 38: Umbrella laws to reduce administrative burdens

The German Federal Government has so far prepared three laws that aim to reduce administrative burdens under the name Bürokratieentlastungsgesetz (Law on Reducing Bureaucracy – LRB)¹⁷⁷. These laws are numbered, therefore the LRB III was preceded by LRB I and LRB II.

These laws are umbrella laws through which a range of other laws are changed during one legislative procedure. This reduces the time and procedural workload needed to approve straightforward legal changes. Often, only a few articles of laws need to be changed in order to achieve significant administrative burden reductions.

The laws also provide an additional benefit by providing an important communication moment since the focus can be fully on the main aim of the law which is reducing administrative burdens.

Umbrella laws comparable as those developed and adopted in Germany would not be practical in Kosovo at this moment in time. Germany has established a well-functioning process for consolidating legislation. Kosovo is currently missing such a process and the development/adoption of umbrella laws would be demanding to implement.

The Better Regulation Unit within the Federal Chancellery is responsible for managing the overall direction of the reduction programme, initiating new ideas for possible reduction proposals and for ensuring that the public is effectively informed. Through the support that it provides to the State Minister for the Reduction Bureaucracy and Better Regulation, it has the means to ensure effective day-to-day management for the reduction programme and address bottlenecks and resolve disagreements that might arise during the implementation of the programme.

Figure 39: Stakeholder panels organised in Germany

The role of the Better Regulation Unit within the Federal Chancellery shows itself through activities such as the organisation of ten workshops with stakeholders with the aim to identify bottlenecks that were especially relevant for them and to define possibilities to reduce administrative burdens. During these workshops, a wide range of relevant actors – in addition to the affected stakeholders – were involved in the discussions, such as the relevant policy and legal experts from line ministries, enforcement agencies and representative organisations.

¹⁷⁷ https://www.bmwi.de/Navigation/DE/Themen/themen.html?cl2Categories_LeadKeyword=buerokratieabbau.

Following the Dutch approach for effective administrative burden reduction, the Federal Government established a body for independent oversight of the burden reduction programme. The Normenkontrollrat (National Regulatory Control Council – NRCC) was to perform oversight functions comparable to Actal. Since its inception, the NRCC scrutinised more than 4800 regulatory proposals¹⁷⁸ (both laws and sub-legal acts). Furthermore, the NRCC initiates debates on how to further develop proposals and approaches to reducing administrative burdens. Two examples of this work are the Monitor for Digital Administration¹⁷⁹ through which aims to strengthen the efforts for improving digitalisation and its report ‘First the content, then the legal paragraphs’¹⁸⁰ through which it aims to initiate a fundamental review of the policy development and law-making process in Germany in which Impact Assessment is performed before the legal drafting process actually starts.

Figure 40: Most important administrative burden reduction measures in Germany 2006 - 2012

Year	Measure	Cost
2006	Simplification of invoices for small amounts (Sales Tax Act) and other measures	EUR 600 million
2008	Simplification of Proof of the Returning and Recycling of Sale Packaging (Packaging Ordinance) and other measures	EUR 186 million
2009	Simplification of Accounting Rules particularly for Small and Medium Enterprises (Accounting Law Modernisation act) and other measures	EUR 2.5 billion
2010	Introduction of the electronic income Tax Form (Annual Tax Act 2008) and other measures	EUR 278 million
2011	Simplification of electronic invoicing (Tax Simplification Act 2011) and other measures	EUR 4.1 billion
2012	Abolition of the Medical Consultation Fee (Amendment to German Social Code Vol. 5) and other measures	EUR 330 million

The Federal Statistical Office Destatis was in charge of developing the baseline measurement and has updated this measurement ever since to keep it relevant and to provide detailed insight into the actual development of administrative burdens in Germany. The full measurement of all federal legislation included more than 9500 Information Obligations. The administrative burdens resulting from federal legislation totalled 49 billion Euro per year which equalled 2.1% of Germany’s GDP at that time. By 2011, the reduction target was achieved and administrative burdens had been structurally reduced by 12 billion Euros per year.

Figure 41: Destatis as service provider for SCM measurements

Within Destatis, a substantial number of people are engaged in the ex-ante measurements and ex-post evaluations as part of the One-In-On-Out policy. The tasks vary from ensuring methodological uniformity, further developing and improving the methodology for measuring compliance costs,

¹⁷⁸ This number is a combination of the 3900 proposals that the NRCC scrutinized from its inception till 2016 and the average workload of more than 300 proposals annually thereafter.

¹⁷⁹ <https://www.normenkontrollrat.bund.de/resource/blob/72494/1604240/59e2e82ce93c139966cabe9b33d37330/2019-04-30-monitor-digitale-verwaltung-2-data.pdf?download=1>

¹⁸⁰ <https://www.normenkontrollrat.bund.de/resource/blob/300864/1681244/594995cfe4ee756736d58a8b889954b7/2019-10-22-nkr-gutachten-data.pdf>

performing ex-ante measurements for all legislative proposals and conducting ex-post evaluation of proposals that affected the level of compliance costs with more than 1 million euro per year. The total number of persons involved in these processes at Destatis is about 100 staff.

This ensures that, firstly, Destatis can operate as an internal service provider for the line ministries. In a substantial number of cases (around half of the times), Destatis performs the compliance cost measurements for the line ministries. For the remaining calculations, the line ministries perform these themselves, either alone or in close cooperation with Destatis officials.

The human resources available also ensure that, secondly, the ex-post evaluation is conducted independently from the line ministries. Destatis is tasked with this work and has to conduct without the involvement of the responsible ministry. This way of working provides the checks and balances needed to ensure that the measurements are of a high quality and that the decision-making level is informed properly.

The baseline figures are available to the public online through the WebSKM application¹⁸¹. This means that every interested person can access the information and see the actual burdens caused by legislation that is in force. The database also provides information on the level of administrative burdens in the past years, thus serving as a tool that shows how the administrative burden reduction policy developed over time.

Figure 42: Observations resulting from the baseline measurement

The legislation of two ministries yielded the highest share of administrative burdens for companies. These were the Ministry of Finance (43%) and the Ministry of Justice (24%).

The ten most burdensome Information Obligations caused 56% of all administrative burdens. The hundred most burdensome Information Obligations caused 90% of all administrative burdens. These were the IOs that applied to (nearly) all businesses, such as tax law, social security etc.

Germany did not analyse the highest single administrative burdens from the perspective of the company, e.g. which permit system was imposing the most burdens.

From administrative burden reduction to One-In-One-Out and compliance costs

Whereas the Dutch Governments decided to establish consecutive administrative burden reduction targets, the Federal Government of Germany decided for the approach to ensure that administrative burdens would not exceed the level of January 2012. In order to ensure the maintenance of this level, ministries in Germany must assess the expected administrative burdens for each legislative proposal.

Destatis established the Bureaucracy Cost Index which is presented in the figure below. The index provides a month-by-month update of the administrative burdens in Germany from January 2012. It is based on the total administrative burdens that companies face since they have to comply with information obligations every year.

¹⁸¹ <https://www-skm.destatis.de/webskm/online>

The administrative burden level in January 2012 is set at 100. The Government’s goal is to ensure that the long-term trend is to keep administrative burdens at or below that level. Values below 100 indicate that the burdens are below the 2012 level. As the figure below shows, this aim was achieved from mid-2015 onwards. Administrative burdens showed a slight increase between 2012 and the first half of 2015, but from June 2015 the burden level has been kept below the mark of January 2012.

Figure 43: Developments in levels of administrative burdens in Germany between 2012 and 2017¹⁸²

Bürokratiekosten								
Bürokratiekostenindex								
Bürokratiekostenindex; Januar 2012 = 100								
Jahr	2012	2013	2014	2015	2016	2017	2018	2019
Januar	100,00	100,28	100,32	100,02	99,10	98,99	99,19	99,49
Februar	.	100,29	100,33	100,02	99,10	98,97	99,19	99,49
März	.	100,25	100,33	100,23	99,01	98,97	99,11	99,50
April	.	100,26	100,33	100,22	99,08	98,94	99,11	99,52
Mai	100,27	100,30	100,31	100,22	99,07	98,94	99,13	99,52
Juni	100,30	100,30	100,40	98,99	98,97	99,16	99,13	99,57
Juli	100,24	100,32	100,40	99,00	98,98	99,21	99,12	99,57
August	100,25	100,33	100,41	98,72	98,71	99,18	99,15	99,70
September	100,21	100,32	100,35	98,70	98,71	99,03	99,24	98,45
Oktober	100,23	100,32	100,36	98,79	98,73	99,17	99,24	...
November	100,25	100,31	100,08	99,10	98,72	99,17	99,01	...
Dezember	100,27	100,31	100,13	99,10	99,00	99,11	99,49	...
<p>. = Zahlenwert unbekannt oder geheim zu halten.</p> <p>... = Angabe fällt später an.</p>								
Stand 25. Oktober 2019								

In 2013, the requirement to evaluate every legislative proposals within several years after adoption was introduced. This requirement applies to all proposals that are expected to affect burden levels by at least 1 million Euro per year and ensures quality of the figures used for the Bureaucracy Cost Index.

In 2015, the Federal Government established the ‘one in – one out’ principle. When legislative proposals create additional administrative burdens, these must be compensated by reducing administrative

¹⁸² Source:

https://www.destatis.de/DE/Themen/Staat/Buerokratiekosten/Buerokratiekostenindex/buerokratiekostenindex_.html, website last visited on 30 October 2019.

burdens elsewhere. The only exemptions to this rule are legislative proposals that follow from the implementation of requirements set on EU or international level, emergency measures and increases that are limited in time with a maximum of one year¹⁸³. Furthermore, ‘life events surveys’ were introduced to assess how citizens and companies perceive administrative burdens in their daily lives.

Between 2012 and 2016 the Federal Government implemented more than 100 individual projects that specifically aimed at reducing administrative burdens. In 2016, it also introduced the SME Test to ensure that policy development in Germany would take better account of the specific situation of Small and Medium-Sized Enterprises.

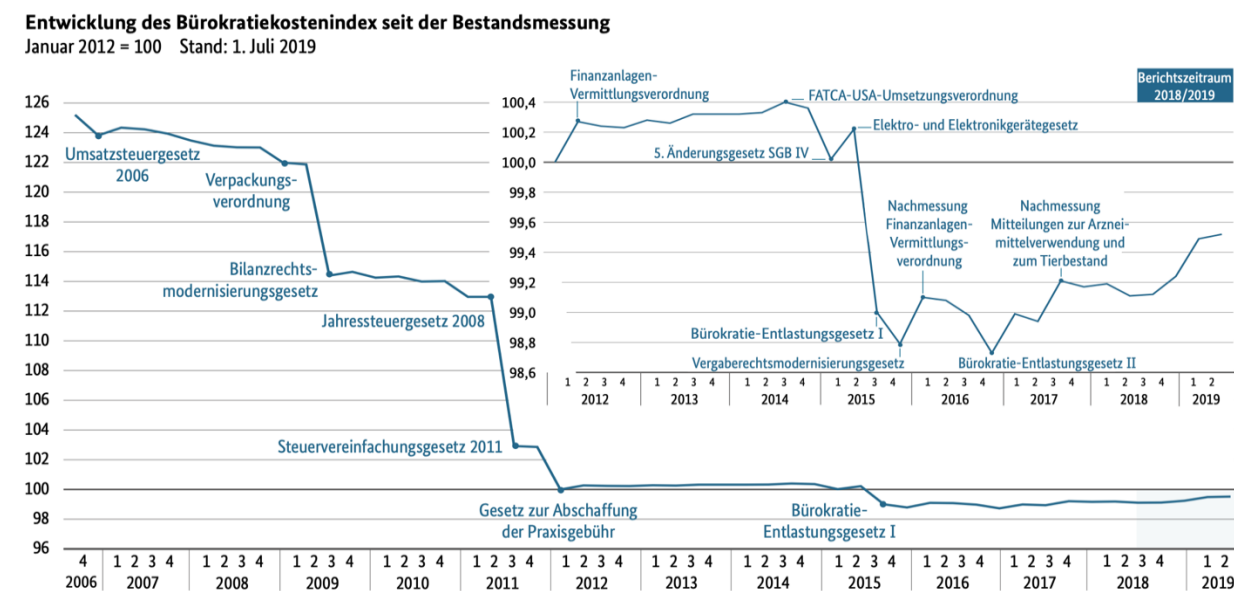
Figure 44: Law on Online Access in Germany

Digitalisation provided an important impetus to reducing administrative burdens in Germany. Through the Law on Online Access¹⁸⁴, the aim is digitalise around 600 procedures. The guiding principles during this process are a user-centric approach to the development of IT solutions, improving accessibility of the administration beyond the official opening hours and to ensure that the customer experience guides the development of IT solutions.

Development of administrative burdens in Germany from 2006 to 2019

The reduction programme for administrative burdens combined with the One-In-One-Out policy are captured in the data that Destatis publishes. These are reflected in the figure below.

Figure 45: Development of administrative burdens in Germany over time ¹⁸⁵



¹⁸³ https://www.bundesregierung.de/Content/DE/Artikel/Buerokratieabbau/Anlagen/15-03-25-one-in-one-out.pdf?__blob=publicationFile&v=6, website last visited 30 April 2018.

¹⁸⁴ <https://www.bmi.bund.de/DE/themen/moderne-verwaltung/verwaltungsmoedernisierung/onlinezugangsgesetz/onlinezugangsgesetz-artikel.html>

¹⁸⁵ *Weniger Bürokratie, bessere Gesetze — Praxis mitdenken, Ergebnisse spürbar machen, Fortschritte einfordern*, JAHRESBERICHT 2019 des Nationalen Normenkontrollrates, page 19.

The figure shows that the policy of reducing administrative burdens is characterised by several moments during which impressive falls in these burdens can be observed. This is linked to the fact that the a few Information Obligations cause most of the administrative burdens. Their simplification, when substantial, will have a significant positive impact on the overall burden level. Furthermore, the overview of administrative burdens shows that measures to reduce them take time to prepare and that, from a political perspective, they are often combined into packages that will trigger substantial reductions as such.

3.1.4 The UK¹⁸⁶

The UK ran its administrative burden reduction programme between 2005 and 2010. It was based on a reduction target of 25% and a full measurement of all administrative burdens. The measurement showed that the total of these burdens was 13.16 billion GBP per year. By the end of the programme, these burdens had been reduced by 26.63%.

Daily management was placed with the Better Regulation Executive which was originally placed within the Cabinet Office. In 2007, it was moved to the Department for Business, Energy and Industrial Strategy (BEIS)¹⁸⁷. Politically, ownership of the reduction target was embedded within the Government with also the Prime Minister taking personal responsibility¹⁸⁸.

The administrative burden reduction programme was established deeply in the policy development and law-making process. In 2006, the UK Government introduced the ‘Legislative and Regulatory Reform Bill’¹⁸⁹. This bill introduced the means for the Government to fast-track proposals for administrative burden reduction and to amend/repeal outdated or unnecessary legislation.

Oversight of the burden reduction programme was provided by the External Validation Panel (EVP). This panel was set up after a range of external stakeholders suggested that the assumptions of the administrative burden reductions would be tested by representative from the business community. The panel also played an important role in communicating actual burden reduction measures to businesses.

As a follow-up to its administrative burden reduction programme, the UK Government introduced the one in – one out’ rule in 2011 and communicated this in the Government programme of 2010¹⁹⁰. This rule was further expended to ‘one in – two out’¹⁹¹ in 2013 and, in 2016, to ‘one in – three out’¹⁹². The aim of these rules was to contribute to a further reduction of regulatory costs that resulted from requirements that businesses have to comply with on an annual basis. These costs included administrative burdens but covered all costs that were caused by legislation and did not take into

¹⁸⁶ The description of the administrative burden reduction programme in the UK is based mainly on the analysis of the following document:

‘Simplification Plans 2005-2010, Final Report’, Department for Business, Innovation & Skills/Better Regulation Executive, July 2010.

When the description does not refer to this document, the additional source is clearly referenced in additional footnotes.

¹⁸⁷ The name of this Department in 2007 was Department for Business, Enterprise and Regulatory Reform (BERR).

¹⁸⁸ <https://www.independent.co.uk/news/business/news/blair-pledges-to-slash-red-tape-by-quarter-by-2010-428151.html>, website last visited on 30 April 2018.

¹⁸⁹ <https://www.legislation.gov.uk/ukpga/2006/51/contents>, website last visited on 30 April 2018.

¹⁹⁰ ‘The Coalition: our programme for government’, Cabinet Office, 2010.

¹⁹¹ <https://www.gov.uk/government/collections/one-in-two-out-statement-of-new-regulation>, website last visited on 30 April 2018.

¹⁹² <https://www.gov.uk/government/news/government-going-further-to-cut-red-tape-by-10-billion>, website last visited on 30 April 2018.

account the benefits that the proposals would bring about. Notable exceptions to the obligation to offset the costs caused by new rules are legal requirements following from EU law, international agreements and legislation that does not have impacts on business or civil society organisations.

3.1.5 International comparison: Summary Overview

The table below provides the overview of implementation choices made for various programmes aimed at administrative burden reduction.

Figure 46: Overview of implementation choices for administrative burden reduction programmes

Burden reduction aspect	European Union	The Netherlands	Germany	The UK
Coordinating body	Secretariat General (the administrative burden reduction policy was initiated by DG Enterprise)	Regulatory Reform Group within the Ministry of Finance ¹⁹³	Better Regulation Unit at the Federal Chancellery	Better Regulation Executive within the Department for Business, Energy and Industrial (initially at the Prime Minister’s Office)
Reduction target	25%	25% (multiple targets set)	25%	25%
Reduction achieved	Yes	Yes	Yes	Yes
Timeframe	2007 - 2012	2000 - 2017	2007 - 2011	2005 - 2010
Measurement scope	72 legal acts	All legislation	All legislation	All legislation
Execution SCM baseline measurement	External contractor	External contractor	Federal Statistical Office (Destatis)	External contractor
Responsibility reduction proposals	Policy DGs	Line ministries	Line ministries	Line ministries
External oversight	High Level Group on Administrative Burdens	Actal	Normenkontrollrat	External Validation Panel

3.1.6 International comparison: main lessons

The analysis above presented the main aspects of policy programmes aimed at reducing administrative burdens and, in later stages, also compliance costs. The main lessons from the various reduction programmes show are the following:

1. Long-term political commitment leads to significant improvements in the quality of legislation, the implementation efficiency and the quality of service delivery

¹⁹³ As the analysis above on The Netherlands shows, the responsibility for the burden reduction programme was moved to the Ministry for Economic Affairs once the burden reduction policy had been effectively embedded within the work processes of the Dutch administration.

2. Significant administrative burden reductions can be achieved in every country and a reduction target of 25% has proven to be realistic in every country that started the policy
3. Continuous focus on administrative burden reduction and improving the implementation of legislation can lead to administrative burden reductions that substantially surpass the 25% reduction target
4. Administrative burden reduction programmes need to be prepared well and strongly embedded within the working processes of the administration
5. A baseline measurement provided an important political impetus for administrative burdens since it showed the economic cost of these burdens as expressed as a GDP percentage
6. The Centre of Government needs to coordinate and show leadership in managing administrative burden reduction programmes
7. Line ministries need to implement an administrative burden reduction policy since they must scrutinize the legislation within their domain, prepare proposals to amend legislation and must ensure implementation of the improved legal provisions
8. Regularly changing governments can carry forward the aim to reduce administrative burden reduction and ensure consistent implementation of an administrative burden reduction programme
9. The focus on reducing administrative burdens for companies can be expanded to include citizens, specific professionals working within the administration and the information exchange between various levels of the administration as well
10. Independent oversight provides an important contribution to achieving administrative burden reductions, ensuring the quality of the programme's implementation and strengthening the link between the administration and society (e.g. through involving business representatives, NGOs etc.)

3.2 Preconditions for a successful administrative burden reduction programme

The research into the international practices regarding administrative burden reduction programmes shows that a range of preconditions must be met if such programmes are expected to be implemented successfully. These preconditions apply to every option presented below, with the exception being 'Option 1: No change option'.

The assumption for the analysis in this Concept Document is that all preconditions are equally important and demanding for each presented option that changes the status quo. Of course, it can be argued that the most demanding Option 2 that is being considered would require substantially more resources per year when compared to Option 3. However, the requirements for Option 3 would be lower per year but they would also apply to a longer period of time. Based on this, the overall demand of each option in terms of management, resources, budget etc. are assumed to be the same. This is considered proportionate to the required level of analysis and places the focus on the feasibility of implementing an administrative burden reduction programme successfully. This is considered to be the most relevant aspect for the comparison of options.

The preconditions presented are not worked out in detail for each separate option as this is not expected to provide sufficient added value to the analysis. The small variations in which these preconditions will have to be addressed in the options are not material to choosing between these

options. Instead, the preconditions and how they are dealt with are presented in Chapter 7 only for the preferred option and integrated into the implementation plan for this Concept Document.

Figure 47: Overview of preconditions for successful implementation of an administrative burden reduction programme

Precondition for successful implementation of a reduction programme for administrative burdens	Explanation
1. Full integration of administrative burden reduction into the policy development and law-making process	In order to reduce administrative burden reduction systematically, each policy and all policy measures (including laws and sublegal acts) need to aim at reducing or at least minimizing administrative burdens. This means that the processes for developing Concept Documents, strategies, laws and sub-legal acts need to be adjusted. Administrative burden reduction must be fully embedded in these processes. This means also including administrative burden reduction as a key aspect for Technical Assistance projects that are implemented in cooperation with development partners and that focus on policy development and law-making. In order to implement this effectively, the coordinating body in charge of the administrative burden reduction programme would need to be involved in the coordination that takes place with the donor community to ensure that project design is aligned to support the burden reduction programme.
2. Reduction target aimed at all or at least the most relevant legislation affecting businesses	The administrative burden reduction target needs to cover all relevant information obligations that apply to businesses. The experience from EU Member States shows that addressing all legislation was the preferred way to ensure effective reduction of administrative burdens. Given the implementation challenges for the programme to reduce administrative burdens, the concrete target should be set through a Government decision in set in year 2 with a potential adjustment to be planned in year 5. These two activities are integrated into the Implementation Plans of the options with the exception the do-nothing option.
3. Defining the baseline through measurement	<p>The standard approach of the countries that implemented a burden reduction programme was to first establish a baseline measurement through which all Information Obligations were identified and the administrative burdens were defined. This measurement provided the database against which reduction measures could be assessed and yielded the basis for defining the economic benefits that a reduction target for administrative burdens would bring about. Measuring administrative burdens increases awareness within the administration regarding the extent and scope of these burdens and supports a positive culture change in which policy and law-making is sensitive to the effects that are expected to be brought about in society.</p> <p>The baseline measurement will also provide a direct improvement for policy development since administrative burdens are essential data for comparison of options based on Cost-Benefit Analysis and Cost-Effectiveness Analysis.</p> <p>In order to assess effectively the trend for administrative burden reduction, the values set in the baseline measurements regarding the number of</p>

		affected companies will not be updated during the implementation of the administrative burden reduction target. The number of entities needs to be kept at the same level compared to baseline year to ensure proper comparison. The fulfilment of the target needs to be independent from economic developments that lead to a decrease or increase in the number of regulated entities.
4. Long-term commitment	political	Administrative burden reduction is a long-term process. It is about changing the legal framework and improving policy and law development. Individual projects to reduce administrative burdens can take several years, especially when they include complex law changes and the development of IT solutions. In order to reduce burdens successfully, the policy must be carried over as a priority from one government to the other. It thus must be embedded fully in the framework of political priorities of the Parliament and the Government. In practice this means that the aim to reduce burdens is repeatedly reference in every Government programme regardless of election frequency. The reduction target for administrative burdens could be set through a Government decision with a Deputy Prime Minister and Deputy Ministers at key line ministries in charge of the political coordination of the reduction programme.
5. Strong legal basis		The experiences of other countries show that the basis for administrative burden reduction is either political (NL and EU) or a combination of strong political support supported with a legal basis for the implementation of administrative burden reduction (DE and UK). For Kosovo, the example from Germany and the United Kingdom is regarded to be the best example since the legal approach is expected to fit the administrative culture in Kosovo the best and it is also a manifestation of long-term political commitment.
6. Realistic planning and close monitoring from drafting legal changes to their implementation		Any programme to reduce administrative burdens leads to a substantial increase of activities within the administration. Laws and sub-legal acts needs to be adjusted and then implemented. This means that the entire administration, at some point, can expect to be involved in reducing administrative burdens. The policy is about delivering tangible economic benefits through more efficient legislation. The latter depends as much on the quality of the legislation and the conditions defined in legal obligations as on the actual implementation of these obligations through forms, e-solutions etc.
7. Staff allocation, recruitment and training within CoG and line ministries at the start of the programme		The management of administrative burden reduction is resource intensive. The CoG institutions, notably the OPM and the MoF, need to be able to manage the flow of work and ensure that reduction measures can be implemented. In addition, the line ministries and other administrative bodies will have to adjust to an increase of activities, from policy analysis to legal drafting and implementation. The additionally required staff needs to be transferred or newly recruited. Staff needs to be trained and supported in order to implement the administrative burden reduction policy effectively.
8. Independent control required	quality	Independent quality control ensures a neutral verification of reduction achievements. Involving businesses into the design and implementation of

	the administrative burden reduction policy also provides an impetus for reforms by providing suggestions for administrative burden reduction.
9. Training programme on administrative burden reduction regarding new working arrangements, SCM, reporting processes during the implementation of the programme	Since administrative burden reduction is a long-term policy, the need arises to ensure that the persons involved in the policy are informed. Staff will change over an extended period which means that new staff members must be trained and prepared for their tasks related to administrative burden reduction. Since administrative burden reduction touches upon the aspect of implementing legal obligations more efficiently, the result is that everyone involved in the implementation chain of such obligations will at some point have to be involved in trainings, presentations and the like.
10. Consultation as integral part of the reduction programme	Consultation with business and other stakeholders is a vital process to achieve administrative burden reductions. Businesses can provide input as to which kind of changes they would welcome and how they would simplify the work processes for them. More importantly, in order to perform measurements based on the SCM, direct involvement from businesses and citizens is a precondition. Through targeted consultations and, following the examples of many EU countries ¹⁹⁴ , websites aimed at receiving suggestions for administrative burden reduction, the beneficiaries of the reduction programme can provide useful suggestions for improving the efficiency of implementing legislation.
11. Communication has to be an integral part from the start	Administrative burden reduction leads to many changes. These affect business since the aim is to make it easier to comply with legislation. They also affect the staff within the administration since officials have to assess possibilities for burden reductions, prepare the legal basis and implement the improved legal framework. The overall aims of the policy need to be made clear and be communicated continuously since they provide the strategic basis for the policy. In addition, the expected effects from individual measures need to be communicated within the administrations and with the specific beneficiaries of the simplified procedures and obligations. Changes will lead to the need to understand the improved framework and a proactive communication approach supporting administrative burden reduction will make it easier for all involved to see the benefits and understand the improved framework. However, to ensure a successful programme for detailed input and useful suggestions from stakeholders, the Government needs to invest in an active outreach and communication, e.g. through roadshows and community meetings. Furthermore, it needs to guarantee that submissions are treated effectively and that respondents receive quick clarity as to whether and how their idea will be taken further.
12. Use of perception surveys	Perception surveys targeting citizens and companies and asking about the most burdensome and bothersome administrative burdens provides useful policy information on the measures that should be considered as priorities for administrative burden reduction. The UK and The Netherlands, for

¹⁹⁴ Luxembourg: www.vosidees.lu; EU: https://ec.europa.eu/info/law/better-regulation/have-your-say_en (websites last visited 18 October 2018)

	example, have implemented such surveys and use them to adjust and improve service provision ¹⁹⁵ .
13. Monitoring of the administrative burden reduction programme deliverables	Setting a target for reducing administrative burdens is a major commitment of any Government. The economic benefits are evident. Yet, in order to ensure that the benefits are reaped, the programme must be managed and especially monitored to see whether it progresses in the intended direction and at the politically expected speed.
14. Cooperation Government and Parliament	Law changes will be needed to reduce administrative burdens. The Government will prepare these proposals and it is in the Parliament's mandate to approve them. When the changes are politically uncontroversial, the approval process should preferably be as quick as possible, yet allowing for effective parliamentary control and oversight. The Government and Parliament should agree on the best manner of cooperation on administrative burden reduction in order to ensure that reduction benefits are reached as soon as possible. After all, after adoption of laws, the actual implementation of the improved legal framework still needs to follow in order to turn legal provisions into simplified procedures and requirements for businesses and citizens.
15. Evaluation of the administrative burden reduction programme	The programme aimed at reducing administrative burdens needs to be evaluated independently in order to verify progress and ensure that the aims of the programme are reached. Such evaluations can be performed by individual companies or by a National Auditor. Provisions for this need to be planned in from the start.
16. Ensuring sufficient funding for the additional staff requirements for implementing the burden reduction programme	In order to implement administrative burden reduction systematically and to screen all legislation, CoG institutions and line ministries need to have available the necessary (human) resources. The additional resources needed to handle the increased workload resulting from the increased number of legislative changes and their implementation needs to be structurally embedded and supported by qualified staff in sufficient numbers.
17. Ensuring sufficient funding for implementing administrative burden reduction measures	Individual measures to reduce administrative burdens need to be implemented. Often, budget will be needed in order to do so. Whereas there might be a need for structural budget demands, e.g. in relation to e-government solutions, one-off costs such as the redesign of forms and information material also will occur. In order to implement reduction measures more effectively, a specific prime ministerial fund dedicated to achieving administrative burden reduction should be set up from which individual one-off measures or temporary hikes in expenditures could be covered or through which bridge financing could be provided before the measures are financed from the Annual Budget of Kosovo. Potentially, development partners could be asked to contribute to this fund.
18. Aligning the strategic policy framework to the overarching policy priority to systematically	Administrative burden reduction would be an overarching government priority. It would need to be integrated into the entire strategic policy framework and therefore into all strategic documents. In order to achieve this, all sectoral strategies (at least the ones that have an economic

¹⁹⁵ <https://www.gov.uk/government/publications/business-regulation-business-perceptions-survey-2018> & <https://www.vngrealisatie.nl/producten/ondernemerspeiling> (websites last visited on 10 October 2018)

<p>reduce administrative burdens</p>	<p>development dimension) would have to be updated and be brought in alignment with the aim to reduce administrative burden.</p>
<p>19. Exempting the future transposition and implementation of the EU Acquis from the reduction target for administrative burdens</p>	<p>The implementation of the EU Acquis will contribute to the development and expansion of the legal framework in Kosovo. It can also be expected that the number of Information Obligations will increase since they are reflected in EU Legislation and Kosovo will be required to implement them. The administrative burdens that stem from the EU alignment process and Kosovo’s European Integration path must be excluded from the reduction target. At the same time, administrative burdens originating from the EU Acquis should be kept as low as possible, for example by limiting transposition to the legal requirements only (and not taking forward the non-obligatory elements presented in EU Directives), choosing the time of application of the EU Acquis keeping in mind the burdens caused for citizens, companies and the administration and ensuring IT solutions as part of the implementation process of the EU Acquis.</p>

3.2.1 Administrative burden reduction to be conducted within the framework of existing primary laws

Administrative burden reduction is a long-term process. The analysis of the experiences of various such programmes has shown that effective management and organisation are key to delivering results for the benefit of citizens and companies.

Under the Sectorial Budget Support Agreement (SBS) part of the Financial Agreement for IPA 206, part II between Kosovo and the EU, indicator 5 determines the role of the following offices in the process of the administrative burden reduction:

- Government Coordination Secretariat (GCS): Under the Better Regulation Strategy, the GCS is leading the introduction of the Standard Costing Model (SCM) which is essential to measuring administrative burdens and to prove that burdens have been effectively reduced. In order to achieve meaningful reduction of administrative burdens through simplifying licenses and permits, the GCS will have to fulfil the following additional tasks: 1) introduction the Standard Cost Model into the system for policy development; this will enable future changes to administrative burdens to be measured appropriately; 2) establishing itself as the Centre of Expertise for measuring and reducing administrative burdens; 3) train staff at line ministries in the application of the SCM; 4) ensure the development of administrative burden reduction proposals for licenses and permits; 5) integrate these proposals into and monitor their progress through the Government Annual Work Plan; 6) ensure adoption of the measures that reduce burdens by simplifying licenses and permits; 7) report on all measures that were taken to reduce loads by simplifying licenses and permits; 8) ensure that line ministries integrate administrative burden reduction beyond the area of licenses and permits.
- Strategic Planning Office (SPO): from a strategic policy view, the content of policy documents needs to be aligned to the aim to reduce burdens by simplifying licenses and permits. The SPO will have to fulfil the following additional tasks: 1) ensure that the policy content of newly developed strategies is in line with the aim to reduce burdens by simplifying licenses and permits; 2) revisit the policy content of existing strategic documents in order to align these with

the demand to reduce burdens by simplifying licenses and permits; 3) integrate administrative burden reduction into the strategic framework of government priorities, as defined in the National Development Strategy and other strategic documents; 4) ensure that the reduction of administrative burdens by simplifying licenses and permits is embedded within the strategic policy framework of government ministries.

- Legal Office (LO): in order to reduce burdens by simplifying licenses and permits the current rules need to be changed. The requirements for licenses and permits are laid down in laws and sub-legal acts. These have to be adjusted through the legislative process. The LO will have to fulfil the following additional tasks: 1) support line ministries with the development of proposals to simplify licenses and permits based on analysis; 2) ensure quality control for proposals that lead to the reduction of administrative burdens by simplifying licenses and permits; 3) support the legal analysis to identify licenses and permits that can be simplified; 4) coordinate the legislative activities for simplifying licenses and permits through the Legislative Program; 5) ensure integration of administrative burden reduction into the process of evaluating legislation.

The establishment for the development of an administrative burden reduction programme for Kosovo is expected to be needed in order to provide the required clarity and long-term commitment to reduce administrative burdens.

At the beginning it was considered to develop a Law on Administrative Burden Reduction in line with the German approach. Such a law would be instrumental to the establishment of clear reporting requirements, management structures and targets for burden reduction. Moreover, such a law could regulate the contribution of independent institutions and municipalities to the administrative burden reduction programme. On this basis a study visit to Germany took place, a country which has embedded the process of administrative burden reduction in its legal framework (see Annex 11: Report from the Study Visit to Germany).

In the end, however, it was decided that establishing the process for administrative burden reduction through a law as a legal basis was at this stage premature given the broad range of reforms that are being initiated and the overall lack of implementation of these reforms due to a lack of capacities. For the moment, administrative burden reduction is expected to be conducted based on the current provisions within primary laws and will be supported by separate Government decisions for key steps in the process.

The involvement of municipalities and independent institutions will take place through positive incentives, capacity development and analysis before measures are implemented.

In line with suggestions from the Legal office of the OPM, the Rules of Procedure of the Government will be changed in order to establish the regulatory framework for the administrative burden reduction programme.

The role of the Government Coordination Secretariat in coordinating the administrative burden reduction policy, capacity development for the administration and involved institutions, establishing and managing the baseline measurement, further developing guidance materials for Standard Cost Model Measurements (including setting the monetary value of administrative burdens for citizens in order to compare them with the burden reduction measures for companies and the administration), capacity development related to application of the Standard Cost Model and other aspects related to

management of the administrative burden reduction programme will be defined in the Rules of Procedure of the Government and guidance documents that have to be developed or updated.

The Rules of Procedure of the Government will furthermore establish the obligation to apply the Standard Cost Model during policy development which have an impact on companies, citizens and the administration; set the obligation to measure administrative burdens of all legal acts before adoption by the Government and measure those of legal acts adopted in emergency situations within four months of adoption; and verification of burden reduction measures of a reduction value above 500.000 euro three years after adoption of the reduction measure. If next to these requirements additional aspects on the level of legal requirements need to be adjusted, the OPM will develop proposals and justification for further decision-making.

3.2.2 Embedding Administrative Burden Reduction into the strategic policy framework

The Better Regulation Strategy will have to be updated¹⁹⁶. This will ensure that the administrative burden reduction programme is formally established as a key strategic policy priority of the country.

The strategy will have to translate the required actions defined in this Concept Document into the practical steps and a multiannual Action Plan that will show how the programme to reduce administrative burdens will be implemented.

The Implementation Plan presented further below in this CD sets out the activities that need to be conducted and therefore the strategy will have to integrate these and specify them further. Moreover, the time span of the strategy needs to include the completion of the burden reduction programme and thus cover also the year after the reduction target is expected to be met in which the final evaluation has to be completed.

Moreover, the strategy has to set out the consultation and communication process, define clear targets for training civil servants, the organisation of workshops and other matters that can only be generally predicted at this stage and will need to be defined on a regular basis during the implementation of the administrative burden reduction programme.

The update of the strategy will also serve as an important communication moment, both internally and with external stakeholders with regards to the expectation regarding the implementation of the reduction programme. The strategy development will also provide the window of opportunity to discuss with development partners regarding possible contributions to the programme and integrate their commitments into the financial projections for the strategy implementation.

Figure 48: Activities that should be taken up into the administrative burden reduction programme

- Organising information and strategic orientation events for all parties in the Parliament.
- Developing the baseline measurement based on the principle of full transparency and publication of all data online for all Information Requirements.
- Initiate a comprehensive capacity development process for SCM measurements on national and local level including clear training targets.

¹⁹⁶ The Government is currently considering to merge the Strategy on Improving Policy Planning and Coordination and the Better Regulation Strategy. In case this decision is formalized, the administrative burden reduction programme must be reflected in the merged strategy.

- Assess the effectiveness of the Government’s efforts to reduce administrative burdens for companies citizens and the administration.
- Develop life events surveys, in line with the German approach presented on amtlich-einfach.de
- Develop a series of debates and workshops to identify problems and bottlenecks together with affected stakeholders.
- Develop a legislative monitor based on the German EU Monitor for SMEs and the future obligations resulting from the European Integration process to inform businesses and citizens more effectively regarding their future possibilities and obligations.
- Working out the Consultation and Communication approach in more detail and prepare a continuous approach to communicating the policy, e.g. presenting achievements and promoting stakeholders feedback through the publication of short movies and info-graphics on social media.
- Prioritise areas and make use of possibilities to actively improve the ranking of Kosovo in international comparison.
- Ensure that the administrative burden reduction programme contributes to improved scoring of Kosovo regarding the Doing Business ranking of the World Bank and the SIGMA Principles of Public Administration.

3.3 Expected management challenges

Various management challenges can already be identified in advance. They are highlighted here since they form existential risks and if they are not addressed properly, they could lead to the failure of the administrative burden reduction programme or create substantial delays. They follow particularly from the necessary preconditions for effective administrative burden reduction that are presented above. They are highlighted here given their central importance.

It is relevant to note that these challenges must be addressed effectively if an administrative burden reduction process is expected to start. This is also reflected in the Implementation Plan since committing to a burden reduction target must be supported by the correct organisational and management structures as shown in the examples of countries that have successfully implemented such programmes. In addition, since the Government intends to engage with development partners on supporting the administrative burden reduction programme through technical and budget support, time must be reserved for the discussions and negotiations that will precede the official approval of such support. This means that a policy to reduce administrative burdens effectively will demand time to prepare for its implementation. This is, naturally, in line with the needs that arise when a Government sets out a fundamental new policy and needs to create the required structures and build the necessary capacities in order to implement the policy in line with the objectives set through it.

The manner in which these challenges will be addressed in practice will have to be presented in the updated Better Regulation Strategy, its objectives and, in particular, its Action Plan.

The Government Coordination Secretariat is the leading organisation that will implement the policy to reduce administrative burdens. The Government thus attributes the responsibility to the Director of the GCS to approve non-material adjustments, establish efficiency gains and develop cost savings as long as these changes are not hindering effective implementation of the CD and reaching the set reduction objective. All material adjustments of the programme need to be approved by the Government at the time of the adoption of the Law on Administrative Burdens and/or the adoption of the updated Better Regulation Strategy.

3.3.1 Adjusting CoG and line ministries organisations structurally and build capacities

In order to manage administrative burden reduction effectively, the CoG institutions and line ministries will have to be prepared and adjusted organisationally since the quality of the overall implementation of the administrative burden reduction programme will depend on the manner in which the responsible institutions will be able to implement their tasks. Within the framework of CoG institutions, the OPM (with most of the staff increases being allocated to the Government Coordination Secretariat) and the MoF (notably the Budget Department within that ministry) will play a vital role in management of the administrative burden reduction programme and the provision of sufficient budget respectively. This is both a challenge in terms of human resource management and a challenge in practical terms related to recruitment of staff and preparing office space since these processes take time.

This challenge was foreseen already during the development of the Government Programme 2017 – 2021. In it, the Government indicates the need for a professional reorganization of the OPM which is expected to include aspects that ensure the development of more friendly policies for businesses and citizens¹⁹⁷.

Ensuring sufficient staff and management structures

Within the OPM, the Government Coordination Secretariat is the lead organisation for the implementation of the Better Regulation Strategy and the development of this Concept Document. It has also been mandated by the Government to implement all further policy choices in relation to administrative burden reduction. The roll out of an administrative burden reduction programme set against a specific target will lead to a substantial increase in the need to plan, monitor and enable administrative burden reduction.

The additional role of the GCS but also of the SPO and LO related to implementing the administrative burden reduction programme will be established in the Rules of procedure of the Government. For this, during the review of the Better Regulation Strategy a needs assessment will be conducted for additional staff within OPM in the timeframe 2021-2023. The responsible management will assess the best organisational set-up for coordinating administrative burden reduction within the secretariat.

As part of the assessment of the administrative burden reduction programme, the overall staff requirements for programme implementation will be verified at a later stage. At this stage, no other changes are foreseen through this Concept Document.

Ensuring sufficient staff and management structures on the level of line ministries

Whereas the CoG institutions would be managing the overall programme for reducing administrative burden reduction and supporting administrative burden reduction related analysis and individual measures, line ministries are the organisations that would have to implement the programme in practice. They would have to perform the analysis, prepare changes to the legal framework and ensure the implementation of specific administrative burden reduction measures.

Part of the requirements that follow from an administrative burden reduction programme can be expected to be covered by the existing resources that line ministries have at their disposal. However, each ministry would have to appoint an official who would be responsible for the coordination of the administrative burden reduction process and this person would be reporting directly to the office of the

¹⁹⁷ Programme of the Government of the Republic of Kosovo 2017-2021, page 15.

secretary general of the ministry. Depending on the policy scope of the ministry, coordinators within ministries that have a sizeable legal framework under their responsibility, might have to be supported by a division for administrative burden reduction.

Furthermore, the ministries responsible for a sizeable legal framework might have the need to appoint a Deputy Minister that is specifically responsible for managing the activities related to administrative burden reduction of that ministry, including the political coordination and budgeting process.

At this stage, however, no substantial staffing changes are foreseen at line ministries. This will be reviewed at a later stage when the effectiveness of the administrative burden reduction programme will be assessed.

Ensuring capacity development

The staffing issue needs to be addressed in order to be able to implement an administrative burden reduction programme effectively. However, the staff numbers will not be sufficient as such since the new staff members (newly recruited and/or transferred from existing positions), will still need some time to establish the working processes and organisational structures to practically implement the reduction programme. The staff changes should therefore be implemented gradually in line with a predefined plan for recruitment. A small group of senior level policy officials should be recruited first to pave the way for more junior staff to be recruited at a later stage.

In addition, the staff in the line ministries, in particular senior and mid-level management and the ABR (Administrative Burden Reduction) coordinators would have to be informed and trained with regards to administrative burden reduction. The same would apply to staff in key departments, such as the Departments for European Integration and Policy Coordination, Legal Departments, Communication Offices and policy departments that will be heavily involved in administrative burden reduction. The same account for the staff at independent institutions and municipalities.

Furthermore, the new staff most likely needs to be trained and their personal capacities need to be further developed. This needs to be addressed in an effective training programme and potentially through exchanges with countries that have successfully implemented administrative burden reduction programmes and that are still working on administrative burden reduction. This could potentially be addressed through support from development partners.

Establishing an independent oversight body

Independent oversight of a programme for administrative burden reduction has been put in place in all cases that were analysed. Such independent oversight is planned to be established in Kosovo as well once the capacities at the level of the CoG have been established. The structure and role of the organisation needs to be defined in law and integrated into the working processes of the administration and potentially also into the working processes of the Parliament. This would mean that the Government and the Parliament would have to update their Rules of Procedure and that a specific law on the establishment of this independent oversight body or a change to an existing law is needed in order to establish this body and to define its mandate.

How such an organisation should look like, how it should be structured, how the board and/or management should be composed and how it should be staffed are issues that this Concept Document will not address in detail. A detailed description will be made at a later stage and the set-up of such an

organisation could potentially be supported by a development partner. The establishment of an independent oversight body will be based on a Concept Document/Impact Assessment that will assess whether establishing such a body would provide an important impetus to the administrative burden reduction policy of the Government. Work on this CD is expected to be started in the third or fourth year after the start of the burden reduction programme.

3.3.2 Reserving budget

Budget is required to implement an administrative burden reduction programme. The staff requirements need to be covered by the Kosovo budget. I

All administrative burden reduction measures that require additional funding, need to be integrated into the Medium Term Expenditure Framework (MTEF) and their implementation needs to be prioritised. The preparation of the Annual Budget needs to take into account the budget needs to implement administrative burdens.

It is not possible to properly predict the expected budget need for the implementation of all the measures that will follow from an administrative burden reduction programme. While some measures will be implemented in a budget neutral manner, others will require substantial increases in expenditures. As part of the preparation of the administrative burden reduction programme, the Government will explore options such as a Sector Budget Support Contract for Administrative Burden Reduction with the European Union. In addition, cooperation possibilities will be sought with development partners to earmark budget support for the implementation of the administrative burden reduction programme.

At this stage, the expectation is that around 2.000.000 euro per year are needed for staff increases, capacity development, and additional research that will lead to the development of administrative burden reduction measures. These costs are expected to be covered in part by through the budget, through budget support and Technical Assistance. The detailed presentation of these costs will be provided in the Better Regulation Strategy.

3.3.3 Establishing the baseline measurement

Countries have applied a baseline measurement when tracking the progress with regards to administrative burden reduction. The baseline provided the insight into the percentage of GDP that administrative burdens represented. The baseline also provided the information needed to assess the contribution to the reduction programme of individual measures developed and approved by the Government/Parliament.

The common practice was to establish the baseline measurement early on in the process. Generally, measuring the full extent of administrative burdens in a country took a year on average and required substantial budget resources. The measurement process most often was executed by external consultancies.

The challenge is that companies in Kosovo have little to no experience with measuring administrative burdens. As a result, developing the baseline measurement for all legislation would be a task that would have to be implemented by companies from the EU. This would by default, substantially add to the costs of the administrative burden reduction programme but would allow Kosovo to follow the practice

developed in Member States of the European Union. It would provide a clear target for reducing burdens and all subsequent changes in legal acts could be referenced against the baseline.

Alternatively, the baseline measurement could be developed gradually. At first, the database could contain all relevant legislation and identify all Information Obligations. While implementing the burden reduction programme, policy analysis through developing Concept Documents and Evaluations, would provide the information needed to assess the actual burdens. This process would split the measurement process into smaller interlinked parts which would make it easier to conduct the measurement. However, this approach would make it harder to set a reduction target based on a percentage of administrative burden reduction. The reduction target would have to link to the number of laws revised with the information on the measurement and subsequent reduction for each reduction measure providing the information on the level of administrative burden reduction.

Based on the assumption that the total number of laws is 435¹⁹⁸ and that 50% of these laws regulate business activities, the administrative burden baseline measurement would have to cover about 220 laws and their sub-legal acts. A reduction target that also encompasses citizens and the administration would mean that the entire legal framework will have to be revisited.

The baseline measurement will contain all administrative procedures. It can thus replace the database of licenses and permits. This database will be abolished upon completion of the baseline measurement.

Furthermore, establishing the baseline measurement will depend on the full publication of all laws and sub-legal acts in a central database and online. The Official Gazette is the dedicated organisation to ensure such publication. Once this is guaranteed, the overview of sub-legal acts can be abolished. This will streamline the administration and reduce needless bureaucracy since it eliminates tasks that are currently carried out several times on different levels.

Option 1: No Change Option

Option 1 is the option to introduce no changes. This option serves as a reference for the other options presented in this chapter. The No Change Option is a standard option in an Impact Assessment. Concept Documents are the Kosovo equivalent of the ex-ante policy analysis that is internationally referred to as Impact Assessment.

The choice exists to keep the situation as it is and forgo the benefits and costs that administrative burden reduction would bring for Kosovo. The organisational changes to the administration, the additional tasks and the increased work demand would not occur. Set against that, the improvements in economic growth, the strengthened business/investment climate, the support to the rule of law and improved quality of implementation of legislation would not happen either. Furthermore, the general benefits from a more comprehensive, consolidated legal framework that is brought in line with the EU Acquis and is implemented effectively would not materialise either. In addition, the implementation of the Law on General Administrative Procedures would expect to continue, including the implementation of the principle of the gratuity of the proceeding. Chapter 4 sets out the impacts of the choice not to change the current policy approach, in particular the budgetary impacts.

¹⁹⁸ See also the Official Gazette of the Republic of Kosovo: <https://gzk.rks-gov.net/LawInForceList.aspx>

This option could be chosen when (1) the general political assessment is that is currently not desirable – e.g. due to the prioritisation of other issues – to pursue a policy aimed at implementing administrative burden reduction as a central Government policy for an extended period of time (thus spanning several Government mandates that are likely to consist of differing political parties); (2) the consultation of stakeholders shows that these stakeholders do not find it appropriate that the focus of the Government will be directed at the strategic priority to reduce administrative burden for a considerable time period with the result of rendering the legal framework more efficient and implemented better.

The No Change Option provides also the input for the Baseline Scenario. Administrative burden reduction is expected to contribute to economic growth and bring a range of intangible benefits related to areas such as fundamental rights. Without a programme aimed at reducing administrative burdens, economic growth would develop as predicted by the Ministry of Finance since the boost to economic growth that administrative burden reduction is expected to bring about would not occur.

Option 2: Full baseline measurement and a 25% reduction target for administrative burdens for companies applicable to all legislation and to be implemented within 4 years

The second option follows the practice implemented by European Member States. This practice was to establish a baseline measurement and set the reduction target for a period of four years, coinciding with the standard duration of a Government holding office.

This option would entail that the organisational structures would be put in place within a very short time frame and that the baseline measurement for all business-related legislation would be completed within one year. The required legal changes would have to be adopted two years into the programme in order to allow the development and adoption of sub-legal acts. All changes to the legal framework aimed at reducing administrative burdens would have to be implemented in practice by the end of the 4 year period.

In addition, the implementation of the principle of gratuity of Law on General Administrative Procedure, specifically setting the procedures that should be free of charge and those that should reflect the necessary average cost for carrying out that type of administrative proceeding, will be gradually implemented in order to ensure financial stability..

Option 3: Gradual completion of the baseline measurement and tailored scope of the reduction target for administrative burdens for companies within a time period of 8 years aiming at 30% reduction

The experience from various countries has shown that administrative burden reduction programmes normally are implemented by successive governments. The programmes are continued with a new reduction target; are followed up by programmes to further reduce administrative burdens; or by policies aimed at maintaining administrative burdens at a constant level thus ensuring that any increases are offset by decreases elsewhere.

Option 3 considers a gradual implementation of the administrative burden reduction target. Since the time frame for implementing the reduction target is substantially extended from 4 to 8 years, the reduction target is set slightly higher at 30%. It might be possible to adjust this target upwards, but

during the current stage of analysis the choice is to take a cautious approach to setting the reduction target.

In addition, the implementation of the principle of gratuity of Law on General Administrative Procedure, specifically setting the procedures that should be free of charge and those that should reflect the necessary average cost for carrying out that type of administrative proceeding, will be gradually implemented in order to ensure financial stability. Over a period of about 4 years, the baseline measurement would have to be completed while administrative burden reduction measures are developed and approved in the meantime. Each burden reduction measure would be supported by a measurement of administrative burdens in order to keep track of the general direction of the level of administrative burdens.

Measurements of administrative burdens would be integrated as an obligatory element of existing policy development processes, for example as part of the analysis conducted for the development of Concept Documents and Evaluations. Each legal proposal would need to indicate what the effects on administrative burdens would be.

The administrative burden baseline measurement would be initiated by measuring laws and sub-legal acts that can be expected to be particularly burdensome for businesses. Such a specific measurement should be completed within 18 months after the start of the reduction programme. This option thus combines experiences from the European Union where the administrative burden reduction programme targeted specific legal acts that were particularly burdensome and the experiences from European Member States that measured the administrative burdens stemming from all legislation.

The prioritisation of the measurement at first instance could target specific relevant fields such as tax legislation and other laws that affect all businesses; laws and sub-legal acts that define Information Obligations that are used to construct the indicators of the World Bank in relation to Doing Business; and legislation that regulates specific economic sectors for which administrative burden reduction is regarded as especially relevant since growth in these sectors is expected to be of particular importance with regards to job creation and economic development.

Option 4: Expanding Option 3 with a reduction target of 30% regarding administrative burdens for citizens

Option 4 entails the possibility to expand the reduction target for administrative burdens from companies to include the burdens faced by citizens as well. Whereas the management structures would remain the same, the work demand that such an expansion would put on the administration would increase substantially.

The option to address administrative burdens for citizens is considered to be viable in combination with Option 3. The burden reduction programme would be wider in scope and more professional staff would have to be involved, but the overall set-up would not have to be adjusted. The reduction target for administrative burdens faced by citizens is set at 30% just like the reduction target formulated for companies. Compared to only setting the target for companies, the work demand that such an expansion would put on the administration would increase substantially since more laws and sub-legal acts would have to be taken into the programme.

In addition, the implementation of the principle of gratuity of Law on General Administrative Procedure, specifically setting the procedures that should be free of charge and those that should reflect the necessary average cost for carrying out that type of administrative proceeding, will be gradually implemented in order to ensure financial stability. Combining a reduction target for companies and citizens under Option 2 is deemed to be not implementable given the short time frame for the reform.

Option 5: Expanding Option 3 with a 30% reduction target regarding administrative burdens for the administration and specific professionals

Option 5 entails the possibility to expand the reduction target for administrative burdens from companies to include the burdens faced by government bodies and specific professionals as well. This would increase the demand on the management structures since they would need to take into account the relations between the central and local levels of government. In practice this means that the Ministry of Local Government Administration would need to be involved in the administrative burden reduction programme. Specific organisations, such as the Kosovo Police, the Fire Brigade and other organisations would have to be involved in the programme when they represent professionals that are selected for administrative burden reduction regarding the paper work that they need to comply with. Compared to only setting the target for companies, the work demand that such an expansion would put on the administration would increase substantially since more laws and sub-legal acts would have to be taken into the programme.

The option to address administrative burdens for government bodies is considered to be viable in combination with Option 3. The burden reduction programme would be wider in scope and more organisations and people would have to be involved. The overall set-up would have to be adjusted slightly since the MLGA would need to be involved in the reduction programme.

In addition, the implementation of the principle of gratuity of Law on General Administrative Procedure, specifically setting the procedures that should be free of charge and those that should reflect the necessary average cost for carrying out that type of administrative proceeding, will be gradually implemented in order to ensure financial stability. Combining a reduction target for companies and municipalities under Option 2 is deemed to be not implementable given the short time frame for the reform.

Option 6: combining Options 3, 4 and 5

Option 6 puts forward the possibility to address administrative burden reduction for companies, citizens and the administration under one programme. EU Member States all tended to address these three types of administrative burdens since it does not matter where the inefficiency in the legal framework and its implementation is created. The political conclusion in each EU Member State analysed for this Concept Document was that unnecessary burdens should not be tolerated, regardless whether they applied to companies, citizens or the administration.

The option to address administrative burdens for companies, citizens and government bodies is considered to be a viable option. The burden reduction programme would be wider in scope and more organisations and people would have to be involved. The overall set-up would have to be adjusted slightly since the MLGA would need to be involved in the reduction programme.

In addition, the implementation of the principle of gratuity of Law on General Administrative Procedure, specifically setting the procedures that should be free of charge and those that should reflect the necessary average cost for carrying out that type of administrative proceeding, will be gradually implemented in order to ensure financial stability. Combining a reduction target for companies and municipalities under Option 2 is deemed to be not implementable given the short time frame for the reform.

Chapter 4: Identifying and assessing future impacts of options

The options presented in the previous chapter differ on two main aspects: (1) duration of the programme for which Option 2 provides the shortest time frame; (2) the scope of the approach and, linked to that, the potential burden reduction target with Option 6 providing the widest scope and reduction achievements. These two factors determine the effects that are expected to occur and the manner in which they are likely to show themselves. These are reflected in the various sub-sections of this chapter.

4.1. The current legal framework in number of laws and sub-legal acts

In order to frame the various options and their significance, the table below shows the total number of laws that are expended to be analysed and revised under the six different options under consideration. These numbers link directly to the expected benefits in economic sense and the costs that must be made in order to implement the administrative burden reduction policy effectively.

The number of laws used for the overview below is estimated to be 471 based on data published by the Official Gazette¹⁹⁹. In 2018, around 190 laws have been reviewed to compare their compliance with Law on General Administrative Procedure since they contained administrative procedures that needed to be screened.

The number of sub-legal acts is expected to be around 2500²⁰⁰. However, since the list is not updated in regular basis, the number of sub-legal acts could be much higher. In addition, the overview does not include administrative instructions which could also be relevant since they also can impose administrative burdens or are used to provide more detail on the Information Obligations that are defined through legal requirements.

Figure 49: Laws in scope of the administrative burden reduction programme under the various options

Option	Laws and sub-legal acts covered by the administrative burden reduction programme
Option 1: No Change Option	0
Option 2: Full baseline measurement and a 25% reduction target for administrative burdens for companies applicable to all legislation and to be implemented within 4 years	220 laws (50% of all laws) 1250 sub-legal acts (50% of all sub-legal acts)
Option 3: Gradual completion of the baseline measurement and tailored scope of the reduction target for administrative burdens for companies within a time period of 8 years aiming at 30% reduction	220 laws (50% of all laws) 1250 sub-legal acts (50% of all sub-legal acts)

¹⁹⁹ Official Gazette, Laws in Force: <https://gzk.rks-gov.net/LawInForceList.aspx>

²⁰⁰ The report on the 'Registry of Secondary Legislation in Power approved by the Government and the Ministers' contains 509 pages with an average of 5 sub-legal acts listed per page. The sub-legal acts are not numbered and they were not counted individually as part of the analysis for this Concept Document.

Option 4: Expanding Option 3 with a reduction target of 30% regarding administrative burdens for citizens	330 laws (75% of all laws) 1875 sub-legal acts (75% of all sub-legal acts)
Option 5: Expanding Option 3 with a 30% reduction target regarding administrative burdens for the administration and specific professionals	330 laws (75% of all laws) 1875 sub-legal acts (75% of all sub-legal acts)
Option 6: combining Options 3, 4 and 5	All 471 laws All 2500 sub-legal acts

The table above shows that, regardless of the chosen option for administrative burden reduction, the administration would have to shoulder a substantial amount of work with regards to analysing and revising the existing legal framework. This, in turn, would result in the increased size of the legislative agenda and the number of laws that will be presented to the Assembly. Furthermore, all government bodies involved in the implementation of legislation would have to adjust their procedures and work processes.

4.2 Economic Impacts

The most important quantifiable benefit that is caused by the reduction of administrative burdens against a 25% reduction target is economic growth. This growth is the result of the direct economic effects that administrative burdens have. As Annex 8 shows, the economic effects of a substantial reduction of administrative burden are connected to the creation of jobs, business creation, changed import and export flows, increased investment (in particular by the diaspora) and increased FDI, innovation and research. Administrative burden reduction is of particular importance for SMEs since they are disproportionately affected by these burdens. This finding is confirmed by the EU²⁰¹ as well as by the OECD²⁰². However, a specific SME Test has not been performed for this Concept Document since the analysis does not address administrative burdens for SMEs in specific policy areas.

The positive effects that a substantial reduction of administrative burdens is expected to provide can be translated into an increase of GDP. In 2004, the best available research on the effects of administrative burden reduction on the economy is provided by The Netherlands where the level of Administrative burdens was estimated at 3.6% of GDP at the start of the Dutch administrative burden reduction programme. The main expected economic impact from a 25% reduction of administrative burdens was a GDP increase of 1,5%. This figure is used as the basis for assessing the macro-economic impacts on GDP even though the comparison with The Netherlands might not be an appropriate proxy (see also the figure below).

²⁰¹ European Commission, “Think Small First” - A “Small Business Act” for Europe, COM(2008) 394 final, Brussels, 25 June 2008, page 7.

²⁰² OECD (2019), OECD SME and Entrepreneurship Outlook 2019, OECD Publishing, Paris, pages 17, 19, 70, 93, 94 and more.

This macro-economic impact of a 25% administrative burden reduction target was reassessed on a scientific paper in 2014²⁰³. The analysis found that the EU average impact of such a reduction target was a one-off increase of GDP by 1,62%. This increase led to a sustainable higher GDP level.

The paper also indicated that a much higher growth rate of up to 3,65% of GDP, is within the range of possibilities as well. However, since such growth was only linked to one county (with others hovering more around 2,5% increase), the average EU GDP increase as a result of the successful implementation of a 25% reduction target will be used.

Figure 50: Estimation of the economic benefits of administrative burden reduction

The 1,5% increase in GDP resulting from a 25% reduction target for administrative burdens was a figure that guided the administrative burden reduction programme of consecutive Dutch administrations. The 1.62% GDP increase was confirmed after a range of EU countries implemented administrative burden reduction policies.

The latter figure is used in this Concept Documents for the Cost-Benefits Analysis of the suggested burden reduction policy.

This is expected to be justified since the 1,5% figure links to the economic benefits for a developed economy. The GDP of The Netherlands stood in 2017 at over 737 billion euro which was 115 times larger than that of Kosovo²⁰⁴. Dutch GDP per person in the same year was more than 12 times higher than in Kosovo²⁰⁵.

These fundamental differences between Kosovo and The Netherlands make it unlikely that the 1,5% increase can be transferred from the Dutch economic situation to the current economic conditions of Kosovo.

The EU average of 1.62% reflects better the possible effect in Kosovo since this includes a wide range of countries, including a substantial number of countries that were still transitioning into a market economy.

It is expected that administrative burden reduction can have a positive effect that substantially exceeds the Dutch estimates. Therefore, The 3,65% GDP increase, while not used for assessing the benefits that administrative burden reduction might bring, will still be used to indicate the possible maximum impact of the administrative burden reduction policy.

The use of the higher figure for the potential GDP increase is within the range of possibilities since the effect of administrative burden reduction on the decrease of the informal economy is not captured in the predicted GDP impact. So far, the qualitative evidence shows that such an effect can be expected. For example, the informal economy of Bulgaria was reduced significantly due to a range of policy interventions such as combatting informality directly, administrative burden reduction and others²⁰⁶.

²⁰³ Poel, K. and others, 'Administrative Simplification and Economic Growth: A Cross Country Empirical Study', Journal of Business Administration Research Vol. 3, No. 1; 2014.

²⁰⁴ http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=nama_10_gdp&lang=en (website last visited on 22 October 2018).

²⁰⁵ <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?end=2017&start=2017> (website last visited on 22 October 2018).

²⁰⁶ <https://www.eurofound.europa.eu/publications/article/2017/bulgaria-fall-in-share-of-informal-economy>, last visited 26 July 2019.

However, since no quantified data was retrieved that would provide a quantifiable indication of the effect of administrative burden execution on formalisation, this effect is not taken into account in the analysis for this Concept Document. The link between the level of administrative burden and the aims to reduce informal sector have been confirmed by the World Bank²⁰⁷.

The contribution to economic growth is determined by the amount of administrative burdens that are reduced. The available research has determined the GDP growth effect for a 25% reduction target, but not for a target above that. In addition, there is no literature available on the economic effects of an administrative burden reduction target for citizens or the administration.

It can be expected that reducing the burdens for citizens will have a positive economic impact since certain procedures, such as obtaining construction licenses and permits lead to increased spending by citizens. Spending less time on obtaining government services means that citizens can dedicate their time to issues that matter more for them and this includes also the possibility to work in a business and to start or run a business.

The reduction of administrative burdens within the administration could have the effect that the increased efficiency of the administration provides a better return on current budgetary expenditures. This would prevent the need to increase taxes and might even provide the fiscal space needed for additional economic investments by the Government.

The level of administrative burden reduction for citizens and the administration thus needs to be translated into an economic benefit that relates well to the economic benefits that can be expected as a result of administrative burden reduction for companies.

It is not possible to determine with great certainty what the economically relevant contribution of a 30% reduction target for citizens and/or the administration would be since no such research has been conducted so far. Therefore, the analysis and the predictions of impacts must build on assumptions.

These assumptions are set in a conservative manner in order to reduce the risk of overestimating the economically relevant contribution and thus the level of expected benefits are affecting the quality of the analysis. For the reduction of administrative burdens for both citizens and the administration achieving a 30% reduction target is expected to be equal to an additional economically relevant burden reduction of 5% at the end of the reduction programme under options 4, 5 and 6. The effect is expected to be spread equally over the years which results in a 0.83 additional burden reduction as presented below for Options 4 and 5. For Option 6 this amount is doubled since it comprises the reduction of burdens for both citizens and the administration.

Figure 51: Expected decrease of economically relevant administrative burden reduction per scenario over a 10 year period

Year	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
1	No change	No change	No change	No change	No change	No change
2	No change	No change	No change	No change	No change	No change

²⁰⁷ World Bank Policy Research Working Paper, Leibfritz W., 'Undeclared Economic Activity in Central and Eastern Europe – How Taxes Contribute and How Countries Respond to the Problem', May 2010.

3	No change	-10%	-5%	-5.83%	-5.83%	-6.66%
4	No change	-25%	-10%	-11.66%	-11.66%	-13.32%
5	No change	No further change	-15%	-17.49%	-17.49%	-19.98%
6	No change	No further change	-20%	-23.32%	-23.32%	-26.64%
7	No change	No further change	-25%	-29.15%	-29.15%	-33.3%
8	No change	No further change	-30%	-35%	-35%	-40%
9	No change	No further change	No further change	No further change	No further change	No further change
10	No change	No further change	No further change	No further change	No further change	No further change

The MTEF 2019-2021 sets out the expectation that economic growth in Kosovo will be 5% on average. This level of predicted economic growth provides baseline scenario for ‘Option 1: No change option’. Based on the assumption that a 25% reduction target for administrative burdens for companies contributes to a total cumulative expected GDP increase of 1.62% within two years after implementation of the individual burden reduction measures, the economic growth outlook would change as presented in the table below. In a straightforward manner, a 5% reduction of administrative burdens equals a GDP increase of 0.324%. In the same line of reasoning, reduction of 0.83%, the figures used to assess the economically relevant administrative burden reduction regarding citizens and the administration is assumed to equal a GDP increase of 0.054%.

Important to note is that the economic growth perspective for the years after the completion of the administrative burden reduction target is relative to a higher base compared to the base used in the baseline scenario. This is reflected in the assessment of the positive budget implications that can be expected based on these growth predictions.

So far the evidence is inconclusive regarding the question whether the structural reduction of administrative burdens also changes the fundamentals of economic growth to such an extent that the growth perspectives could be adjusted in the medium to long term. The impact analysis does not address this possible impact at this stage. In case that clear evidence emerges that shows that there is a correlation between administrative burden reduction and increased economic growth potential, this will be integrated into the analysis.

Figure 52: Expected changes in economic growth per option compared to the baseline scenario

Year	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
1	5%	5%	5%	5%	5%	5%

2	5%	5%	5%	5%	5%	5%
3	5%	5%	5%	5%	5%	5%
4	5%	5%	5%	5%	5%	5%
5	5%	5,65%	5,32%	5,38%	5,38%	5,43%
6	5%	5,97%	5,32%	5,38%	5,38%	5,43%
7	5%	5%	5,32%	5,38%	5,38%	5,43%
8	5%	5%	5,32%	5,38%	5,38%	5,43%
9	5%	5%	5,32%	5,38%	5,38%	5,43%
10	5%	5%	5,32%	5,38%	5,38%	5,43%

4.3 Social Impacts

As Annex 9 shows, the impacts of administrative burden reduction in the social domain is mainly linked to the creation of jobs which will, in turn, contribute to the reduction of poverty. In addition, through the improvements in implementation of legislation and potentially the increased use of IT tools for the implementation of legislation, a positive effect can be expected regarding the reduction of corruption.

However, these social impacts resulting from administrative burden reduction cannot be quantified. There is no specific national information that would enable this. In addition, existing international research and other information regarding the social effects of administrative burden reduction does not address these issues to such an extent that the information could be used to strengthen the analysis for this Concept Document. Therefore, since no quantification of the social impacts is possible, they will be assessed for each of the considered options separately in qualitative terms. This is addressed in Chapter 6 and in particular the sub-chapter setting out the Multi-Criteria Analysis.

4.4 Environmental Impacts

Besides the economic and social impacts, it is relevant to consider the potential environmental impact of Administrative Burden Reduction. Such analysis is important, especially nowadays, as awareness towards the environmental aspect is becoming ever more accentuated.

As Annex 10 shows, administrative burden reduction leads to several impacts in the field of environment. Furthermore, when legislation is easier to comply with, it can be expected that it will be applied more in practice. Companies that move from the informal sector and register their business activities can be expected to be more compliant with the overall legal framework, including the legislation covering environmental protection. However, no detailed predictions can be made in this regard at this moment in time.

The current environmental impact analysis focusses on two main aspects which are assessed in general terms: prevention of emissions of greenhouse gases and the use of paper.

4.4.1 Environmental Impact: prevention of emissions of greenhouse gases

Even though information at this stage is not yet as such a level to make detailed predictions about the environmental impacts, several aspects can be presented based on reasonable assumptions.

While quantitatively the reduction target is defined for each option, it is not yet certain which laws and sub-legal acts will be merged, simplified or revoked and how the burden reduction measures will look like in concrete terms. Depending which legal requirements would be affected, different processes and

industries can be impacted and hence the outcome on the environment cannot yet be defined as it is highly case-specific.

Nevertheless, one major way in which environmental impacts can result from a programme for administrative burden reduction is through the reduced need for traveling for citizens and companies when complying with Information Obligations.

While for a certain group of individuals/companies the distance to public bodies is rather marginal and the traveling can be done on foot, for the majority of individuals/companies the distances are substantial and the transportation needs to be done via vehicles.

A reduced number of trips, or even the elimination of such trips, induces a reduction on greenhouse gases. This reduction might not directly appear as significant on daily or individual/company basis, yet when considered on the level of the society and the economy on an annual basis, the impact is expected to be significant. The reduction of greenhouse gases is an effect that is expected to happen regardless of what legal requirements and regulations will be addressed through the administrative burden reduction programme. It is reasonable to expect that a policy aimed at the simplification of all procedures will impact the need for travel.

In order to assess the overall general impact at this stage, a parametric system can be laid out. There are 38 municipalities, which are depicted in the table below with their corresponding populations and surfaces.

For assessing the impacts on the environment, the following assumptions are applied:

1. the municipalities²⁰⁸ are shaped like circles, with the area of the circle corresponding to their real surface area
2. the population density is equally distributed throughout the municipalities, where for each citizen in any location within the circle, there exists another citizen symmetric to the center of the circle
3. the “center” where administrative bodies are expected to be, is assumed to be in the central point of the municipality

These assumptions deliver data that indicates the average distance that needs to be traveled for each citizen to and back the “center” when complying with Information Obligations.

This is paired with population data which shows that the number of persons above 18 years of age is roughly 60% of the entire population. This percentage is uniformly throughout all municipalities and the working assumption is that only adults will travel in order to comply with Information Obligations.

Furthermore, it can be expected that some individuals prefer to walk to the “center”, whereas others will get there by. For the time being, it is assumed that only 1/3 of the population traveling for IOs will travel by car. In addition, the route to the “center” is defined currently as a straight line. This is needed in order to make the calculations easier, even though this assumption is a clear underestimation of the distance traveled. The environmental impacts can be expected to be far greater than currently assumed.

²⁰⁸ https://en.wikipedia.org/wiki/Municipalities_of_Kosovo

Figure 53: Estimation of distance traveled by car based on the assumption that one third of the adult population travels once per year related to administrative burdens to the 'center' of the municipality

Municipality	Surface (km ²)	Population	Radius	Total dist. traveled by car
Decan	293.97	40,019.00	9.67	76,649.17
Dragash	433.85	33,997.00	11.75	79,104.31
Ferizaj	344.61	108,610.00	10.47	225,228.58
Fushe Kosove	84.09	34,827.00	5.17	35,676.15
Gjakove	586.62	95,556.00	13.66	258,539.05
Gjilan	391.84	90,178.00	11.17	199,408.99
Gllgovc	275.63	58,531.00	9.37	108,552.28
Gracanice	122.41	10,675.00	6.24	13,193.68
Han I Elezit	83.11	9,403.00	5.14	9,575.97
Istog	454.36	39,289.00	12.03	93,553.66
Junik	77.85	6,084.00	4.98	5,996.64
Kacanik	211.28	33,409.00	8.20	54,247.84
Kamenice	416.61	36,085.00	11.52	82,277.54
Kline	309.02	38,496.00	9.92	75,595.97
Kllokot	23.39	2,556.00	2.73	1,380.91
Leposaviq	539.05	13,773.00	13.10	35,721.76
Lipjan	338.41	57,605.00	10.38	118,378.14
Malisheve	306.42	54,613.00	9.88	106,793.38

Mamushe	10.94	5,507.00	1.87	2,034.76
Mitrovica e Jugut	329.35	71,909.00	10.24	145,781.30
Mitrovica e Veriut	6.38	12,326.00	1.43	3,477.94
Novoberde	203.98	6,729.00	8.06	10,735.79
Obiliq	104.84	21,549.00	5.78	24,647.93
Partesh	28.67	1,787.00	3.02	1,068.88
Peje	602.63	96,450.00	13.85	264,494.93
Podujeve	632.59	88,499.00	14.19	248,650.46
Prishtine	523.13	198,897.00	12.90	508,186.11
Prizren	626.86	177,781.00	14.13	497,233.49
Rahovec	275.90	56,208.00	9.37	104,295.06
Ranillug	77.62	3,866.00	4.97	3,804.86
Skenderaj	374.37	50,858.00	10.92	109,925.78
Suhareke	361.04	59,722.00	10.72	126,765.70
Shterpce	247.70	6,949.00	8.88	12,217.30
Shtime	134.42	27,324.00	6.54	35,388.81
Viti	269.69	46,987.00	9.27	86,198.54
Vushtrri	344.85	69,870.00	10.48	144,942.45

Zubin Potok	334.38	6,616.00	10.32	13,514.67
Zvecan	123.01	7,481.00	6.26	9,268.72
TOTAL	10,905.25	1,780,021.00	58.92	20,765,035.85

The table above shows that it is reasonable to expect that eliminating the obligation for the adult population to travel once to the city center will reduce the traveling requirement by car with 20.765 million km. Since the administrative burden reduction programme foresees the simplification of a wide range of Information Obligations and administrative practices, the impact on the environment through the reduction of greenhouse gas emissions can be substantial.

4.4.2 Environmental Impact: paper consumption

An additional environmental impact can be expected through the reduction in the use of paper. The reduction can be expected to happen due to the implementation of IT structures, and/or elimination /reduction/merging of Information Obligations and administrative activities.

The table below shows the paper consumption within all administrative bodies – including the central and local governments – for the period of 3 years. The input is divided in 6 lots, where each lot represents the administrative bodies of one of the six main regions in Kosovo (Lot 1: Prishtina, Lot 2: Peja, Lot 3: Prizren, Lot 4: Ferizaj, Lot 5: Gjilan, and Lot 6: Mitrovica). This information is based on publicly available procurement information ²⁰⁹. Of all the lots, Prishtina has a substantially higher paper consumption since it includes the central government institutions as well.

Figure 54: Paper consumption by all administrative bodies for the period of 3 years

	A4 (80g/m2)	A4 (100g/m2)	A3 (80 g/m2)	A4 (160g/m2)	TOTAL
Prishtina	43,288,500.00	890,000.00	1,228,000.00	178,000.00	45,584,500.00
Peja	29,993,000.00	143,000.00	1,226,000.00	360,500.00	31,722,500.00
Prizren	34,904,000.00	76,000.00	365,000.00	55,000.00	35,400,000.00
Ferizaj	14,950,500.00	96,000.00	463,000.00	187,000.00	15,696,500.00
Gjilan	14,839,000.00	198,000.00	268,000.00	18,000.00	15,323,000.00
Mitrovica	18,005,000.00	385,500.00	1,018,000.00	449,500.00	19,858,000.00
TOTAL	155,980,000.00	1,788,500.00	4,568,000.00	1,248,000.00	163,584,500.00

²⁰⁹ https://aqp.rks-gov.net/Uploads/Documents/Kontrate%20Kornize%20per%20Furnizim%20me%20Leter%20per%20Kopje%20Lot%20I_uyqcpeigrn.pdf

The estimated number of paper consumed during a three-year period is about 163,584,500 sheets. Based on the procurement data, this number could still be up to 30% higher since the procurement rules allow such an increase of the contract value. On an annual basis, paper consumption is about 54,5 million sheets.

Assuming that administrative burden reduction will reduce paper consumption by 40%, the overall saving would be 21,8 million sheets per year. With 10,000 sheets of paper equaling one tree, 2,180 trees per year would be saved if all paper does not include recycled resources.

Figure 55: Environmental impact considerations for the baseline measurement and assessing the burden reduction impact

The time and out-of-pocket fuel costs for traveling due to the demand set forth in Information Obligations and defined in administrative activities, need to be taken into account when measuring administrative burdens.

In addition, in order to assess the effect on the use of paper, the page count per procedure would have to be added in order to make proper predictions as to the reduction in paper consumption that will materialize.

To this end, the form measuring administrative burdens will have to be adjusted so that it incorporates this information per administrative activity.

4.5 Budget impact: short term and medium term

The options considered in this Concept Document have greatly differing impacts on the budget. These are set out in this sub-chapter.

4.5.1 Medium-term budget revenue increase resulting from economic growth

Administrative burden reduction is expected to lead to economic growth. This growth is the result of increased business activity, business creation, innovation and investments. It also is expected to lead to an increase in the number of jobs.

Increased business activity and more jobs result in a wider and deeper tax basis and this, in turn, will increase the tax revenue that will be collected.

The changes in economic growth predicted above are a reflection of the additional business activity that administrative burden reduction is expected to bring about based on the international research in this area. This economic growth results in a broader and deeper tax basis for tax collection varying from additional business taxes, employment contributions and increased VAT revenue. The table below shows the expected additional budget revenues that administrative burdens can expected to provide. This additional revenue is the basis for the macro-economic Cost-Benefit Analysis to compare options as presented below.

Affected taxes and levies

The analysis of impact of each option in the government revenues covers only revenues that are directly linked with increased business activity. These includes the following four taxes/levies:

- VAT (border and domestic)

- Corporate income tax
- Personal income tax
- Excise and custom levy

The growth of revenues from above sources during 2015-2018 was fluctuating due to factors that are different from GDP growth. The peak revenue increase during this period occurred in 2015 (21.80%) while GDP marked a 4.31% growth.

Since these annual variations cannot be predicted, the forecast used in this Concept Document is based on the assumption that tax revenue growth is consistent with GDP growth. Therefore, trend of revenue collection has been adjusted to eliminate other factors that may affect revenue increase.

The combination of the revenue collection trend (adjusted) and GDP growth for 2015-2018 and projections for 2019 – 2021 of the Ministry of Finance and Transfers are used as a basis for a conservative GDP growth forecast for next 10 years.

The application of GDP growth forecast into revenue forecast resulted with a baseline scenario (Option 1) for which no additional budget revenue is created since the option implies not to start an administrative burden reduction programme. GDP growth estimates provide grounds to forecast revenue collection for 10-year period for each Option other than Option 1. The difference between revenue collection forecast for each option with baseline scenario (Option 1) results with net revenue growth shown in figure below.

Figure 56: Expected increase in Government revenue as a result of economic growth per option per year

Year	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
1	-	-	-	-	-	-
2	-	-	-	-	-	-
3	-	-	-	-	-	-
4	-	-	-	-	-	-
5	-	€14 mil.	€7 mil.	€8 mil.	€8 mil.	€9 mil.
6	-	€36 mil.	€14 mil.	€17 mil.	€17 mil.	€19 mil.
7	-	€38 mil.	€23 mil.	€27 mil.	€27 mil.	€31 mil.
8	-	€40 mil.	€32 mil.	€38 mil.	€38 mil.	€43 mil.
9	-	€42 mil.	€43 mil.	€50 mil.	€50 mil.	€57 mil.
10	-	€45 mil.	€54 mil.	€63 mil.	€63 mil.	€72 mil.

4.5.2 Effect on budget revenues as a result of the reduction of fees for obtaining licenses and permits

The introduction of the LGAP and the Principle of the Gratuity of the Proceeding imply that the fees for services provided by administrative bodies must cover the actual costs of providing that service.

In the short to medium term, this reduction of fees will provide a challenge as revenues of the administration will decline. This loss of revenue needs to be planned and addressed effectively in combination with the implementation of the administrative burden reduction programme. This will

reduce the risk of a significant revenue loss that is not offset and thus would lead to a higher budget deficit. The introduction of Principle of the Gratuity of the Proceeding should by no means risk the financial stability of Kosovo. Neither should it affect the Government’s financial ability to address issues relevant for the development of the country.

The impact that the application of the LGAP Principle of the Gratuity of the Proceeding is expected to bring about is highly significant.

In the two tables below, the budget, revenue and total share of the expenditures of this revenue are presented for the Kosovo Medicines Agency and the Food and Veterinary Agency of Kosovo.

Figure 57: Budget, revenue and share of expenditures in total revenue of the Kosovo Medicines Agency

Kosovo Medicines Agency	2016	2017	2018
Annual Budget	1,251	1,256	1,308
Revenues	1,558	2,775	2,188
Share of expenditures in total revenues	80.30%	45.26%	59.78%

Figure 58: Budget, revenue and share of expenditures in total revenue of the Food and Veterinary Agency of Kosovo

Food and Veterinary Agency of Kosovo	2016	2017	2018
Annual Budget	1,723	1,723	1,723
Revenues	5,577	5,704	5,817
Share of expenditures in total revenues	30.89%	30.36%	30.50%

The two examples show that the budget revenue generated by the two agencies is significantly above the actual running costs. This implies that the fees levied are 40% to 70% too high. This estimation is very general since it does not include the analysis regarding the actual processes for which the fees are levied.

The possible benefits of a comprehensive administrative burden reduction programme would be able to compensate for such a loss of revenue.

4.6 Impacts on Fundamental Rights

As Annex 11 shows, administrative burden does have an impact in the area of fundamental rights. Improved provision of government services and increased clarity and thus transparency of these processes is expected to improve equal treatment before the law. Furthermore, it will lead to a higher quality of the administration and the provision of services in general. The improved legal framework is also expected to contribute to strengthening the rule of law.

However, these impacts on fundamental rights resulting from administrative burden reduction cannot be quantified. There is no specific national information that would enable this. In addition, existing international research and other information regarding the impacts on fundamental rights as a result administrative burden reduction does not address these issues to such an extent that the information could be used to strengthen the analysis for this Concept Document. Therefore, since no quantification of the impacts on fundamental rights is possible, they will be assessed for each of the considered options separately in qualitative terms. This is addressed in Chapter 6 and in particular the sub-chapter setting out the Multi-Criteria Analysis.

4.7 Gender Impact Assessment

At this stage of development of the Concept Document it is unclear whether administrative burdens are affecting women in different ways in Kosovo as they do men. It can thus not be predicted whether administrative burden reduction will lead to specific impacts that are related to gender. So far Gender Impact Assessment is thus not applied.

Anecdotal evidence based on the personal experience of a limited number of professionals consulted and involved in the development of this CD suggests that service provision and administrative procedures are not particularly harder for women than for men at the moment when individuals interact with the administration.

In addition, the Agency for Gender Equality indicated that it is likely that general administrative procedures are not expected to have a significant effect on the chances of women in Kosovo compared to men. The main issue in Kosovo are related to inheritance and the possibility to prove that a woman owns the necessary collateral to open a business. Lack of clarity, waiting time etc. are – at this stage in the analysis – expected to affect women and men in similar ways. The caveat needs to be provided since there is no clear literature on the topic and researchers have not looked into this issue in detail in Kosovo.

Globally, supporting gender equality and empowering women is linked to the business-enabling environment to which administrative burden reduction will provide a positive contribution as presented in the figure below.

However, as reducing the administrative burden is expected to have positive social and economic impacts mainly related to economic growth, job creation and poverty reduction, this program has the potential to improve the social and economic position of women in the Kosovar society. By reducing the time for certain administrative procedures, women are more likely to have time to undertake economic activities in addition to their gender-based role and obligations. Particularly, women from rural areas who need more time to perform certain administrative procedures will have more opportunities to open businesses and improve economic activity.

In addition, during this program, a significant number of laws and by-laws that have various impacts on women and men will be reviewed and appropriate measures should be taken to address the needs of different gender groups. Through the process of reducing the administrative burden, the implementation of all implementing policies and measures will be analysed from the perspective of the burdens created by citizens and companies. As decisions that will lead to proposals to reduce the

administrative burden will be consulted with the public, the following years present unique opportunities for reassessing the legislative framework also in terms of gender equality.

Figure 59: Extract from the Canadian Guidance note on Women's economic empowerment in relation to administrative processes

Canadian Guidance note on Women's economic empowerment²¹⁰

Chapter 5.1.3. Business-enabling environment

Regulations and government services can fail to address the needs of women-led businesses, discouraging the move from the informal to the formal system and limiting employment creation and productivity. For instance, greater time and mobility constraints mean that women will have more difficulty completing onerous registration processes. Women are also more likely to face discrimination (such as being queue-jumped or asked for a bribe) and harassment when interacting with the bureaucracy for licensing and permitting. While recognizing that the bulk of jobs in developing countries are informal, ensuring that business-enabling environments are responsive to both women- and men-led businesses encourages greater levels of formality and supports business growth.

To make business environments more efficient and responsive to both women- and men-led businesses, programming can work to:

- decrease gender bias in processes necessary to start and expand a business, including formal registration, licensing, and permitting;
- increase women's ability to operate a business, including managing administrative burdens and taxation; and
- improve women's access to commercial dispute-resolution processes and improve the responsiveness of commercial justice to women-led businesses, including in the informal sector.

It cannot yet be excluded that the overall perception and prejudices of the role of women vis-à-vis men and de-facto arrangements regarding the roles of men and women in the household, care and upbringing means that certain ways of implementing procedures are more difficult to work with for women. It is not the procedure as such that is more difficult, but it could be the opening hours of offices and the lack to initiate and/or complete services and administrative procedures online.

It should be noted that the gender aspect will be analysed in accordance with Tool 8 of the “Guidelines and Manual for Developing Concept Documents” once concrete proposals for reducing administrative burden are put forward through the development of the programme for administrative burden reduction.

4.8 Summary of expected impacts

The analysis shows the main impacts that an administrative burden reduction programme is expected to bring about.

²¹⁰ See also: http://international.gc.ca/world-monde/issues_development-enjeux_developpement/priorities-priorites/women-femmes.aspx?lang=eng#a5_1_1, website last visited on 22 August 2018.

Figure 60: Most relevant identified impacts per impact category

Impact categories	Relevant identified impacts
Economic Impacts	<ul style="list-style-type: none"> • GDP growth • Improved business/investment climate • Creation of jobs • Business creation • Improved import and export balance • Increased investment (in particular by the diaspora) and FDI • More innovation and research
Social Impacts	<ul style="list-style-type: none"> • Job creation • Poverty reduction
Environmental Impacts	<ul style="list-style-type: none"> • Prevention of emissions of greenhouse gases • Reduced Paper consumption
Impacts on Fundamental rights	<ul style="list-style-type: none"> • Improved provision of government services • Increased clarity and thus transparency of government services • Improve equal treatment before the law • Higher quality of the administration and the provision of services in general. • Strengthening of the rule of law
Gender Impact	<ul style="list-style-type: none"> • Improved economic and social position of women in society is expected • • It should be noted that the gender aspect will be analyzed in accordance with Tool 8 of the “Guidelines and Manual for Developing Concept Documents” once concrete measures for reducing the administrative burden are put forward.
Social Equity Impacts	<ul style="list-style-type: none"> • Positive effects on persons that are considered to be functionally illiterate by tailoring government information more to their needs, leading to a better provision of services and enjoyment of rights
Youth Impacts	<p>Increased chances for the youth due to increased economic growth and job creation. It is expected that especially the young will benefit from the creation of jobs. Due to the general nature of the administrative burden reduction programme, Youth Impact Assessment was not applied.</p>
Administrative burden impacts	<p>Overall reduction of administrative burdens is the main aim of the policy proposed in this Concept Document</p>
SME Impact	<p>The impacts will be especially positive for SMEs since they make up the vast majority of businesses in Kosovo; international research also confirms that Information Obligations are also relatively more cumbersome and burdensome for SMEs to comply with since they lack the scale benefits large companies have; SMEs can thus be expected to benefit from administrative burden reduction in particular. Due to the general nature of the administrative burden reduction programme, the SME Test was not</p>

	applied.
Budget Impact	Described above in general and will be further defined through the development of the Better Regulation Strategy.

4.9 Sensitivity analysis and challenges with data collection

The data used for the economic analysis derives from international experience with administrative burden reduction. The estimates of the level of administrative burdens in Kosovo are assumed to be in line with the experience of EU Member States. However, the situation in EU Member States is profoundly different compared to the situation in Kosovo. This is the case regarding the size of the legal framework, the level of alignment with the EU Acquis and the level of implementation of the legal framework and thus the number of Information Obligations imposed on businesses, citizens and administrative bodies.

The risk might be that the level of administrative burdens is overestimated or underestimated. Based on the current data, it is not possible to make definitive assessments of the situation. The concrete picture of the level of administrative burdens is expected only to become clear during the implementation of the programme. The experience in The Netherlands shows that administrative burdens can easily be underestimated, thus the extent of the problem might indeed appear to be much larger than currently expected.

In addition, it was not possible to define to what extent administrative burden reduction for citizens and the administration can be labelled as providing an economically relevant contribution. The assumption that for both cases the contribution is one fifth of the direct contribution provided by administrative burden reduction for companies could be significantly off the mark and could both be overestimated and underestimated at this stage.

The assumptions that underpin the analysis will be presented to various stakeholders and presented during the online public consultation.

Chapter 5: Communication and Consultation

A government wide policy aimed at administrative burden reduction will have profound impacts on the functioning of the administration and the way in which policies and legislation are implemented. The upfront costs are quite clear as these can be determined in terms of additional staff, the investments needed to implement burden reduction measures and the loss of revenue that results from a reduction of licenses and fees as a result of the implementation of the LGAP.

At the same time, administrative burden reduction has a range of positive effects ranging from a better investment climate to a clearer government procedures and from improving the basis for the ‘Rule of Law’ to improving fundamental rights. Furthermore, administrative burden reduction would contribute directly to the European Integration process of Kosovo and is contributing to achieving the Sustainable Development Goals. Given these and other profound impacts, this Concept Document was therefore widely consulted.

The outcomes of the consultation activities are reflected in the subchapters listed below.

The consultation approach had been outlined in the Better Regulation Strategy 2.0 2017 – 2021 for Kosovo. This strategy set out, for example, the aim to conduct four targeted consultation activities to assess the views of businesses regarding administrative burdens. As the overview shows, this number of meetings was surpassed as four of these meetings were held in 2018 and they were continued in 2019.

5.1 Targeted consultations and meetings with stakeholders

The figure below shows the main meetings held for the development of this Concept Document. The overview contains both meetings that were held between relevant administrative bodies and meetings organised with external stakeholders.

Figure 61: Overview of internal, targeted and public consultation activities in 2018 and 2019

<p>The consultation process aims to identify support for administrative burden reduction, receive concrete examples of how administrative burdens affect businesses negatively and identify the best possible approach to systematically reducing administrative burdens</p> <ul style="list-style-type: none"> - [When the CD is sent for public consultation, the column on the budget should be deleted.] - [When the CD is sent for public consultation, the title of the column ‘Indicative timing’ needs to be changed into ‘Timing’.] 					
Main aim	Target group	Activity	Communication/ Announcement	Indicative timing	Responsible person/organisation
Assess the need for Gender Impact Assessment	Agency for Gender Equality	Discussing gender aspects of administrative burden reduction and define the need for Gender	Direct contact	26 February 2018	Mirlinda Lushtaku – Government Coordination Secretariat

		Impact Assessment			
Regional Competitiveness Check: Albania	Cabinet of the Deputy Prime Minister of Albania; Prime Minister's Office of Albania; Albanian National Agency for Information Society	Presentation on the programme of the Government of Albania on administrative burden reduction; presentation by NAIS on IT services in Albania	Direct contact	30-31 August 2018	Arjeta Sahiti and Arife Gashi – Government Coordination Secretariat
Targeted business consultation in food processing sector	Meeting with representatives from Meka Mish	Meeting to discuss administrative burdens faced by the organisation	Direct contact	7 September 2018	Vjosa Hoxha – Government Coordination Secretariat
Targeted business consultation in food processing sector	Meeting with representatives from Stonecastle Winery	Preparation of company visit by the Working Group	Direct contact	13 September 2018	Vjosa Hoxha – Government Coordination Secretariat
Targeted business consultation in food processing sector	Meeting with representatives from Stonecastle Winery	Meeting of the WG to discuss administrative burdens faced by the company	Direct contact	3 October 2018	Arben Krasniqi – Director of the Government Coordination Secretariat
Better Regulation Network Meeting participation	EU Member States	Analysing experiences from EU Member States with administrative burden reduction and implementation of reduction programmes	Direct contact	11 – 12 October 2018	Arben Krasniqi – Director of the Government Coordination Secretariat
Define the possible scope of the administrative	Ministry of Local Government Administration	Discussing the role of local government in reducing	Direct contact	24 October 2018	Arjeta Sahiti – Government Coordination Secretariat

burden reduction programme	n	administrative burdens			
Targeted consultation in the hospitality, food and animal care sector	Meeting with representatives from Four Paws International	Meeting to discuss administrative burdens faced by the organisation	Direct contact	5 December 2018	Vjosa Hoxha – Government Coordination Secretariat
Targeted consultation regarding the manufacturing sector	Meeting with the Kosovo Manufacturing Club	Meeting to discuss administrative burdens faced by manufacturers in Kosovo, cooperation on the preparation of the public meeting	Direct contact	20 December 2018	Arben Krasniqi – Director of the Government Coordination Secretariat
Presentation of preliminary findings to the Assembly of Kosovo	Participation in the meeting of the Committee for Economic Development, Infrastructure, Trade, Industry and Regional Development	Presentation during Committee meeting	Direct contact	28 May 2019	Arben Krasniqi – Director of the Government Coordination Secretariat
Targeted business consultation in food processing sector	Meeting with representatives from Eurolona	Meeting with representatives from the WG to discuss administrative burdens faced by the company	Direct contact	10 September 2019	Vjosa Hoxha – Government Coordination Secretariat
Targeted consultation with municipality of Prizren	Meeting with the Mayor	Meeting to discuss the relevance of administrative burden reduction, the impacts of the LGAP, the budget revenue	Direct contact	16 September 2019	Shkurte Krasniqi – Government Coordination Secretariat

		from license and permit fees and the provision of services			
Targeted consultation with municipality of Ferizaj	Meeting with the Deputy Mayor	Meeting to discuss the relevance of administrative burden reduction, the impacts of the LGAP, the budget revenue from license and permit fees and the provision of services	Direct contact	24 September 2019	Shkurte Krasniqi – Government Coordination Secretariat
Targeted consultation with municipality of Peja	Meeting with the Deputy Mayor	Meeting to discuss the relevance of administrative burden reduction, the impacts of the LGAP, the budget revenue from license and permit fees and the provision of services	Direct contact	26 September 2019	Arife Gashi – Government Coordination Secretariat
Targeted consultation with municipality of Mitrovica	Meeting with the officials from the municipality	Meeting to discuss the relevance of administrative burden reduction, the impacts of the LGAP, the budget revenue from license and permit fees and the provision of services	Direct contact	1 October 2019	Arjeta Sahiti – Government Coordination Secretariat
Targeted consultation with municipality of Pristina	Meeting with the Deputy Mayor	Meeting to discuss the relevance of administrative burden	Direct contact	11 November 2019	Arife Gashi – Government Coordination Secretariat

		reduction, the impacts of the LGAP, the budget revenue from license and permit fees and the provision of services			
Targeted consultation with municipality of Malisheva	Meeting with the Mayor	Meeting to discuss the relevance of administrative burden reduction, the impacts of the LGAP, the budget revenue from license and permit fees and the provision of services	Direct contact	17 December 2019	Arjeta Sahiti – Government Coordination Secretariat
Written public consultation	All stakeholders	Publication of the consultation on the public consultation website	Publication on the online consultation platform		Arben Krasniqi – Chair of the Working Group and Director of the Government Coordination Secretariat

5.2 Main findings of the consultation process

The discussions with representatives from individual businesses show a consistent picture on the issues that companies face when conducting or expanding their business. All these stakeholders indicated that the quality of services provided by the administration needs improvement. The staff working at administrative bodies was generally not perceived as being service-minded. The staff did not always know the details about the procedures and processes that they were tasked to implement. Communication with the administration is considered to be a difficult process since the response times of the administration are long.

Respondents in these targeted consultations also indicated that they generally supported the aims of legislation and saw the need to align the national legal framework with international standards and, in particular, the EU Acquis. The latter is especially relevant for access to the EU Internal Market and for growth of business activities. Business representatives mentioned that alignment with the EU Acquis and actual implementation of EU standards are needed in order to implement substantial new investments. Specific administrative burdens that were highlighted in the discussion was the need to travel to the offices of administrative bodies in order to complete procedures and a lack of digitalisation; the need to provide data for transport licenses that could often not be obtained at a reasonable time

frame with delivery delays as a result (in particular details about trucks and license plates details that need to be provided days before the actual transport takes place; when transport companies then send a different truck than initially planned, the administration needs to be informed before the truck can actually drive onto the road).

As part of the consultation process of the Concept Document and with the aim to involve all relevant actors in the consultation process, the GCS organised 6 meetings with municipalities of Kosovo (Prishtina, Prizren, Mitrovica, Peja, Ferizaj, Malisheva). These meetings were held with the highest level of the municipalities, presenting the challenges that municipalities face.

The meetings highlighted that although more than 10 years have passed since the consolidation of local government and decentralization in Kosovo, the local level faces a lot of problems in relation to administrative barriers.

Administrative barriers in municipalities are seen as a key obstacle to provide services to citizens and businesses. The digitization of services remains a major challenge for the local level. This process is seen as a key step in facilitating the procedures for service delivery for citizens and businesses. Most municipalities have begun digitizing services for citizens but there is still the challenge of service unification whereby citizens/businesses for a given service should go to 2 (two) or more offices.

An important administrative burden for businesses is the lack of coordination of inspections between central and local level as there is no unique business inspection nor effective coordination between different inspections. The result is that it complicates the life of businesses substantially.

Protracted procurement procedures and irresponsible operators are an additional problem for municipalities, as a result of which they cannot implement projects on time and consequently have to transfer budgets from year to year. Other problems in the budget are the maintenance of projects after the implementation mainly on the streets, schools or health facilities.

A continuous key challenge relates to the coordination between local and central institutions, whereby local institutions encounter problems in implementing the procedures deriving from the legislation. For many municipalities responsibilities have been delegated in certain areas without additional funding being allocated in line with those responsibilities.

Even though this Concept Document is adopted, the Government will continue with targeted consultation meetings to discuss administrative burden reduction in more detail with relevant stakeholders and in particular with municipalities.

Chapter 6: Comparing options

Establishing a programme aimed at reducing administrative burdens against a reduction target will have to follow similar Implementation Plans. This is due to the fact that the main difference between the options is the scope and timing of the reduction programme. The activities that need to be implemented for each option are presented in the overview below. They are also reflected in the Implementation Plans further down in this chapter.

Figure 62: Specific objectives and common activities integrated into the Implementation Plan for each option

Specific Objective	Output	Activities
Reaching the target to simplify, merge of abolish 10% of licenses and permits by 2020 as defined in the SBS contract	Concept Document on Administrative Burden Reduction	No further activities required
	Laws and sub-legal acts that contribute to simplifying, merging of abolishing licenses and permits	Adopting changes to laws and sub-legal acts that contribute to simplifying, merging of abolishing licenses and permits
Establishing the policy, financial, legal and organisational framework for Administrative Burden Reduction	Adjusted budget allocation for implementing the administrative burden reduction policy	Integrating the budget requirements into the MTEF, including expected new staff numbers for all involved organisations and expected expenditures
	Coordinated donor support for administrative burden reduction	Discussing and agreeing with development partners on technical assistance and budget support for the implementation and management of the administrative burden reduction programme and specific elements thereof
	Adjusted Annual Budget	Integrating the requirements for the administrative burden reduction programme into the annual budget in line with the start of the burden reduction programme
	Prime Minister’s Fund for administrative burden reduction	Establishing the legal and budgetary framework for the Prime Minister’s Fund for administrative burden reduction
	Adjusted Better Regulation Strategy	Updating of the Better Regulation Strategy 2.0 for Kosovo 2017-2021, including extension on the validity period in line with the length of the administrative burden reduction programme and all related activities
	Government decision to start the administrative burden reduction programme	Establishing the administrative burden reduction target through a Government decision in line with commitments formulated in the updated Better Regulation Strategy and agreements made with development partners.

	Government decision to start the baseline measurement	Initiating the measurement process for administrative burdens after allocating sufficient human resources to the Government Coordination Secretariat for this task and after securing the required technical assistance
	Established capacities for administrative burden reduction	Training staff involved in implementing the administrative burden reduction programme on developing Concept Documents, Strategic Documents, laws and sub-legal acts in line with the reduction target for administrative burdens and application of the SCM and use of the baseline measurement for administrative burdens; the ToT on the application of the SCM should be repeated several times to ensure that staff involved in managing SCM measurements if proficient with applying the model
	Political coordination body for administrative burden reduction	Establishing the political level coordination body and responsibilities for the administrative burden reduction programme
	Administrative coordination body for administrative burden reduction	Establishing the administrative level coordination body for the administrative burden reduction programme based on the existing coordination mechanisms such as the weekly meeting of General Secretaries chaired by the Secretary General of the Office of the Prime Minister
	Consultation mechanism for administrative burden reduction	Establishing the consultation mechanisms with relevant stakeholders, e.g. through regular meetings and stakeholder events
	Updated guidance materials for policy development and policy planning	Adjusting the guidance materials for developing Concept Documents and strategic planning, incorporating the overall aim to reduce administrative burdens
	Guidance for donor projects aligned to administrative burden reduction and policy development procedures	Cooperating with development partners on aligning existing and future support projects to the aim of reducing administrative burdens
	Develop the CD on establishing the independent watchdog for administrative burden reduction	Assessing the potential net added value of an oversight body that advises the Government on the administrative burden reduction policy and provides suggestions to reduce administrative burdens
Establishing the full overview of legislation in	Overview of legislation in force	Developing the overview of legislation in force, including legal requirements from before 1999 that have not been formally abolished

force and the baseline measurement	Adjust SCM methodology in line with the programme demands	Adjust the SCM methodology and supporting excel file for the measurement of administrative burdens based on the scope of the programme and the issues identified in this Concept Document before launch of measurement programme
	Baseline measurement for administrative burdens	Establishing the baseline measurement for administrative burdens
Reducing administrative burdens consistently	Measures to reduce administrative burdens adopted and implemented	Proposing law changes for administrative burden reduction to the Assembly; and adopting sub-legal acts and improved implementation processes by the Government or responsible ministers
	Annually updated tentative plans for administrative burden reduction presented to the public and Assembly	Developing and updating annually medium- to long-term plans to reduce administrative burdens with the baseline measurement as the starting point
	Annual reports on progress under the administrative burden reduction programme presented to the public and Assembly	Drafting the annual report on the achievements against the reduction target for administrative burdens set against the baseline measurement
	Public consultation integrated into the administrative burden reduction programme	Ensuring continuous focus on burden reduction measures by integrating a continuous consultation with the public on suggestions to reduce administrative burdens through the online consultation website: http://konsultimet.rks-gov.net
	Publicly accessible online database on progress with regards to administrative burden reduction measures against the set target	Developing a communication platform to show the ‘real time’ the implementation of the programme based on actual measures (e.g. references and links to initial ideas, Concept Documents developed to initiate legislative changes, the draft proposals approved by the government and approved by the parliament (for laws); sub-legal acts adopted by the Government; technical and process measures implemented to reduce administrative burdens without adjusting the legal framework etc.
Assessing the achievement of the administrative burden reduction programme and	Mid-term evaluation	Organising and performing the independent mid-term evaluation of the administrative burden reduction programme, including extensive stakeholder consultation and verification of burden reduction measures
	Final evaluation	Organising and performing the independent final evaluation of the administrative burden reduction

formulating improvements where necessary		programme, including extensive stakeholder consultation and verification of burden reduction measures
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For the Options 4, 5 and 6, that include addressing administrative burdens also for citizens and/or the administration, the current SCM Manual would need to be adapted. This manual only covers the measurement of administrative burdens of companies. In addition, for Options 5 and 6, the MLGA must be added as a member of the structure for managing the administrative burden reduction programme.

The overview of the steps that are needed to initiate the administrative burden reduction programme show that time needs to be invested in order to prepare for the implementation of the programme and to establish the proper budgetary and organisational requirements. These steps also need to be implemented logically, meaning that the actual reduction target should not be adopted unless the organisational, capacity-related and budgetary prerequisites have been met.

6.1 Implementation plans for the different options

The Implementation Plans for the various considered options are similar to a great extent. The set-up required for a successful implementation of the administrative burden reduction programme is quite similar for each option.

The main difference between Option 2 and Options 3-6 is the timeline required to implement the administrative burden reduction programme.

The main difference between Option 3 and Options 4-6 is that the scope of the administrative burden reduction programme is expanded from companies to citizens and/or the administration. This affects the amount of laws and sub-legal acts must be analysed and measured, means that the SCM methodology must be adjusted to cover administrative burdens for citizens and the administration, that more reduction measures have to be developed and that more budget is expected to be required for implementing the actual burden reduction measures.

The Specific Objectives, Outputs and Activities presented in the table above must be met under each of the considered options. The main difference in terms of implementation lies in the required resources for implementation of the administrative burden reduction programme, the demand to the budget and the future positive effects in relation to economic growth, reduction of informality, improved adherence to fundamental right, social equity and other aspects that are presented in the MultiCriteria Analysis further below in this chapter.

Since the Implementation Plans for Options 3-6 would be the same apart in terms of Specific Objectives, Outputs and Activities, such plans are only presented for Option 2 and Option 3. For Options 4-5 the additional budgetary impacts will be presented in each subchapter.

With a reduction target set at reducing burdens for companies, the focus during the first years could be on the specific administrative processes and services that are reflected in the international analysis

regarding Kosovo, such as the monitoring reports of OECD/SIGMA that are based on the Principles of Public Administration. The services that are reflected in the OECD/SIGMA methodology are²¹¹:

- 1) Starting a business
- 2) Obtaining a commercial construction permit
- 3) Declaring and paying corporate income taxes
- 4) Declaring and paying value-added taxes

²¹¹ OECD/SIGMA, Monitoring Report: The Principles of Public Administration KOSOVO; May 2019, page 12.

6.1.1 Implementation Plan Option 2: Full baseline measurement and a 25% reduction target for administrative burdens for companies applicable to all legislation and to be implemented within 4 years

The Implementation Plan for Option 2 is presented in the table below. It lists all activities that the various options have in common. As the plan indicates, the timelines for implementing the reduction target would be highly condensed.

Figure 63: Implementation Plan Option 2

Policy Goal	Reducing administrative burdens for companies										
Strategic Objective	Full baseline measurement and a 25% reduction target for administrative burdens for <u>companies</u> applicable to all legislation and to be implemented within 4 years										
Specific Objective	Output	Activity	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Responsible organisation / department
Specific Objective 1: Reaching the target to simplify, merge of abolish 10% of licenses and permits by 2020 as defined in the SBS contract	Output 1.1: Concept Document on Administrative Burden Reduction	No further activities required									
	Output 1.2: Laws and sub-legal acts that contribute to simplifying, merging of abolishing licenses and permits	Adopting changes to laws and sub-legal acts that contribute to simplifying, merging of abolishing licenses and permits	X								- LO
	Output 2.1:	Activity 2.1.1: Discussing			X	X					- GCS

Specific Objective 2: Establishing the policy, financial and organisational framework for Administrative Burden Reduction	Coordinated donor support for administrative burden reduction	and agreeing with development partners on technical assistance and budget support for the implementation and management of the administrative burden reduction programme and specific elements thereof										- MEI
	Output 2.2: Adjusted Better Regulation Strategy	Activity 2.2.1: Updating of the Better Regulation Strategy 2.0 for Kosovo 2017-2021, including extension on the validity period in line with the length of the administrative burden reduction programme and all related activities	X	X								- GCS
	Output 2.3: Government decision to start the administrative burden reduction programme	Activity 2.3.1: Establishing the administrative burden reduction target through a Government decision in line with commitments formulated in the updated Better Regulation Strategy and agreements made with development partners	X									- GCS
	Output 2.4: Government decision to start baseline measurement process	Activity 2.4.1: Initiating the baseline measurement process with the allocated human resources and expected Technical Assistance support in place		X								- GCS

	Output 2.5: Established capacities for administrative burden reduction	Activity 2.5.1: Continuing the development of training capacities for SCM application through the organisation of the SCM ToT top ensure that staff involved in managing SCM measurements is fully prepared for the task	X	X	X						- GCS - KIPA - Staff involved in managing SCM measurements
		Activity 2.5.2: Training staff involved in implementing the administrative burden reduction programme on developing Concept Documents, Strategic Documents, laws and sub-legal acts in line with the reduction target for administrative burdens and application of the SCM and use of the baseline measurement for administrative burdens	X	X	X	X					- GCS - KIPA - All involved staff
	Output 2.6: Political coordination body for administrative burden reduction set up through Government decision	Activity 2.6.1: Establishing the political level coordination body and responsibilities for the administrative burden reduction programme	X								- GCS - LO
	Output 2.7:	Activity 2.7.1: Establishing	X								- GCS

	Administrative coordination body for administrative burden reduction set up through Government decision	the administrative level coordination body for the administrative burden reduction programme based on the existing coordination mechanisms such as the weekly meeting of General Secretaries chaired by the Secretary General of the Office of the Prime Minister									- LO
	Output 2.8: Consultation mechanism for administrative burden reduction	Activity 2.8.1: Establishing the consultation mechanisms with relevant stakeholders, e.g. through regular meetings and stakeholder events	X								- GCS - OGG
	Output 2.9: Updated guidance materials for policy development and policy planning	Activity 2.9.1: Adjusting the guidance materials for developing Concept Documents and strategic planning, incorporating the overall aim to reduce administrative burdens	X								- GCS - SPO
	Output 2.10: Guidance for donor projects aligned to administrative burden reduction and policy	Activity 2.10.1: Cooperating with development partners on aligning existing and future support projects to the aim of reducing administrative burdens	X								- GCS - MEI

	development procedures										
	Output 2.11: Decision on establishing an independent oversight body for administrative burden reduction	Activity 2.11.1: Developing the Concept Document on establishing the independent watchdog for administrative burden reduction			X						- GCS
Specific Objective 3: Establishing the full overview of legislation in force and the baseline measurement	Output 3.1: Adjusted SCM methodology in line with the programme demands	Activity 3.2.2: Adjust the SCM methodology and supporting excel file for the measurement of administrative burdens based on the scope of the programme and the issues identified in this Concept Document before launch of measurement programme	X								- GCS
	Output 3.2: Baseline measurement for administrative burdens	Activity 3.3.1: Establishing the baseline measurement for administrative burdens	X								- GCS - Line ministries
Specific Objective 4: Reducing administrative burdens consistently	Output 4.1: Measures to reduce administrative burdens adopted and	Activity 4.1.1: Proposing law changes for administrative burden reduction to the Assembly; and adopting sub-legal acts and improved		X	X	X					- Line ministries, supported by OPM offices in line with their mandate, MFT and other

	implemented	implementation processes by the Government or responsible ministers									relevant organisations	
	Output 4.2: Annually updated tentative plans for administrative burden reduction presented to the public and Assembly	Activity 4.2.1: Developing and updating annually medium- to long-term ministerial and crosscutting plans to reduce administrative burdens with the baseline measurement as the starting point		X	X	X						- GCS - Line ministries
	Output 4.3: Annual reports on progress under the administrative burden reduction programme presented to the public and Assembly	Activity 4.3.1: Drafting the annual report on the achievements against the reduction target for administrative burdens set against the baseline measurement		X	X	X						- GCS
	Output 4.4: Public consultation integrated into the administrative burden reduction	Activity 4.4.1: Ensuring continuous focus on burden reduction measures by integrating a continuous consultation with the public on suggestions to reduce administrative burdens through the online	X	X	X	X						- GCS

	programme	consultation website: http://konsultimet.rks-gov.net								
	Output 4.5: Publicly accessible online database on progress with regards to administrative burden reduction measures against the set target	Activity 4.5.1: Developing a communication platform to show the ‘real time’ the implementation of the programme based on actual measures (e.g. references and links to initial ideas, Concept Documents developed to initiate legislative changes, the draft proposals approved by the government and approved by the parliament (for laws); sub-legal acts adopted by the Government; technical and process measures implemented to reduce administrative burdens without adjusting the legal framework etc.	X	X	X	X				- GCS
	Output 4.6: Consistent Government policy on readability and understandability of texts	Activity 4.6.1 Developing the approach to improving readability and understandability of Government texts and forms		X	X	X				- PCO
Specific	Output 5.1:	Activity 5.1.1: Organising		X						- GCS

Objective 5: Assessing the achievement of the administrative burden reduction programme and formulating improvements where necessary	Mid-term evaluation	and performing the independent mid-term evaluation of the administrative burden reduction programme, including extensive stakeholder consultation and verification of burden reduction measures								
	Output 5.2: Final evaluation	Activity 5.2.1: Organising and performing the independent final evaluation of the administrative burden reduction programme, including extensive stakeholder consultation and verification of burden reduction measures				X				- GCS
	Output 5.3: Concept Document on the introduction of the Principle of the Gratuity of the Proceeding	Activity 5.3.1: Assessing how the Principle of the Gratuity of the Proceeding can be implemented without endangering the stability of the Kosovo Budget				X				- MFT - GCS

6.1.2 Implementation Plan Option 3: Gradual completion of the baseline measurement and tailored scope of the reduction target for administrative burdens for companies within a time period of 8 years aiming at 30% reduction

The Implementation Plan for Option 3 is presented in the table below. This Implementation Plan is similar in steps as the plans for Options 4-6. Therefore, the Implementation Plan for Option 3 serves as the Implementation Plan for those options as well. The implementation plan will be further worked out in detail in the Action Plan for the Better Regulation Strategy.

Figure 64: Implementation Plan Option 3

Policy Goal	Reducing administrative burdens for companies											
Strategic Objective	Implementation Plan Option 3: Gradual completion of the baseline measurement and tailored scope of the reduction target for administrative burdens for companies within a time period of 8 years aiming at 30% reduction											
Specific Objective	Output	Activity	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Responsible organisation / department	
Specific Objective 1: Reaching the target to simplify, merge of abolish 10% of licenses and permits by 2020 as defined in the SBS contract	Output 1.1: Concept Document on Administrative Burden Reduction	No further activities required										
	Output 1.2: Laws and sub-legal acts that contribute to simplifying, merging of abolishing licenses and permits	Adopting changes to laws and sub-legal acts that contribute to simplifying, merging of abolishing licenses and permits	X								- LO - Line ministries	

Specific Objective 2: Establishing the policy, financial, legal and organisational framework for Administrative Burden Reduction	Output 2.1: Coordinated donor support for administrative burden reduction	Activity 2.1.1: Discussing and agreeing with development partners on technical assistance and budget support for the implementation and management of the administrative burden reduction programme and specific elements thereof	X	X	X	X	X	X	X	X	- GCS - MEI
	Output 2.2: Adjusted Better Regulation Strategy	Activity 2.2.1: Updating of the Better Regulation Strategy 2.0 for Kosovo 2017-2021, including extension on the validity period in line with the length of the administrative burden reduction programme and all related activities	X	X							- GCS
	Output 2.3: Government decision to start the administrative burden reduction programme	Activity 2.3.1: Establishing the administrative burden reduction target through a Government decision in line with commitments formulated in the updated Better Regulation Strategy and agreements made with development partners		X							- GCS
	Output 2.4: Government decision to start the baseline	Activity 2.4.1: Initiating the baseline measurement process with the allocated human resources and expected Technical		X							- GCS

	measurement process	Assistance support in place									
	Output 2.5: Established capacities for administrative burden reduction	Activity 2.5.1: Continuing the development of training capacities for SCM application through the organisation of the SCM ToT to ensure that staff involved in managing SCM measurements is fully prepared for the task	X		X		X		X		- GCS - KIPA - Staff involved in managing SCM measurements
		Activity 2.5.2: Training staff involved in implementing the administrative burden reduction programme on developing Concept Documents, Strategic Documents, laws and sub-legal acts in line with the reduction target for administrative burdens and application of the SCM and use of the baseline measurement for administrative burdens	X	X	X	X	X	X	X	X	- GCS - KIPA - All involved staff
	Output 2.6: Political coordination body for administrative burden reduction set up through Government	Activity 2.6.1: Establishing the political level coordination body and responsibilities for the administrative burden reduction programme		X							- GCS - LO

decision											
Output 2.7: Administrative coordination body for administrative burden reduction set up through Government decision	Activity 2.7.1: Establishing the administrative level coordination body for the administrative burden reduction programme based on the existing coordination mechanisms such as the weekly meeting of General Secretaries chaired by the Secretary General of the Office of the Prime Minister		X								- GCS - LO
Output 2.8: Consultation mechanism for administrative burden reduction	Activity 2.8.1: Establishing the consultation mechanisms with relevant stakeholders to obtain suggestions for administrative burden reduction measures, e.g. through regular meetings and stakeholder events		X	X							- GCS - OGG
Output 2.9: Updated guidance materials for policy development and policy planning	Activity 2.9.1: Adjusting the guidance materials for developing Concept Documents and strategic planning, incorporating the overall aim to reduce administrative burdens		X	X							- GCS - SPO
Output 2.10: Guidance for donor projects aligned to	Activity 2.10.1: Cooperating with development partners on aligning existing and future support projects to		X								- GCS - MEI

	administrative burden reduction and policy development procedures	the aim of reducing administrative burdens through bi-annual meetings									
	Output 2.11: Decision on establishing an independent oversight body for administrative burden reduction	Activity 2.11.1: Developing the Concept Document on establishing the independent watchdog for administrative burden reduction				X					- GCS
Specific Objective 3: Establishing the full overview of legislation in force and the baseline measurement	Output 3.1: Adjusted SCM methodology in line with the programme demands	Activity 3.2.2: Adjust the SCM methodology and supporting excel file for the measurement of administrative burdens based on the scope of the programme and the issues identified in this Concept Document before launch of measurement programme		X	X						- GCS
	Output 3.2: Baseline measurement for administrative burdens	Activity 3.3.1: Establishing the baseline measurement for administrative burdens		X	X	X					- GCS - Line ministries
Specific Objective 4: Reducing	Output 4.1: Measures to	Activity 4.1.1: Proposing law changes for			X	X	X	X	X	X	- Line ministries,

<p>administrative burdens consistently</p>	<p>reduce administrative burdens adopted and implemented</p>	<p>administrative burden reduction to the Assembly; and adopting sub-legal acts and improved implementation processes by the Government or responsible ministers</p>									<p>supported by OPM offices in line with their mandate, MFT and other relevant organisations</p>
	<p>Output 4.2: Annually updated tentative plans for administrative burden reduction presented to the public and Assembly</p>	<p>Activity 4.2.1: Developing and updating annually medium- to long-term ministerial and crosscutting plans to reduce administrative burdens with the baseline measurement as the starting point</p>		<p>X</p>	<p>X</p>	<p>X</p>	<p>X</p>	<p>X</p>	<p>X</p>	<p>X</p>	<p>- GCS - Line ministries</p>
	<p>Output 4.3: Annual reports on progress under the administrative burden reduction programme presented to the public and Assembly</p>	<p>Activity 4.3.1: Drafting the annual report on the achievements against the reduction target for administrative burdens set against the baseline measurement</p>	<p>X</p>	<p>X</p>	<p>X</p>	<p>X</p>	<p>X</p>	<p>X</p>	<p>X</p>	<p>X</p>	<p>- GCS</p>

	Output 4.4: Public consultation integrated into the administrative burden reduction programme	Activity 4.4.1: Ensuring continuous focus on burden reduction measures by integrating a continuous consultation with the public on suggestions to reduce administrative burdens through the online consultation website: http://konsultimet.rks-gov.net		X	X	X	X	X	X	X	- GCS
	Output 4.5: Publicly accessible online database on progress with regards to administrative burden reduction measures against the set target	Activity 4.5.1: Developing a communication platform to show the 'real time' the implementation of the programme based on actual measures (e.g. references and links to initial ideas, Concept Documents developed to initiate legislative changes, the draft proposals approved by the government and approved by the parliament (for laws); sub-legal acts adopted by the Government; technical and process measures implemented to reduce administrative burdens without adjusting the legal framework etc.				X	X	X	X	X	- GCS - PCO
	Output 4.6:	Activity 4.6.1			X	X	X	X	X	X	- PCO

	Consistent Government policy on readability and understandability of texts	Developing the approach to improving readability and understandability of Government texts and forms									
Specific Objective 5: Assessing the achievement of the administrative burden reduction programme and formulating improvements where necessary	Output 5.1: Mid-term evaluation	Activity 5.1.1: Organising and performing the independent mid-term evaluation of the administrative burden reduction programme, including extensive stakeholder consultation and verification of burden reduction measures				X	X				- GCS
	Output 5.2: Final evaluation	Activity 5.2.1: Organising and performing the independent final evaluation of the administrative burden reduction programme, including extensive stakeholder consultation and verification of burden reduction measures								X	- GCS
	Output 5.3: Concept Document on the introduction of the Principle of	Activity 5.3.1: Assessing how the Principle of the Gratuity of the Proceeding can be implemented without endangering the stability of the Kosovo Budget.				X					- MFT - GCS

	the Gratuity of the Proceeding										
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6.1.3 Implementation Plan Option 4: Expanding Option 3 with a reduction target regarding administrative burdens for citizens

The Implementation Plan for Option 4 is identical to the Implementation Plan presented for Option 3. The scope of the reduction programme is wider since it includes also administrative burdens for citizens.

The concrete difference between Options 3 and 4 is the amount of burdens that would be reduced, required work needs to be performed and the correlated budgetary impact. The fact that Option 4 aims to reduce more administrative burdens, the economic impact will be greater which is shown in the Macroeconomic Cost-Benefit Analysis. Simultaneously, Option 4 will have a great impact on societal level than Option 3. This is reflected in the MultiCriteria Analysis further below.

With a reduction target set at reducing burdens for citizens as well, the focus during the first years could be on the specific administrative processes and services that are reflected in the international analysis regarding Kosovo, such as the monitoring reports of OECD/SIGMA that are based on the Principles of Public Administration. The services that are reflected in the OECD/SIGMA methodology are²¹²:

- 1) Renewing a personal identification document
- 2) Registering a personal vehicle
- 3) Declaring and paying personal income taxes

6.1.4 Implementation Plan Option 5: Expanding Option 3 with a reduction target regarding administrative burdens for the administration

The Implementation Plan for Option 5 is identical to the Implementation Plan presented for Option 3. The scope of the reduction programme is wider since it includes also administrative burdens for the administration.

The concrete difference between Options 3 and 5 is the amount of burdens that would be reduced, required work needs to be performed and the correlated budgetary impact. The fact that Option 4 aims to reduce more administrative burdens, the economic impact will be greater which is shown in the Macroeconomic Cost-Benefit Analysis. Simultaneously, Option 5 will have a great impact on societal level than Option 3. This is reflected in the MultiCriteria Analysis further below.

Figure 65: Administrative processes to be covered through the administrative burden reduction programme

The administrative burden reduction target for the administration will be applied in a limited fashion. Not all procedures will be reassessed across the board since the main focus lies on simplification from the perspective of citizens and companies.

The effort to reduce administrative burdens within the administration will focus on up to 15 work processes and on 5 professional profiles. This scope will be widened when there is opportunity to do so.

6.1.5 Implementation Plan Option 6: combining Options 3, 4 and 5

The Implementation Plan for Option 6 is identical to the Implementation Plan presented for Option 3. The scope of the reduction programme is wider since it includes also administrative burdens for citizens and the administration.

²¹² OECD/SIGMA, Monitoring Report: The Principles of Public Administration KOSOVO; May 2019, page 12.

The concrete difference between Options 3 and 6 is the amount of burdens that would be reduced, required work needs to be performed and the correlated budgetary impact. Option 6 will have a great impact on societal level than the other options presented in this Concept Document. This is reflected in the MultiCriteria Analysis further below.

6.2 Multi-Criteria Analysis

The Multi-Criteria Analysis in the table below shows the various impacts that can be expected from an administrative burden reduction programme. The overview below shows the expected impacts based on the assumption that the option is effectively implemented. As such, it is an assessment of the expected mid-term and long-term impacts.

The comparison of the various impacts is based on a qualitative method in which the strength of the impact is assessed per option. The scale of assessing this strength ranges from five minuses (-----) showing a negative impact to five plusses (+++++) showing a positive impact. The aspects and impacts selected for the MCA-based comparison are presented and explained earlier on in this Concept Document, in particular Chapters 3 and 4.

Option 1 which implies taking no action is considered to provide a negative contribution over the long term since administrative burdens are known to hamper economic growth and to affect citizens and the public administration negatively as well.

Figure 66: Multi-criteria analysis supporting the CBA regarding non-quantifiable aspects of administrative burden reduction

Comparison method: Multi-Criteria Analysis						
Option	1	2	3	4	5	6
Contribution to Strategic Policy Objectives	-----	+++	++	++++	++++	+++++
Economic impacts:	---	++++	+++	++++	++++	+++++
<ul style="list-style-type: none"> • GDP growth • Improved business/investment climate • Creation of jobs • Business creation • Improved import and export balance • Increased investment (in particular by the diaspora) and FDI • More innovation and research 						
Social impact	---	+++	+++	++++	++++	+++++
<ul style="list-style-type: none"> • Job creation • Poverty reduction 						
Impact on Fundamental Rights	---	+++	++	++++	+++	+++++
<ul style="list-style-type: none"> • Improved provision of government services • Increased clarity and thus transparency of government services • Improve equal treatment before the 						

<p>law</p> <ul style="list-style-type: none"> • Higher quality of the administration and the provision of services in general. • Strengthening of the rule of law 						
Environmental impacts	---	+++	++	++++	++++	+++++
Administrative burden impacts	---	++	++	+++	+++	+++++
SME Impact	---	+++	++	+++	++	+++++
Social Equity Impact	---	+	+	++++	++++	+++++
Youth Impacts	---	+++	++	+++	+++	+++++
Feasibility for implementing the programme successfully	0	-----	+++++	++++	++++	+++
Budget impact	0	-	--	----	----	-----
Long-term revenue impact	-----	++	++	+++	+++	++++
Total score per option	30 minuses	20 plusses	24 plusses	36 plusses	34 plusses	46 plusses
Conclusion	Least preferred option	Option with positive effects limited to businesses and subject to clear implementation difficulties	Option with positive effects limited to businesses with no foreseen implementation difficulties	Option with positive effects limited to businesses and citizens with few implementation difficulties	Option with positive effects limited to businesses and administrations with few implementation difficulties	Most preferred option in terms of impacts with some potential management challenges

The preferred option is Option 6 which includes the following:

- Gradual completion of the baseline measurement and tailored scope of the reduction target for administrative burdens for companies within a time period of 8 years aiming at 30% reduction;
- Adding to this a reduction target of 30% regarding administrative burdens for citizens;
- Combining it with an additional 30% reduction target regarding administrative burdens for the administration and specific professionals.

While the preferred option is deemed as demanding with regards to its implementation, it is seen as the most preferred one since it links to the implicit commitment that underpins the current approach to simplifying administrative procedures. This approach covers administrative burdens for companies, citizens and the administration through e.g. the LGAP.

Chapter 7: Conclusion and future steps

The option that is endorsed by the Government is **Option 6: Gradual completion of the baseline measurement and tailored scope of the reduction target for administrative burdens for companies, citizens and the administration within a time period of 8 years aiming at 30% reduction within the current framework of primary legislation.**

Annex 1: Overview of Members of the Working Group for the Concept Document on Administrative Burden Reduction

Name and Surname	Role in the WG	Position within the respective Institution	Institution
Arben Krasniqi	Chairperson	Director	Government Coordination Secretariat, OPM
Mentor Borovci	Deputy Chairperson	Director	Legal Office, OPM
Haki Shatri	Member	Advisor	Cabinet of the Prime Minister
Florent Muqaj	Member	Advisor	Cabinet of the Vice Prime Minister Behxhet Pacolli
Valdete Bajrami	Member	Advisor	Cabinet of the Vice Prime Minister Fatmir Limaj
Nora Cukaj	Member	Advisor	Cabinet of the Vice Prime Minister Enver Hoxhaj
Shkurte Krasniqi	Member	Coordinator for economic policies	Government Coordination Secretariat, OPM
Vjosa Hoxha	Member	Senior officer for policy coordination	Government Coordination Secretariat, OPM
Arlinda Likaj	Member	Coordinator for European Integration	OPM
Agron Gashi	Member	Coordinator	Legal Office, OPM
Vedat Sagonjeva	Member	Acting Director	Strategic Planning Office, OPM
Ismet Cakiqi	Member	Coordinator	Public Communication Office, OPM
Shaban Ademi	Member	Acting Director	Office for Budget and Finance, OPM
Ibrahim Rustemi	Member	Director	Kosovo Agency of Statistics, OPM
Rexhep Bllaca	Member	Director	Legal Department, MTI

Muhamet Hashani	Member	Senior Officer	Investment Promotion Agency, MTI
Naser Shamolli	Member	Director	Legal Department, MPA
Alba Boshnjaku	Member	Legal Officer	Legal Department, MEI
Nida Krasniqi	Member	Senior Officer	Department of Macros, MoF
Parim Bajrami	Member	Secretary General	Kosovo Chamber of Commerce (KCC)
Erik Akse	Technical support	Team Leader - Sida project	Project Support for Policy Development within the OPM
Jeton Oruçi	Technical support	Legal Expert - Sida project	Project Support for Policy Development within the OPM
Alban Kaçiu	Technical support	Specialist for Costing and Assessment of Economic Impact - Sida project	Project Support for Policy Development within the OPM
Jorinda Gacaferi	Technical support	Project Assistant - Sida project	Project Support for Policy Development within the OPM

Annex 2: Full text from the Government Programme 2017-2021 on administrative burden reduction

Outline of Objectives of the Office of Prime Minister

5. DEVELOPMENT OF A FACILITATIVE REGULATORY SYSTEM FOR BUSINESSES AND CITIZENS

During its mandate, the Government vows to establish a facilitative regulatory system for businesses and citizens. In this regard, various policy-making arrangements are needed to ensure that the legislation developed and proposed in the Assembly is grounded in evidence. Consequently, a Government's priority is to review the policy development process to ensure that appropriate tools for analysing the draft policies are set and used for the new proposals. Particular focus will be given to the use of tools that ensure the development of business-friendly policies that include, among others, the following: SME Test, Standard Cost Model and Regulatory Competitiveness Test.

The Government is aware that administrative burdens and inefficient implementation of legislation aggravate a growth-seeking economy. Also, being aware that these burdens are reflected in inefficient services for companies burdened with administrative procedures, in particular, the reduction of administrative burdens is important for each citizen of Kosovo and the Government is committed to ensuring that, during its mandate, the proposed legislation is effective and efficient for implementation by businesses.

In addition, the Government is committed to establishing the basis of genuine cooperation with the Assembly to look into the possibilities of initiating a general program to simplify administrative procedures where the involvement of stakeholders would be done through a High-Level Group on Administrative Burdens.

Thus, the Government will be committed to reducing the number of licenses and permits to ensure more effective and efficient enforcement of regulatory requirements. This will be done in consultation with all stakeholders and based on discussions with the business community.

Every Government is aware that their programs and strategies are implemented through Work Plans. Consequently, to ensure that the Government's priorities are implemented, it will be decided to include the implementation of the Multi-annual Indicative Work Plan of the Government, where all planned activities will be presented. Such a plan enables to monitor the implementation of Government priorities.

The Government is committed to strengthening the public communication and linkage with Government Priorities. Consequently, important decisions will be effectively communicated to reach the targeted audience. To this end, the Government's goal is to present, through the process of developing the Concept Paper on Improving the Policy Communication, the necessary improvements and the initiation of their implementation.

The Regulation on Rules and Procedure of the Government, adopted in 2011, will be revised to ensure it has reasonable flexibility for preparation of decisions by Government. Among other things, the revised regulation will also contain Impact Assessment aspects which are the key to developing business-

friendly policies. Thus, the aim is to update this regulation which provides flexibility for the diversity of Government decisions.

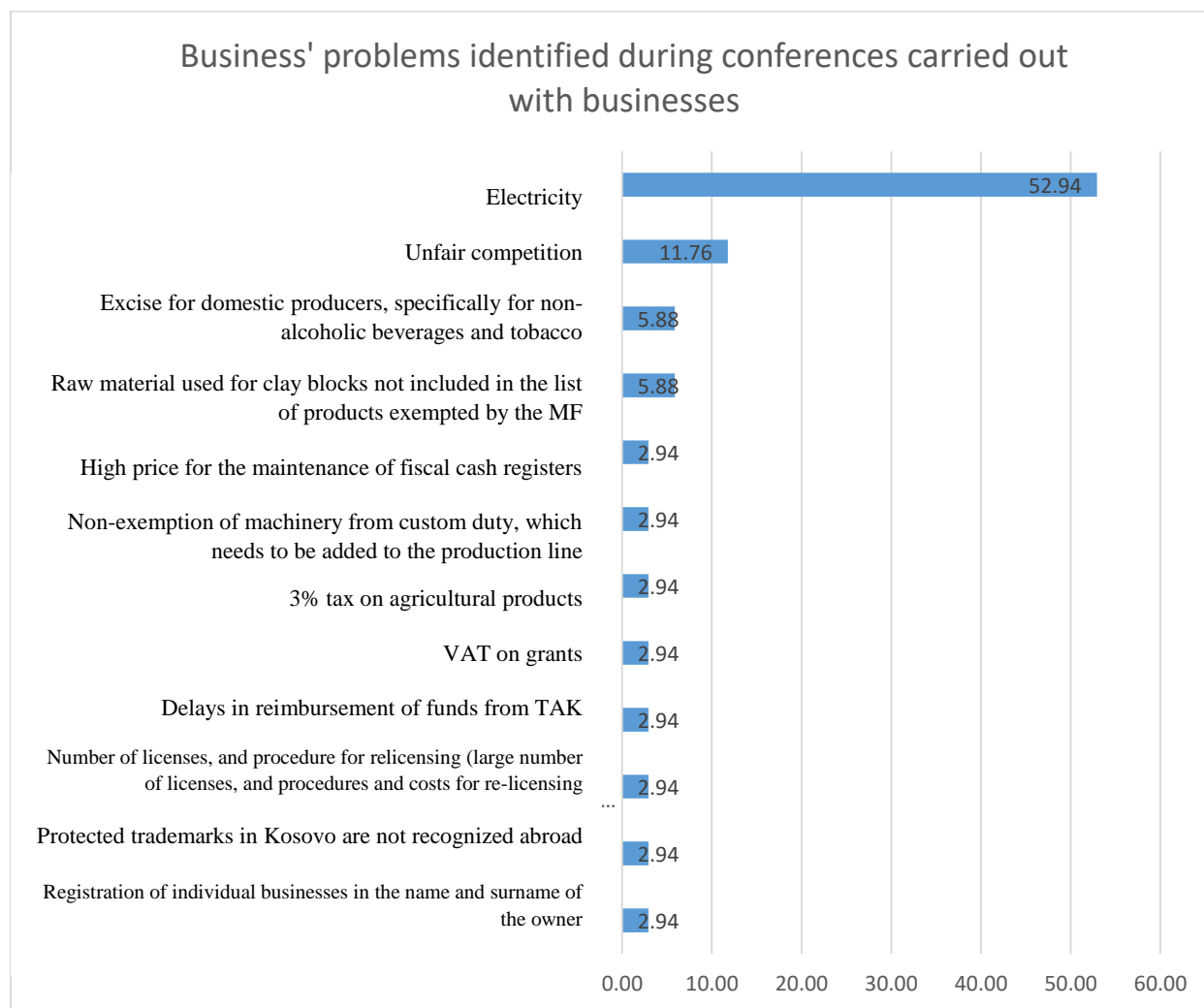
Implementation of the aforementioned priorities can only be done through a professional reorganization of the OPM. Therefore, the Government pledges that such reorganization will include aspects that ensure the development of more friendly policies for businesses and citizens.

Annex 3: 2016 Report from the Kosovo Investment and Enterprise Support Agency on the outcomes of conferences with businesses

During 2016, the Kosovo Investment and Enterprise Support Agency (KIESA) has conducted 9 conferences in Kosovo, 6 at regional level and 2 at municipal level. During these conferences, businesses were informed on the plans of the Government of the Republic of Kosovo regarding the development of private sector and were held discussions regarding business barriers.

The graph below presents the problems, referred to during the conferences, that are faced by businesses, namely by micro, small and medium enterprises.

Figure 67: Problems identified by businesses during the meetings at regional conferences



The major barriers/obstacles for business development resulting from these business conferences in 6 regions of Kosovo and in 3 municipalities are as follows:

- Electricity;
- Unfair competition;
- Excise tax on non-alcoholic beverages;

- Raw material used for clay blocks is not included in the list of products exempted by the MFT.

Other problems faced by under 3% of businesses are: Investments in electricity equipment (KEDS/KESCO requires ownership of functional equipment without any compensation), high tax rates for the consent for connection to electricity grid, high price for the maintenance of fiscal cash registers, non-exemption of machinery from custom duty, machinery that needs to be added to the production line, 3% tax on agricultural products, VAT on grants, protected trademarks in Kosovo are not recognized abroad, the large number of licenses, as well as the procedures and costs for re-licensing are the same as licensing, etc.

Manufacturing enterprises participated in large numbers at the conference, and they listed electricity as the main problem. In general, main problems faced by businesses regarding electricity are listed below:

- Power cuts;
- Maxigraph (Maximum Demand Indicator);
- Electricity price, namely the difference between the winter and summer season;
- Poor power supply line;
- High tax rates for consent for connection to electricity grid;
- Investments in electricity equipment, KEDS requires ownership of equipment without any compensation, etc.

Recommendations:

According to the analysis, the following is recommended in order to support MSMEs, in terms of conducting their activities:

- Consider and invest in consolidation of electricity supply lines and, where possible, create separate lines for electricity supply for businesses;
- Remove maxigraph for manufacturing businesses;
- Eliminate seasonal tariffs (summer - winter);
- Fight the informal economy by providing mitigating measures for businesses to start up a business or go out of business; we recommend that all entrepreneurs willing to start up a business be free from all taxes and fees for at least 6 to 12 months;
- Develop an action plan against unfair competition;
- Work on completing the fiscal package and foresee the exemption of raw materials for non-alcoholic beverages, raw materials for other products such as clay used for production of blocks, for the accompanying equipment to the production lines, etc.
- Consider other taxes affecting the products cost such as the case of 3% tax on agricultural products.
- Consider the possibility of exemption the tax on grants.
- Reduce the number of licenses.

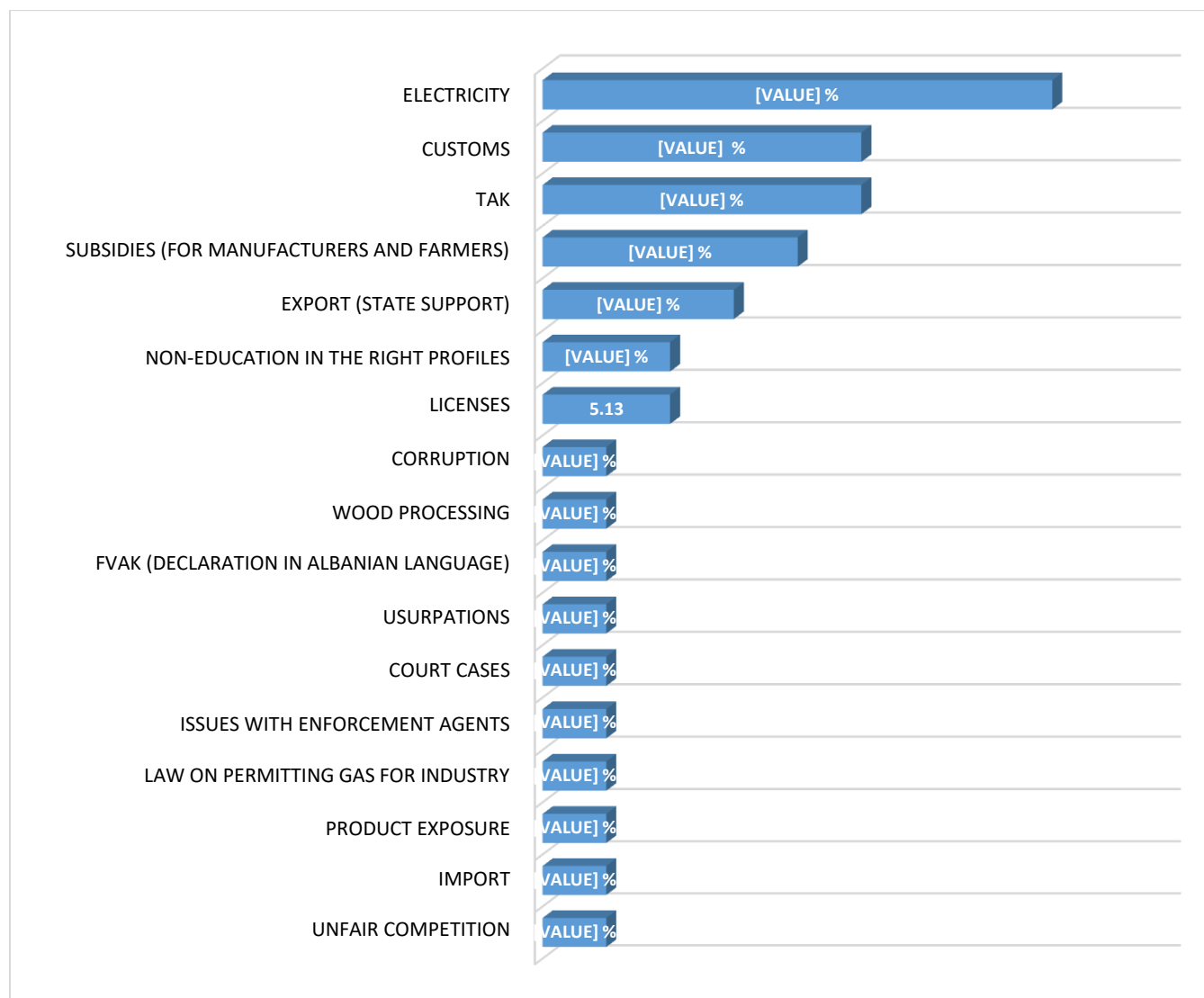
Annex 4: 2017 Report from the Kosovo Investment and Enterprise Support Agency on the outcomes of conferences with businesses

OUTCOMES FROM CONFERENCES CONDUCTED WITH BUSINESSES

Kosovo Investment and Enterprise Support Agency (KIESA) during 2017 has conducted six (6) conferences in Kosovo, five (5) at the regional level (in Pristina, Prizren, Mitrovica, Gjilan, and Ferizaj and one (1) in the Municipality of Istog. During these conferences, businesses were informed about the plans of the Government of the Republic of Kosovo towards the development of the private sector and were held discussions regarding business barriers.

Below is the chart of the problems faced by businesses, namely the micro, small and medium-sized enterprises, which have been stated during these conferences.

Figure 68: Problems identified by businesses during the conferences



The most serious barriers for business development that were identified from six business conferences are as follows:

- Electricity, respectively unannounced outages, electrical maxigraph (Maximum Demand Indicator) and insufficient voltage.
- Customs, customs duty payments for ancillary equipment for manufacturing machinery, tax on raw material etc.
- TAK, addressing the losses and (non) fiscalization of companies, as well as the scaled VAT rate, such as 8% for water that comes through the water supply system and 18% for bottled water.
- Subsidies, lack of subsidies for manufacturers.
- Export, support for local manufacturers for participation in events abroad.
- Licences, licensing and re-licensing which are time-consuming and cost a lot of money.
- Wood processing, planting and their replacement with new seedlings.
- Court cases, case delays in courts that take long time.
- Inadequate education, lack of vocational schools.
- Issues with enforcement agents, enforcement agents collect the taxes they are entitled to and do not deal much with the cases that they assumed.
- Import, ready-made products that are imported into Kosovo come with a lower price than the raw material we import from different countries.

Recommendations:

According to the analysis, the following is recommended in order to support MSMEs, in terms of conducting their activities:

- Consider and invest in consolidation of electricity supply lines and, where possible, create separate lines for electricity supply for businesses;
- Remove maxigraph for manufacturing businesses;
- Impose taxes for those products that are imported in Kosovo at a lower price than the raw materials in the country;
- Lift off the customs duty for ancillary equipment for manufacturing machinery;
- Financially assist (at least 50%) the export enterprises for exposing products abroad;
- Put pressure on Courts to resolve the cases in shorter time periods;
- Develop an action plan against unfair competition;
- Reduce the number of licenses.

Annex 5: Administrative Cases Transferred, Accepted, Resolved and Unresolved - YEAR-2018

YEAR - 2018

Basic Court in Prishtina

Types of contests		Unresolved Cases at the start	Accepted Cases	Total cases in process	Number of cases solved according to the solution method									Total	Unresolved Cases at the end
					With final judgment				With court agreement	With rejected lawsuit	With withdrawn lawsuit	Procedure is stopped	Resolved in another wait		
					Based on acceptance	Based on absence	Based on the main review								
							The lawsuit is approved	The lawsuit is refused							
a	c	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Fine	34	308	342	0	0	88	94	0	43	48	16	7	296	46
2	Tax	731	190	921	0	0	75	79	0	9	17	10	1	191	730
3	Object	5	0	5	0	0	0	0	0	0	0	0	0	0	5
4	Property	214	40	254	0	0	8	16	0	3	0	3	0	30	224
5	Cadaster	470	127	597	0	0	16	17	0	10	12	5	0	60	537
6	Property registration	6	0	6	0	0	0	0	0	0	0	0	0	0	6
7	Apartment	75	0	75	0	0	0	0	0	0	0	0	0	0	75

8	Buy excise	1	0	1	0	0	0	0	0	0	0	0	0	0	1
9	Expropriation	65	5	70	0	0	0	0	0	0	0	0	0	0	70
10	Work	561	311	872	0	0	54	71	0	4	20	3	1	153	719
11	Closing the office	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Road	56	0	56	0	0	0	0	0	0	0	0	0	0	56
13	With Limited Skills	372	455	827	0	0	156	181	12	39	56	26	13	483	344
14	Disability pension	130	170	300	0	0	12	19	0	2	0	3	0	36	264
15	Debt	15	0	15	0	0	0	0	0	0	0	0	0	0	15
16	Tender	245	60	305	0	0	13	15	0	0	0	0	0	28	277
17	Legislation assessment	1	0	1	0	0	0	0	0	0	0	0	0	0	1
18	Licenses	80	5	85	0	0	0	0	0	0	0	0	0	0	85
19	Pension	118	53	171	0	0	26	33	8	8	17	8	0	100	71
20	Administrative silence	158	115	273	0	0	17	14	0	8	10	7	4	60	213
21	Permit	21	0	21	0	0	0	0	0	0	0	0	0	0	21
22	Specialization	9	0	9	0	0	0	0	0	0	0	0	0	0	9
23	Local	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24	Owned property	6	0	6	0	0	0	0	0	0	0	0	0	0	6
25	Confiscated drugs	1	0	1	0	0	0	0	0	0	0	0	0	0	1
26	Building permits	10	0	10	0	0	0	0	0	0	0	0	0	0	10
27	Usurpation	6	0	6	0	0	0	0	0	0	0	0	0	0	6
28	Property tax	213	85	298	0	0	16	27	9	13	10	9	0	84	214
29	Work permit	2	0	2	0	0	0	0	0	0	0	0	0	0	2
30	Property copywriting	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	Construction	10	0	10	0	0	0	0	0	0	0	0	0	0	10
32	Work insurance	1	0	1	0	0	0	0	0	0	0	0	0	0	1

33	Teaching	1	0	1	0	0	0	0	0	0	0	0	0	0	1
34	Immovable property	20	0	20	0	0	0	0	0	0	0	0	0	0	20
35	Expropriation	11	0	11	0	0	0	0	0	0	0	0	0	0	11
36	Judicial	3	0	3	0	0	0	0	0	0	0	0	0	0	3
37	Disciplinary measures	7	0	7	0	0	0	0	0	0	0	0	0	0	7
38	Social help	272	13	285	0	0	22	24	0	9	5	11	3	74	211
39	Naturalization	180	44	224	0	0	13	8	5	3	10	5	9	53	171
40	Insurance Policy	1	0	1	0	0	0	0	0	0	0	0	0	0	1
41	Computer page	51	5	56	0	0	0	0	0	0	0	0	0	0	56
42	Driver's License	3	0	3	0	0	0	0	0	0	0	0	0	0	3
43	Temporary measure	17	10	27	0	0	0	0	0	0	0	0	0	0	27
44	Electricity	18	35	53	0	0	4	3	0	0	0	0	0	7	46
45	Energy utilization	19	0	19	0	0	0	0	0	0	0	0	0	0	19
46	Harmful copying	99	20	119	0	0	4	5	0	0	0	0	0	9	110
47	Cancellation of the decision	104	180	284	0	0	41	25	6	17	34	2	7	132	152
48	Judge's appointment	1	0	1	0	0	0	0	0	0	0	0	0	0	1
49	Authorization to stay, authorized stay	10	0	10	0	0	0	0	0	0	0	0	1	1	9
50	Competition	44	70	114	0	0	7	10	0	2	0	3	0	22	92
51	Customs	189	461	650	0	0	128	116	1	23	18	13	7	306	344
52	Relationship departure	1	0	1	0	0	0	0	0	0	0	0	0	0	1
53	Building object	21	0	21	0	0	0	0	0	0	0	0	0	0	21
54	Safety belt	2	0	2	0	0	0	0	0	0	0	0	0	0	2
55	Construction of dwellings	4	0	4	0	0	0	0	0	0	0	0	0	0	4
56	Takes	1	0	1	0	0	0	0	0	0	0	0	0	0	1
57	Expropriation	1	0	1	0	0	0	0	0	0	0	0	0	0	1

58	Citizen -azil	36	35	71	0	0	13	8	0	3	0	0	0	24	47
59	Columnar monument	1	0	1	0	0	0	0	0	0	0	0	0	0	1
60	Administrative request	21	0	21	0	0	0	0	0	0	0	0	0	0	21
61	registration	1	0	1	0	0	0	0	0	0	0	0	0	0	1
62	damage	5	0	5	0	0	0	0	0	0	0	0	0	0	5
63	Disciplinary violation	2	0	2	0	0	0	0	0	0	0	0	0	0	2
64	Taxi operation	1	0	1	0	0	0	0	0	0	0	0	0	0	1
65	Contract	2	0	2	0	0	0	0	0	0	0	0	0	0	2
66	Expenditure payments	1	0	1	0	0	0	0	0	0	0	0	0	0	1
67	Access to the road	2	0	2	0	0	0	0	0	0	0	0	0	0	2
68	Urban permit	1	0	1	0	0	0	0	0	0	0	0	0	0	1
69	Violation of the code of ethics	4	0	4	0	0	0	0	0	0	0	0	0	0	4
70	Notary-annulment decision	1	0	1	0	0	0	0	0	0	0	0	0	0	1
71	business registration	3	0	3	0	0	0	0	0	0	0	0	0	0	3
72	Income equation	1	0	1	0	0	0	0	0	0	0	0	0	0	1
73	Search	1	0	1	0	0	0	0	0	0	0	0	0	0	1
74	Use	1	0	1	0	0	0	1	0	0	0	0	0	1	0
75	Sent delays	1	0	1	0	0	0	0	0	0	0	0	0	0	1
76	Academic degree	4	0	4	0	0	0	0	0	0	0	0	0	0	4
77	Residence	3	0	3	0	0	0	0	0	0	0	0	0	0	3
78	Financial	1	0	1	0	0	0	0	0	0	0	0	0	0	1
79	Liquidation of goods	1	0	1	0	0	0	0	0	0	0	0	0	0	1
80	Vehicle confiscation	4	0	4	0	0	0	0	0	0	0	0	0	0	4
81	Sale of shares	1	0	1	0	0	0	0	0	0	0	0	0	0	1
82	Help	4	0	4	0	0	0	0	0	0	0	0	0	0	4

83	Name change	2	0	2	0	0	0	0	0	0	0	0	0	0	2
84	Stuff	1	0	1	0	0	0	0	0	0	0	0	0	0	1
85	Oil	1	0	1	0	0	0	0	0	0	0	0	0	0	1
86	Child care	1	0	1	0	0	0	0	0	0	0	0	0	0	1
87	Mother book	7	0	7	0	0	0	0	0	0	0	0	0	0	7
88	Return of the vehicle	1	0	1	0	0	0	0	0	0	0	0	0	0	1
89	Invalid I war	54	119	173	0	0	0	0	0	0	0	0	0	0	173
90	Ignorance of rank	2	0	2	0	0	0	0	0	0	0	0	0	0	2
91	Announcement cancellation	1	15	16	0	0	0	5	0	4	2	3	2	16	0
92	Year of birth	37	10	47	0	0	3	3	0	4	3	0	0	13	34
93	Quarry	1	0	1	0	0	0	0	0	0	0	0	0	0	1
94	Mass stop	1	0	1	0	0	0	0	0	0	0	0	0	0	1
95	burrs	1	0	1	0	0	0	0	0	0	0	0	0	0	1
96	Construction of the Cemetery	1	0	1	0	0	0	0	0	0	0	0	0	0	1
97	Transport line	5	0	5	0	0	0	0	0	0	0	0	0	0	5
98	security	20	0	20	0	0	0	0	0	0	0	0	0	0	20
99	Allowing land use	1	0	1	0	0	0	0	0	0	0	0	0	0	1
100	Return of goods	5	0	5	0	0	0	0	0	0	0	0	0	0	5
101	Property valuation	6	0	6	0	0	0	0	0	0	0	0	0	0	6
102	Accommodation of repatriated Persons	1	0	1	0	0	0	0	0	0	0	0	0	0	1
103	Land use	1	0	1	0	0	0	0	0	0	0	0	0	0	1
104	Customs retaliation	0	35	35	0	0	0	0	0	0	0	0	0	0	35
105	Other	355	32	387	4	0	7	6	1	5	0	1	16	40	347
Total		530	300	831	4	0	723	780	42	209	262	128	71	221	609
		4	8	2										9	3

Annex 6: Overview of ministries and regulatory agencies responsible for legislation that impose Information Obligations on companies

NACE Sector	Responsible Institution
Agriculture, forestry and fishing	Ministry of Agriculture, Forestry and Rural Development Ministry of Environment and Spatial Planning
Mining and quarrying	Independent Commission for Mines and Minerals Ministry of Agriculture, Forestry and Rural Development Ministry of Environment and Spatial Planning Ministry of Trade and Industry (Without KRBA)
Processing industry	Ministry of Finance Independent Commission for Mines and Minerals Kosovo Medicines Agency Ministry of Economic Development Ministry of Environment and Spatial Planning Ministry of Trade and Industry (Without KRBA) Ministry of Agriculture, Forestry and Rural Development Food and Veterinary Agency Ministry of Internal Affairs Independent Media Commission
Electricity, gas, steam and air conditioning supply	Ministry of Finance; Energy Regulatory Office; Ministry of Economic Development; Independent Media Commission
Water supply; sewerage, waste management and remediation activities	Ministry of Environment and Spatial Planning Ministry of Trade and Industry (Without KRBA)

Construction	<p>Water and Wastewater Regulatory Office</p> <p>Ministry of Environment and Spatial Planning;</p> <p>Ministry of Internal Affairs;</p> <p>Independent Commission for Mines and Minerals</p>
Wholesale and retail trade,	<p>Ministry of Environment and Spatial Planning;</p> <p>Ministry of Trade and Industry (Without KRBA)</p> <p>Ministry of Finance</p> <p>Kosovo Medicines Agency</p> <p>Ministry of Environment and Spatial Planning</p> <p>Ministry of Agriculture, Forestry and Rural Development</p> <p>Ministry of Internal Affairs</p> <p>Food and Veterinary Agency</p> <p>Independent Media Commission</p>
Accommodation and food service activities	<p>Ministry of Trade and Industry (Without KRBA)</p> <p>Ministry of Environment and Spatial Planning</p> <p>Independent Media Commission</p>
Transportation and storage	<p>Ministry of Infrastructure</p> <p>Ministry of Agriculture, Forestry and Rural Development</p> <p>Civil Aviation Authority of Kosovo</p> <p>Ministry of Environment and Spatial Planning</p> <p>Railway Regulatory Authority</p> <p>Ministry of Internal Affairs</p> <p>Food and Veterinary Agency</p> <p>Independent Media Commission</p>
Information and communication	<p>Regulatory Authority of Electronic and Postal Communications</p> <p>Independent Media Commission</p>

	Ministry of Culture, Youth and Sports
Financial and insurance activities	Ministry of Finance Central Bank
Real estate activities	Ministry of Environment and Spatial Planning
Professional, scientific and technical activities	Ministry of Justice Ministry of Trade and Industry (without ARBK) Kosovo Medicines Agency
Administrative and support service activities	Ministry of Justice; Ministry of Trade and Industry (without ARBK)
Public administration and defence; compulsory social security	Ministry of Internal Affairs
Education	Ministry of Education, Science and Technology Food and Veterinary Agency
Human health and social work activities	Ministry of Justice Kosovo Medicines Agency Civil Aviation Authority of Kosovo Food and Veterinary Agency
Arts, entertainment and recreation	Ministry of Trade and Industry Ministry of Environment and Spatial Planning
Other service activities	None, general only

Annex 7: Extracts from EU reports 2014, 2015 and 2016 on Kosovo, specifically referring to administrative burdens and business environment

Kosovo Report – 2018

Page 5: As regards alignment with European standards, Kosovo is at an early stage. Legislative alignment has continued in some areas but implementation is weak. Some progress was made in the area of free movement of goods and services, public procurement and competition as well as in improving the business environment. In the area of taxation and customs, some progress was also made in collecting revenue and simplifying administrative procedures, but Kosovo should step up the fight against the informal economy and tax evasion. The energy sector continues to face serious challenges. No progress has been achieved to address environmental issues. Overall, Kosovo needs to improve its administrative capacity and coordination, across all sectors, to ensure effective implementation of the acquis.

Page 10: In the coming year, Kosovo should in particular:

improve legal predictability for citizens and businesses by gradually amending the identified special laws and implementing regulations that contradict the new Law on General Administrative Procedures and address the current backlog of administrative cases.

Page 12: Kosovo should adopt a new law on administrative disputes to further strengthen citizens' right to administrative justice. The Basic Court of Pristina has a substantial backlog of administrative cases, which they should continuously address.

The government promotes a user-oriented administration, but lack of clear vision, leadership and coordination hamper reform efforts. Many institutions have therefore started to implement their own solutions outside the central electronic identification (eID) tools that are being developed. Central tools to collect public and business feedback on service delivery are at an early stage of development. Technical solutions for interoperability are yet to be developed. Legislation on equal access to services exists, but applying it is a challenge, particularly as regards persons with reduced mobility.

Simplification of administrative procedures has moved forward with the entry into force of the Law on General Administrative Procedures in June 2017. The government has made an inventory of laws that contain special administrative procedures. These laws now need to be amended to avoid contradictions with the new law. Considerable efforts are needed to inform and educate the Kosovo administration and public on obligations and rights under the new law.

Page 39: Stronger exports of services helped to narrow the external imbalances. The current account deficit shrank to 5.9 % of GDP in 2017, compared to 9.1 % of GDP in 2016. This was mainly due to the strong growth in services exports. Methodological changes in accounting for the economic activity of Kosovo's periodically returning diaspora could explain such a strong adjustment and the drop in private consumption mentioned above. The goods trade deficit increased by 1 percentage point to 38.9 % of GDP. An important source of revenue for many Kosovo households, remittances increased to 12 % of GDP in 2017. Net FDI increased to 3.9 % of GDP compared to 2.9 % of GDP in 2016). FDI inflows were even more concentrated in 2017, given that the share of real estate, construction and the financial

sector FDI rose to 97.1 %. Inflow to the production sectors was negative. This reflects a weak business environment and few 'greenfield' investment opportunities.

Page 41: Significant progress was made in improving the business environment. An online system for filing and paying VAT and social security contributions was introduced, facilitating tax payments for businesses. The time it took to export and the cost of regulatory compliance in order to export were reduced as a result of the improved automated customs data management system, the streamlining of customs clearance processes and the implementation of the Albania-Kosovo transit corridor. Starting a business was made easier thanks to a web-based business registration system and a simplified process for registering employees. Access to credit was made easier with the adoption of clear priority rules in bankruptcy procedures for secured creditors. Resolving insolvency was made easier with the introduction of a legal framework for corporate insolvency. The new Law on Business Organisation will further simplify business registration procedures and introduce changes to the corporate governance.

Despite progress on the legal rules governing businesses many obstacles remain. In 2017 Kosovo was one of the top 10 reformers according to the World Bank Doing Business report. Nevertheless, the main obstacles to doing business still include a weak and unaccountable administration, weak rule of law, corruption and a widespread informal economy. Although informality remains high, around 30 % of GDP, different studies point to its continued decrease between 2013 and 2015 due to the improved effectiveness of tax administration practices. However, the black economy increased in absolute terms. The construction and trade sectors experienced the largest losses in revenue due to informality. The judicial system suffers from poor accessibility, inefficiency and delays. Little progress was recorded in clearing court backlogs of unresolved cases.

Page 53: Kosovo is moderately prepared in the area of customs. There has been some progress, notably in implementing paper-less declarations and simplifying administrative procedures.

In the coming year, Kosovo should in particular:

- further align customs legislation, including the customs and excise code, with the Union customs code and the excise acquis;
- step up coordination between Kosovo Customs, law enforcement agencies and other relevant institutions on fighting the informal economy and customs fraud.

Page 65: Enterprise and industrial policy

Kosovo is moderately prepared in this area. Some progress was made by introducing measures to improve the business environment. There is a need to further build up administrative capacity and ensure stronger inter-ministerial coordination.

The recommendations from the 2016 report were not fully implemented. In the coming year, Kosovo should in particular:

- introduce regulatory impact assessments to reduce the administrative burden on Small and Medium Enterprises;
- continue implementing the recommendations included in the EU 'Small Business Act' (SBA) assessment;

→ ensure the alignment of the Law on Economic Zones with the EU acquis.

Kosovo Report – 2016

Page 12: “Service delivery to citizens and businesses: The government is committed to user-oriented administration. However, coherent policy-making is often undermined by a lack of coordination and common vision between the ministries responsible. The development of e-services is slow for want of an appropriate interoperability framework. Legislation on equal access to services exists, but applying it is a challenge, particularly for persons with disabilities. Good progress has been achieved with the simplification of administrative procedures thanks to the adoption of the new law on general administrative procedures. However, implementing the law requires a parallel inventory of special administrative procedures, which need to be either abolished or brought into line with the law.”

Page 34: “In line with the ERP policy guidance and in order to support long-term growth, in the coming years Kosovo should pay particular attention to:

- ensuring fiscal sustainability, especially by establishing an independent fiscal body and strengthening independent forecasting;
- improving the efficiency of capital spending, particularly through improvements in project preparation and management capacities at central and local government levels;
- improving bankruptcy and insolvency procedures.”

Page 37: “Business environment - Some progress was made in simplifying business registration and insolvency procedures. The establishment of 29 one-stop shops has reduced the time needed to register a company to 3 days. The announced online registration has, however, still not been fully implemented. The main obstacles include a weak and unaccountable administration, underdeveloped infrastructure (especially an unreliable electricity supply), weak rule of law, corruption; a widespread informal economy and poor education outcomes. There was an increase of 4.6 % in the number of newly established enterprises mainly in the agricultural sector. A newly adopted law on bankruptcy is expected to improve market exit and speed up payments to creditors.

Despite some progress made on the legal rules governing businesses, they are still insufficiently implemented. The very weak institutional capacity to enforce the law, combined with widespread corruption, continues to negatively affect the business environment. The judicial system suffers from poor accessibility, inefficiency and delays. Little progress was recorded in terms of clearing court backlogs of unresolved cases (400 000 in July 2015). The adopted changes to the law on enforcement procedures should contribute to the efficiency of commercial cases and improve contract enforcement and collections. Further work is needed on reviewing the civil code on business lawsuits and practices and on developing property (cadastre) databases.”

Page 44: “In the area of financial services, the Central Bank continued to review existing financial services legislation. The financial services market and the supervision of the insurance sector are still at an early stage of development. The standardised approach for credit risk and the basic indicator and standardized approach for operational risk according to Pillar I of Basel II standards are in force. The legal requirement for core capital ratio is 12 % but the actual ratio is around 16 %. Capital requirements for market risk according with the standardised approach and harmonise the capital definition with

Basel III still need to be introduced. Transparency in the insurance sector needs to be improved by publishing annual reports, improving the reliability of audits of qualified financial statements, and by applying stricter standards for granting licences to new companies.”

Page 54: “Kosovo has some level of preparation on industry and SMEs policy. Some progress was made in this field, notably with the creation of a credit guarantee scheme to support SMEs. As already recommended last year, Kosovo should in particular:

- follow up on the recommendations from the EU’s ‘Small Business Act’ assessment;
- introduce regulatory impact assessments to reduce the administrative burden on SMEs

As regards industrial policy and SMEs, implementation of Kosovo’s 2013-2017 private sector development strategy is progressing slowly, while the industrial strategy still needs to be finalised. Both have to be aligned with the 2016-2020 national development strategy adopted in January 2016. There has been no follow-up since last year’s country report for the EU’s ‘Small Business Act’ assessment. Recommendations such as the expansion of collection of SME statistics, communication and coordination between the Kosovo Investment and Enterprise Support Agency (KIESA) and relevant ministries have seen no improvement. In March 2016 the Ministry of Trade and Industry, with support from several donors established a Credit Guarantee Scheme, which will provide partial coverage for collateral requirements on SME loan portfolios of banks participating in the scheme.

The lack of regulatory impact assessments, including SME tests remains a key factor in the administrative burden impacting SMEs, while the failure to monitor and time strategies and action plans undermines Kosovo’s ability to achieve real progress. KIESA’s capacity needs to be enhanced to be able to implement its mission and objectives. Special attention should be given to professionalising the institution and applying merit-based hiring procedures. The development of an export promotion strategy and aftercare programme for foreign investments needs to be prioritised. The silence-is-consent principle for business registration and online company registration have not yet been introduced. The main obstacles to SME development and further growth remain limited access to finance, weak legal enforcement of contracts and business regulations, administrative barriers, unfair competition from the informal sector, an inefficient judiciary, and corruption.”

Page 60: “There was very little progress in the renewable energy sector. Alignment with the 2009 Renewables Directive was targeted with amendments to the laws on energy, electricity and the energy regulator adopted in June 2016. While Kosovo’s renewable and energy efficiency action plan for 2013-2020 envisages a very ambitious 29.47 % renewables share by 2020, it has now become very unlikely that Kosovo will meet even the mandatory target of a 25% share. This is in particular due to years of neglect in the sector, the inefficient regulatory framework (in particular lengthy administrative procedures in issuing different permits and licences) and poor administrative capacity in managing renewables.”

Kosovo Report – 2015

Page 36: “ERP Recommendation 8: “Continue to improve the business environment and continue with the clearing of court backlogs, strengthening capacities of judicial system, and developing cadastre databases. Advance measures to tackle informality in line with the strategy for the prevention and fight

against informal economy, including incentives to reduce undeclared work. Reduce the administrative burden for business by implementing the Better Regulation Strategy and the Law on Permits and Licences. Develop measures to provide targeted support for SMEs and to widen their access to finance. Step up the fight against corruption and efforts to improve public procurement, by enhancing administrative capacity, increasing efficiency and effectiveness of the Public Review Board, and implementing central procurement."

Page 47: "Kosovo has some level of preparation on industry and SMEs. Some progress was made in this field. In the coming year, Kosovo should in particular:

→ follow up on the recommendations of the 'Small Business Act' assessment;

→ introduce regulatory impact assessments to reduce the administrative burden on SMEs

As regards industrial policy and SMEs, the implementation of Kosovo's 2013-2017 private sector development strategy and the EU's 'Small Business Act' are advancing slowly. Communication between ministries and executive agencies needs to improve. To reduce administrative burden on SMEs, the government needs to introduce regulatory impact assessments. Strategies and action plans in this field need to be timed and monitored. The Kosovo Investment and Enterprise Support Agency is operational and but not yet fully staffed, so its impact is still limited. Although full online company registration has not yet been introduced, the process for registering individual businesses and companies is quick (1-3 days). Nevertheless, the main obstacles to SME development and further growth are access to finance, weak legal enforcement of contracts and business regulations, administrative barriers, unfair competition from the informal sector, inefficient judiciary and corruption."

Page 34: "Some progress was made in simplifying business registration, but insolvency procedures still present an obstacle. The establishment of one-stop shops in 2014 has reduced the time needed for company registration down to three days. However, the announced online registration has still not been fully implemented. Numerous obstacles to market entry remain: a weak and unaccountable administration; insufficient access to finance; an underdeveloped infrastructure (especially in electricity supply); a deficient rule of law."

Page 35: "Despite some progress made on the legal rules governing business, their implementation has remained insufficient. Very weak institutional capacity for legal enforcement combined with widespread corruption continued to hinder the business environment. The judicial system suffers from poor accessibility, inefficiency, delays and a growing backlog of unresolved cases (400 000 in July 2015). The politically influenced appointments of judges and prosecutors limit the independence of the judiciary. More work is needed on reviewing the civil code on business lawsuits and practices and on developing register (cadastre) databases, in line with ERP recommendation 8."

Page 40: "On company law, some administrative measures were adopted in July 2015, providing a basis for the reduction of business registration fees. The law outlining the role and responsibilities of the Kosovo Business Registration Agency has still not been adopted."

Kosovo Report – 2014

Page 32: "On company law, in December 2013, Kosovo adopted a law on foreign investment establishing equal treatment between foreign and local investors and no discrimination towards foreign

investors on the basis of citizenship, origin, residency, and place of establishment of business or control. Business registration has been simplified further. The legal framework for corporate accounting and auditing is weak; this affects the capacity of companies to obtain loans, and slows down the development of a financial market. Kosovo needs to align the requirements concerning accounting and reporting with international standards.

Movements of capital are largely liberalised in Kosovo. Regulations on supervision of micro-finance institutions were adopted in September 2013. These address loopholes in the legislative framework. The number of foreign-owned banks in the Kosovo banking market has stayed the same, with nine foreign banks controlling almost 90% of Kosovo's banking sector. As for the acquisition of real estate, including the purchase of land, by non-Kosovo citizens, the constitutional legal framework enables foreigners to purchase real estate. However, provisions in sectoral laws and administrative practices prevent them from exercising this right. The identification of these obstacles by Kosovo is ongoing and their removal would help increase foreign investment."

Page 39: "As regards industrial policy and SMEs, Kosovo has continued to simplify its legislation. In January 2014, a new Law on Foreign Investment entered into force. Certain aspects of the business environment have been improving over the past few years, in particular procedures to establish new companies. Online company registration is possible at 28 one-stop shops. Full online company registration has not yet been established.

Implementation of the Small Business Act needs to be prioritised. This implementation is still in an early phase. The implementation of the private sector development strategy (2013–17) and its action plan (2013–15) needs to be ensured and monitored. Consultation of the business community during the drafting of laws, strategies and impact assessments is essential. The Investment Promotion Agency of Kosovo and the Small and Medium Enterprise Agency were merged into the Kosovo Investment and Enterprise Support Agency. The business environment in Kosovo remains challenging. The main obstacles to SME development and further growth are access to finance, weak legal enforcement of contracts and business regulation, weak competition and weak judiciary, as well as the large informal economy and corruption.

Overall, limited progress was made on industrial and SME policy. To improve the business environment, Kosovo needs to improve conditions for enforcing contracts, reduce unnecessary administrative barriers, promote the fight against the informal economy and corruption, and develop a financial market. The government needs to introduce a regulatory impact assessment. The SME development strategy and action plan need to be based on clear timelines whose implementation needs to be ensured and monitored."

Annex 8: Extract of administrative burden and business environment related topics from the European Reform Agenda (ERA) – November, 2016

Remaining specific laws to be adopted, relating to administrative burden and business environment:

- Law on Business Organisations;
- Law on Accounting, Financial Reporting and Audit;
- Law on General Inspections;
- Law on Banks, Microfinance Institutions and Non-bank Financial Institutions.
- Other relevant measures (no info whether any of these measures are already implemented):
- Implementing the government decision of March 2016 on introducing mandatory electronic procurement, along with the indicated timelines.
- Reinforce the capacity of the Economic Department and Fiscal Division in the Administrative Department of the Pristina Basic Court, including in the areas of tax and customs, with a view to reduce the backlog of cases
- Create an investor aftercare program for potential and present investors in Kosovo and an investors' grievance mechanism having sufficient competences to provide such services.
- Reduce the regulatory burden to firms, in particular by making transparent the fees and procedures required to get permits and licences.
- Introduce legislative changes to improve the management, coordination and enforcement of market surveillance;
- Align legislation, enhance capacity of Competition and State Aid bodies and ensure they start implementing their mandates
- Follow up on the 'Small Business Act' assessment recommendations
- Adopt concrete measures to improve quality infrastructure and standards
- Introduce export programmes and instruments to help SMEs integrate into global value chains in order to support their internationalisation.
- Adopt measures to deepen and widen financial intermediation to increase the access to finance for SMEs.
- Implement all outstanding connectivity 'soft measures' and relevant policy reforms on transport and energy.
- Improve rankings for resolving insolvency by effectively implementing the legal framework for bankruptcy;
- Focus on improving the World Bank 'Doing Business' indicators
- The online business registration is made available;
- The online Central Register for Licences and Permits is further updated including the fees and procedures required to get permits and uploading of application forms to the database;
- Upgrade and regularly update the website to serve as an online information platform for businesses including on quality infrastructure

-
- 10 workshops organized with the purpose of informing businesses about quality infrastructure and obligations from specific vertical legislation including the promotion of website as an information platform
 - 1,500 new standards adopted with focus in harmonised area
 - The existing metrological laboratories supplied with equipment;
 - Businesses supported to enhance their product conformity (product certification) and their internationalization.

Annex 9: Report from the study visit to Belgium and The Netherlands in May 2018

In the following, we present the summary report from the study visit carried out in Brussels/Belgium and Hague/Netherlands.

The visit was supported by the "Support to the Office of the Prime Minister and ministers on policy development and coordination" project, under the agreement with the Embassy of Sweden, respectively SIDA (Swedish International Development Agency) signed on 15 December 2015 with no. 3508, and which is applied by the Public Administration International Company. This visit has been foreseen within the activities of this year, in order to exchange experiences with developed countries.

The visit was carried out for the purpose of gaining experiences about the Impact Assessment from the main institutions of the European Commission, and about the administrative burden reduction from various EU institutions and those of the Netherlands, which are in some way initiators and promoters of this EU process.

A total of 19 officials were part of the delegation, chaired by the Office of the Prime Minister (representatives from the Cabinet of the Prime Minister and Deputy Prime Minister, GCS, OSP, LO, OPC, OBF, and representatives from the project team SIDA/PAI).

The report presents a summary of the meetings in the institutions where the meetings were held and the meeting agenda and presentations of institutions before the delegation of Kosovo are at the annexes of this report.

Summary of study visit meeting discussions in Brussels & Hague, May 2018.

First day - 22.05.2018

Meeting with Kosovo Embassy in Brussels

Topics discussed at the meeting with the Embassy were EU support for Kosovo and Kosovo responsibilities in Brussels, covering 4 areas: Belgium, Luxembourg, EU, and NATO.

The Ambassador noted that regarding all issues, there is no meeting organized by these countries that we do not get invited to. We are in friendly relationships with Belgium and we received great support by Belgium for membership in Interpol and UNESCO. Moreover, one of our missions is to encourage foreign investments.

The European Union has a busy agenda where Western Balkans is one of the most important countries while EU remains the main actor.

Regarding Visa Liberalization, this process is already in its final stage, where the dynamics of work is added and statistics are exchanged each week regarding this issue. So far, the dialogue with Serbia has been developed at a technical and policy level, while in recent years is being developed at the presidents' level and each Member State wants to know what has happened with the dialogue.

Through NATO, the work of exchanging letters between NATO and KSF has been intensified.

One of the key issues is also fair coordination of processes that occur, where is challenging to keep adequate persons for all processes.

The Government Coordination Secretariat presented the purpose of the study visit and topics to be discussed in meetings that are to be held during the week.

It was also presented the project support on policy development, which supports the OPM and who will last until 2020. Through this support, the Instruction has been designed on drafting policies that are very close to the European Union, which have various impacts of political, economic, environmental, social, etc., in reducing the administrative burden. Regarding this, it was emphasized that training sessions on this Instruction have commenced and will continue with 20 groups until the end of the year.

During this visit, our purpose is to have a view here also from other institutions regarding the administrative burden, where we formed a working group to draft a policy of reducing the AB and by introducing these experiences into our proposal and all best practices which can be supportive in this regard.

The Ambassador also noted that PAR is one of the pillars that EU sees in capacity building of our institutions and capacity building in European Integration. There are two PAR and PFM support programs where both are currently at risk. Another element mentioned by the European Union, which is also as an on-going recommendation deals with the politicization of senior management positions.

The Director for Good Governance, within the OPM, noted that through the project assistance will be supported during the consultation process where all ministries should consult their documents while a challenge is posed when there are proposals that need an urgent approval by the Government.

Presentation of the EU Policy Cycle

The presentation was made by Joost Mulder and Erik Akse. The overall process of EU policy-making and impact assessment was presented from the beginning to the end of the process.

The new policy cycle in European Union starts with policy planning, where a drafting begins afterwards and is followed by the law and then the application and ends with the assessment.

The process of legislation in the European Commission starts with public consultation, where a first draft is prepared in consultation with directorates, and then the legislative proposal is drafted. From this, the European Parliament and the EU Council at the same time work on this draft and add their amendments. In the end, tripartite discussions take place, Parliament will vote, Council approves, publication in the official gazette, and then member states transpose this policy into their national laws. Impact assessment takes place at the initial stage and during the preparation of initial draft, as an alternative it can be done during the transition phase to the European Parliament and the Council of the European Union or as well as after the tripartite negotiations but finally it becomes mandatory after transposing to the legislation of Member States.

In compare to other countries, Kosovo in general and the OPM in particular, it is obviously clear that Kosovo has lack of staff, while in contrary the EU Secretariat and other countries have sufficient staff for all processes.

Second meeting

Meeting at the European Parliament Research Service

The discussed topics were: EU policy cycle from the perspective of the European Parliament - from Ex-ante to Ex-post, European Parliament's experience related to better regulation, impact assessment and administrative burden reduction, coordination with other institutions and Specifications of Impact Assessments in the EU context.

Irmgard Anglmayer emphasized that it is an executive program and we welcome your interest in the best adjustment agenda to see how it is regulated in the EU.

The European Agenda is based on drafting policies in the context of the establishment of legislation where key elements in the EU's best regulation agenda are:

- accountability and transparency
- stakeholder involvement
- impact assessment and ex-post evaluation, and
- minimum load/burden regulation

In the framework of the EU impact assessment, three leading role institutions are: the European Commission, European Parliament and European Union Council.

The European Parliament is a political country consisting of 751 members, 8 political groups, 22 committees, and subcommittees. It is a complex institution where there is political side and administrative staff.

The ex-ante cycle in the impact assessment takes place in this way:

- problem definition
- quality of data and research
- options
- coherence
- preliminary consultation

While ex-post impact assessment in EU helps parliamentary committees in ex-post assessment ensuring that: the proposal shall have a brief assessment of implementation in practise on the process of EU existing legislation.

Discussions

Commission's impact assessment is an assessment of great importance but very complex, given that the Money spend by us are of taxpayers and any proposal shall be published and be available to public.

We are civilian staff and they are the politicians, but we shall make sure to submit to the parliament a proper document with complete data and thereafter it depends on the commission to decide regarding the proposal in question.

Third meeting at the Confederation of Swedish Enterprises regarding their experience on the impact Assessment: external perspectives

Jens Hedstrom - International Director, Head of Brussels Office

The topics discussed in the meeting were: the impact assessment from a stakeholder perspective and experience with the REFIT platform.

Following the presentation of the delegations, the presenter informed us about their daily work. The Confederation of Swedish Enterprises is the biggest and most influential business Federation in Scandinavian countries and has around 60,000 businesses covering around 1.7 million people. 95% of companies in Sweden are SMEs and 75% are members of this confederation. Their mission is the improvement of the business environment in Sweden, as well as in the EU.

The best regulation in the EU is based on: the new rules, the existing rules and the application manner of these rules. When we are dealing with a new rule or proposal we call it an impact assessment. A new rule or proposal should pass the impact assessment, consultations, and the regulatory council. It was also stressed that in the European Union impact assessment is much better regulated than in Sweden and this is because of the consultation process because if it does not pass through this process it is very difficult to move forward.

The biggest challenge is finding the right level of adequate regulation and to know which part of the policy can regulate an issue. There is often a need to make sure that regulation is used only when it is necessary, and by simplifying or abolishing unnecessary regulations. At the beginning of previous years, the deadline for passing a proposal was up to 6 years and now it is easier to prepare and pass a new rule.

In our country, the REFIT has begun to be applied two years ago, which implies review of all existing legislation. The presenter recommended us that if we are at the stage of eliminating the barriers then the REFIT platform should be applied and we shall take best practices from other countries' experiences.

Discussions

During the discussions, it was emphasized that not all EU legislation or any other country is appropriate for the respective country and it is also recommended that if the program for eliminating the administrative burden should be made, then it should be a priority of the government in order to move further.

Second day – 23.05.2018

First meeting

Presentation of IA experiences: EU level administrative burden measurement

The presentation was made by IOANA Condurat - official at the European Commission Secretary General. The discussed topics were: EU experience on the standard cost model and the SCM implementation in terms of improving policy development.

The presenter at the beginning of the meeting explained what implies by the REFIT platform, which has begun application by the Commission. In this regard, the REFIT platform aims at establishing a systematic process to review EU regulations in order of identifying initiatives to take action in simplifying and reducing unnecessary administrative burdens to enable achievement of policy implementation.

Further on, the presenter explained as to how REFIT platform was implemented over the years starting in 2015.

Also the following presentation was about the EU-SCM including the formula: administrative cost = $\sum P \times Q$

- P (Price = tariff and time)
- Q (Quantity = number of businesses and frequency)

The main EU-SCM goal is to help in the identification of the obligations which have cost under EU legislation and cost reduction stipulated by the SCM and its effects at the national level, including businesses, the private and public sectors.

The presenter also explained a new methodology for identifying regulatory burden within a sector that was initially allocated in 5 sectors. Cost-based approach to regulatory burden is new instrument in the identification of unnecessary burdens caused by legislation and regulations. It has been developed with the aim of increasing business profitability by eliminating problematic regulatory burdens. This Methodology Manual has been authorized by the Dutch Ministry of Economic Affairs.

Second meeting at the Secretary General of the European Commission - Impact Assessment and Consultation

The topic discussed at this meeting was about the management of the consultation process for impact assessment by the European Commission by the presenter Rudi Boogert.

The presenter made online presentation about the consultation platform on how it operates. This platform is functional in all European Union languages and anyone can see the proposals and give comments. Each document is consulted from the beginning with the stakeholders because each proposal must be subject to impact assessment. For each proposal, the platform contains all the information about the timeline, the purpose, what will be achieved, what helps the consultation process and other detailed information.

The presenter emphasized that they should follow the progress of the proposal from the beginning to the end, all the comments should be summarised and the proposal shall be submitted to the European Commission.

It is a huge challenge to monitor a proposal throughout the cycle, to check at what stage it is, when consultation took place, if there were comments, etc., and Mr. Boogert emphasized that they are working to advance the platform and make it easier for the public to comment. All consultation reports are published after the preparation.

Public consultations have been advanced thanks to the guidelines package that has been approved by the European Commission in 2015.

Third meeting - Meeting with the European Commission Secretary General and the Commission Regulatory Board

The topics discussed were Impact Assessment: process management within the Commission and Quality Control; development of Guidelines and European Commission Better Regulation Guidelines; capacity

building for the Commission as an organization; capacity building for Commission officials to undertake the Impact Assessment; impact assessment quality control process; challenges and best practices.

Better Regulation: Board Work on Regulatory Review of the European Commission Impact Assessment and Evaluation

Didier Herbert, Director at the European Commission Secretariat- General and member of the Regulatory Scrutiny Board of the Commission on Impact Assessment and Evaluation, presented the work done in these two departments.

Before the European Union undertakes steps, Commission Impact Assessments are controlled for potential effects of new initiatives:

- Economic
- Social
- Environmental

In May 2015, was adopted the EU's Better Regulation Package, aiming of:

- Greater transparency regarding decision-making;
- Wider public consultation;
- Improved impact assessment;
- New approach on reviewing existing EU legislation.

Thereafter, there was an interinstitutional Agreement on better policy-making. Steps of better regulation are:

- Planning and Programming;
- Impact Assessment;
- Consultation with key actors;
- Evaluate and check whether intervention is needed.

The Regulatory Scrutiny Board, consisting of external and internal members, with a 3-year mandate and without the opportunity of re-election, considers the Impact Assessment, mainly the facts provided in the policy and references, and not only the verbal pledging.

The presenter emphasized that not all proposals need assessment. When an assessment is made and submitted to the Board, the proposal cannot be returned for consultation or something else.

According to Herbert what is expected to be achieved next year is to initially strengthen the impact assessment, define the indicators and explain exactly what will be achieved with the respective proposal. There is a separate unit consisting of 10 people preparing and reviewing the guidelines, and this department ensures that the proposal is well reviewed before submitted on board. The Board is independent and can take any decision.

The board accepts the impact assessment to review the proposal 4 weeks in advance, then some key questions regarding the report to be asked during the meeting with the director of the respective unit, who will defend his proposal.

Each directorate has hired consultants who are also involved in reviewing the impact assessment.

25.05.2018

Meeting at the Public Affairs Council with Mr. Andreas Baneth

Subject: Experience with IA: External perspectives...

The Public Affairs Council has no interest in introducing the organization as such but lobbying for interests of other organizations. It is not a company that organizes training but facilitates dialogue and brings together different companies around different topics in order to influence policies. The Council advocates for the purpose of creating opinions on various public affairs.

Registration of organizations is not mandatory, but at the time they are registered they can easily come to cooperation and participate in the activities of the European Commission. Following the presentation was presented a graph of the relationship of potential impact and advancement/implementation/progress of the issue, where from the beginning of the issue discussion to the implementation, the impact gradually falls by focusing on different groups at certain stages.

The discussion focused on what ways can be used to make companies work together by organizing different structures.

Meeting at the Directorate-General for Enlargement

At the meeting with Mr. David Cullen, Head of Unit for Kosovo in the European Commission and other officials of the Directorate-General for European Neighbourhood Policy and Enlargement of the European Commission. At this meeting, we discussed very important issues related to public administration, policy-making cycle, including better regulation, and strategic planning.

It was a good opportunity to inform European Commission officials regarding the good work performed by institutions in these directions and which we together identified the engagement points which we will address urgently in the coming days and weeks which will have a positive impact not only in setting the next steps towards fulfilment of our obligations deriving from Stabilization and Association Agreement, the Visa Liberalization Process, and direct financial support, but will also have a direct impact on the lives of citizens through raising the quality of public policies and directly in the quality of life of citizens of the Republic of Kosovo.

At the meeting were presented the achievements of the administration in Kosovo, as well as were discussed also the preparations for the next meeting of the Public Administration Reform Special Group.

28.05.2018 – Visit to The Hague

First meeting with the ambassador Mr. Burim Qorri at the Embassy of the Republic of Kosovo in Netherlands

The delegation was informed by the Embassy regarding the institutions in Netherlands which we visited during the day, and also regarding international organizations where the main goal of representatives from Kosovo is membership in these organizations.

The institutions expressed gratitude for our delegation, which was in full coordination with our Embassy in the Netherlands and at the same time invited all our institutions to follow such practices when visiting this country.

Second meeting at the Ministry of Economic Affairs and Climate Policies - Better Regulation Unit, with Mr. Marco Commandeur, Mrs. Nicole Goossens and Mr. Kees van der Steen

Subject: Unit experience within the administrative burden reduction

In this Ministry, the presenters gave presentations us about their work that is related to the administrative burden reduction. Regarding the issue of better regulation and especially the administrative burden reduction, this Ministry possesses the coordinating role. According to their information, each ministry is responsible to reduce administrative burden.

In the course of the meeting, they introduced the importance of reducing the regulatory burden on Government policies regarding the administrative burden at national, local and EU level. More specifically, this directly affects companies' costs and is time-consuming, resulting in less time for doing business, less space for free entrepreneurship, hindering innovation and less economic growth. Moreover, causes bad reputation for the Government by not finding necessary support from public services.

Reducing business costs affects economic growth and fair competition. While macroeconomic effects declined to 25% in the administrative burden reduction, which is equivalent to 1.3% of GDP.

The agenda for the future does not envisage quantitative limit, as for the next period the main focus will be on the qualitative aspect regarding this area. As far as the ministerial aspect is concerned, new programs dedicated to this issue are foreseen which will have specific and accountable goals.

New rules currently used are: Policy and Legislation Evaluation Framework, Business Impact Testing (effects), Manual on Regulation, Public Consultations, Effective Transparent Consultations, and Independent Advisory Board on Regulation (ATR).

Instruments for examining existing acts: are concentrated on the business development cycle, as well as are used different specific approaches and advanced digital services.

Better regulation within the EU

Regarding the overall priorities of the Netherlands at the EU level, the focus is on greater transparency of the effects of impact assessment and REFIT. It is also aimed that the impact assessment to be carried out by all major EU institutions.

Better regulation at the local level

The local level includes 380 municipalities. This level is very important to better regulation given that this level is in direct contact with businesses and citizens. For this purpose, we as central level institutions are focused on building and maintaining good relations with the local level.

Digital Services

These services are of great use, which are used by companies and the public, where different reports and information are available on this issue.

The responsible institutions are the ministry of economic affairs, line ministries which have program manager and the respective units. The Unit for Better Regulation in the Ministry of Economic Affairs consists of 10 staff members and the Advisory Board on the Regulatory Burden.

Third meeting was held in the Dutch Parliament

The meeting was held with two Dutch MPs, Mrs. Anne Mulder, who represented the party of the Prime Minister of the Netherlands and Mrs. Rensle Leijten, from the opposition representing the Socialist Party.

Given that they are the political party members of government and opposition, we received impressions and broad opinions about Kosovo and its European and Euro-Atlantic integration that they support, regardless of the fact that there are two different parties. Also, our conversation with Dutch MP's was a very friendly very open and honest, therefore we addressed our need and reform agenda to move towards these goals.

We used the opportunity to share our opinions for the fulfilment of the conditions of the visa liberalization process for Kosovo and asked their help and support for this process to be completed soon.

Fourth meeting with Mr. Rudi Van Zijp held at the Dutch Advisory Board on Regulatory Burden

Subject: Independent review of the administrative burden reduction process

The main purpose of this institution is to improve the quality of legislation, according to Mr. Zijp, quality improvement depends on the independent advice provided by this board. As far as history is concerned, the Netherlands has initially measured the administrative burden of existing legislation by not focusing on the new legislation. As a result, the business community has called this action as "NL is mopping the floor while the tap is still running". Currently, for the new legislation, is used the compensation approach, there are two types of compensation: the specific compensation where the proponent ministry for any new burdening legislation has to look within the ministry to reduce the burden so the effect is 0. While total compensation is when in a sector there is an increase of administrative burden reduction done in another sector so the effect is 0.

In order such independent institution function successfully, political support is indispensable, it is important that the support is embedded in a wider program to make the Government more effective and efficient.

Annex 10: Report from the e-Government training in Estonia in June 2018

Tallinn (Estonia), 25-29 June 2018

Programme: International Best Practices; e-Government and understanding its impact for our lives

Participants: Delegations from Kosovo and Albania

The meetings were held at the offices of e-Governance Academy, the Office of the Prime Minister, the Minister of Finance, the Minister of Justice etc.

The first meeting was held at the e-Governance Academy, where Ms Annela Kiirats, Programme Director of e-Governance Trainings, presented a summary of the agenda and talked about the background of development, the organizational structure and cooperation this institution has with other countries.

The next meeting was also held at the e-Governance Academy, where the delegations were hosted by Mr Arvo Ott, Executive Director and Chairman of the Academy's Management Board, who informed them about the non-profit mission of the Academy and about the donors such as: UNDP, Open Society Foundations, Swedish SIDA, European Commission and Estonian Government. The Academy is currently comprised of the relevant local staff and a total of about 100 external experts. Some of the Academy's achievements include: co-operation with over 90 different countries and approximately 4000 participants who have attended the respective trainings. The Academy organizes trainings at the central and local level on areas such as: e-Democracy and e-Participation, interoperability, cyber security etc.

The role of e-Governance coordination, the principles and policy implementation were also mentioned during the meeting. Concrete example: as a result of the effective use of electronic signature, one week of work per year or 2% of GDP - economic effect - is saved. The e-Government policy/strategy is built on the organizational process, legal framework, fiscal framework and technical architecture-projects. The interoperability catalogue includes: 600 types of information systems, 2500 types of services, etc...

The most challenging issues in the process of applying the electronic signature are considered the organization and planning. Since the effects are seen 3-6 years after application, the policy was not willing to push forward this issue. However, the business and banking sectors in Estonia have strongly supported the implementation of e-Governance. Within the framework of this presentation, a brief presentation was also made by the representative of Albania and Kosovo on the current state of electronic services delivered by the main responsible institutions.

At the third meeting, Ms Annela Kiirats, Programme Director of e-Governance Trainings, talked about the organizational and legal issues of establishment, administration and use of electronic services. It is worth pointing out the presentation that showed the interoperability of different systems with users and the strategy that has been used from 1997 to 2010 for the "creation of digitized citizens" - the main focus was on learning, technology equipment and impact of technology on improving service delivery.

The next meeting focused on the background, legal framework, institutional framework and X-road communication, as well as on the reliability in services, ways of applying for services, types of

documents for services etc. The key to success was considered: 1. interoperability, 2. capabilities, 3. single digital identity, etc...

The presenter informed us about the X-Road platform, which is considered to be the backbone of e-Estonia. The essential element of the X-Road is that it allows different databases of the public and private sector of the country to link up and function in harmony.

Estonian e-Solution environment includes a full range of services for the general public and, since each service has its own databases, everyone uses X-Road. To ensure secure transfer, all outgoing data from X-Road is digitally signed and encrypted, and all incoming data is authenticated and logged.

It is worth mentioning that 99% of state services are offered online. 52,000 organizations are users of X-Road services which enables 800 years of working time to be saved by using electronic services (<https://e-estonia.com/solutions/interoperability-services/x-road/>).

At the beginning of the meeting, Mr Janek Rozov, Head of Information Society Services Development Department, Ministry of Economic Affairs and Communications, said that Estonia is a modest country in terms of its outreach beyond the borders, with a population of 1.3 million and an ICT sector which makes up 7% of GDP. The ministry's duties in e-Government and the specificities of policy-making in the field of public e-Services were explained by reference to the timeframes and achievements in terms of the e-Governance/digitalization of services since 2000 – e-Tax at the borders and m-parking until 2017 – opening of online bank accounts and reporting in 2018.

They managed to deliver 99% of state services online, to provide about 2000 services, to establish about 900 databases and to execute about 500 million transactions per year.

Within the framework of advancement/transformation of digital services, they managed to deliver some of the services only by means of interoperability of data and service systems, with no need to apply at all.

Obviously, the projects financed must be related to the objectives of the respective strategy and be implemented by private companies specialized in this field. RIA has contributed to reducing the large number of requests for project funding. For example, in 2014, out of a total of 300 projects in the initial phase of application for funding, due to the absence of proper analysis and failure to comply with other requirements set by the RIA, only 14 of them were qualified. It was also noted that there is a permanent need for developing skills in the field of e-Governance. E-Governance requires: technical assistance, basic principles, legislation and organization that also enables e-FUTURE.

Continuation of e-Governance training (26.06.2018) - During the stay in Tallinn within the framework of e-Governance training, Kosovo and Albania delegations visited the Office of the Government (Chancellor of State/Office of the Prime Minister). The Head of Government Secretariat, Aivar Rahno, explained in detail how to operate and use digital systems in Government decision-making processes.

Estonian experience shows that the e-Governance has increased the efficiency of Government work, including the organization of meetings, government coordination and decision-making.

Good practice by using digital devices has shortened the time of meetings by up to 30 minutes. All government decisions are signed digitally, without the need for the Prime Minister to be physically present in the office.

During public consultations, all stakeholders who comment on relevant policies must be identified through the Digital Identity that each citizen of the Republic of Estonia possesses.

The information systems that support the Government of Estonia in decision-making are: e-Cabinet; e-Consultation; data exchange through X-Road; Centre for the (electronic) exchange of documents; Parliament's information system for legal acts; digital identity; ID card and digital signature infrastructure; e-Newspaper and the Government website.

Digital Identity has some advantages such as documents security, its velocity and low cost. So, regarding the digitalization, possessing digital devices is not the only thing important, in addition, many practices need to be changed, including digital archives, data protection, user rights and citizen education for a digital society. For the e-Government to operate properly, information systems need to be interoperable and simple.

Katrin Nyman Metcalf, Research Leader at EGA, briefed the participants on the principles of Estonia's legal framework on the information society and the right to information. The main outcomes from the presentation of Ms Metcalf were: there is no need for specialized legislation on e-Government; protection of personal data is essential, and electronic identification should be regulated by law.

During the visit to the Ministry of Justice, the assessment of impact on the legislative drafting process was presented. Legislation drafting is preceded by stakeholder consultations which ensure public involvement from an early stage of the legislative process. The legislative cycle includes five steps: legislation purpose, concept document, draft law + explanatory memorandum, the entry into force of the law, and the ex-post evaluation.

The Standard Cost Model is used to reduce the administrative burden, which enables the administrative burden to be measured in the legislative process. Estonia does not have much experience in using the Standard Cost Model.

Annex 11: Report of the Study Visit to Germany

STUDY VISIT TO GERMANY ADMINISTRATIVE BURDEN REDUCTION PROGRAMME

Background information:

In 2017, the Government established the Working Group for developing the Concept Document on Administrative Burden Reduction which aims to establish a broad programme for the reduction of administrative burden and in modernizing the legal framework. So far, the analysis builds largely on the example of the Netherlands, which is the first country to initiate a successful administrative burden reduction policy guided by a reduction target and measureable achievements based on the Standard Cost Model. Apart from the Netherlands, Germany is another frontrunner for this policy in the European Union, whose approach significantly differs from the implementation of the administrative burden reduction policy implemented by the Dutch. Germany developed a legal basis for the reduction policy and it managed the burden measurement internally with the Federal Statistical Office (Destatis). Therefore, considering the importance and complexity of the matter, a study visit to Germany was organized for the responsible working group. The visit took place in Berlin from 20 to 26 October 2019 and it was supported financially from the Luxembourg Development project operating within the Ministry of the European Integration in Kosovo. The agenda of the study visit and the list of participants are attached in Annex II and III of this report.

REPORT

Day 1 – 21 October 2019

On the first day of the study visit to Germany, the group from Kosovo met with officials of the Federal Statistical Office of Germany and of the Federal Parliament of Germany. The first meeting focused on the baseline measurement of regulatory burdens, while the second meeting focused on the coordination between the Parliament and the Government on the administrative burden programme. The main discussion points and relevant aspects are presented in the text below.

First meeting (day 1): Federal Statistical Office of Germany
Subject: *Baseline Measurement – Measuring and Reducing Regulatory Burdens*

The Federal Statistical Office of Germany is a national institution established in 1950 as a federal higher authority. The Ministry of Interior Affairs is the responsible body for its *administrative supervision*, while *functional supervision* is conducted by respective Ministries depending on statistical subject matters. Their mission is to provide and spread different statistics on social, economic and ecological matters. They have 2,300 staff members.

Historical and organizational overview of the program

The programme on Administrative Burden reduction started on 2006/07 and it was a political decision to initiate the program. Once the decision was taken, the National Regulatory Control Council was founded, responsible to control regulatory impact assessment by line ministries.

Within 1 year and a half, Destatis managed to conduct a baseline measurement on administrative burden for companies and by 2012, the Federal Government achieved the 25% reduction target for administrative burdens. Once the target was achieved, it was important to monitor the development of administrative burden so they introduced *Bureaucracy Cost Index* and the *One In, One Out* rule, which will be discussed below.

Even after the Government achieved the 25% reduction target, citizens and businesses kept stating that burdens were an issue so the Government decided to introduce a new project named *Life events surveys*. The idea was to understand further the administrative burdens that people face but from a practical perspective. The survey is mainly conducted by phone interviews (5 to 6k citizens and 1.5k businesses). The survey is conducted every 2 years and its results are published online.

Initiation of the programme

The 2006 government was business friendly so they initiated the reduction of regulatory burden as free stimulus package for the economy. The basic methodology used to calculate the costs was the Standard Cost Model, which is used across EU countries.

The National Regulatory Control Council

The *Act on the Establishment of the National Regulatory Control Council* sets the legal basis for establishing this independent authority. The act defines the role, function, duties and methods based on which the National Regulatory Control Council (NRCC) operates. They are an independent body, not representing any political interest, authorized to control and monitor the Federal Government. They cooperate with Federal States and Municipalities, Associations, Research Institutes etc. Around 15 people are employed within the NRCC.

Federal Statistical Office

Apart from the NRCC, the Federal Statistical Office (Destatis) has a key role in this process. Better Regulation and Administrative Burden Reduction is the main focus of their work and they have about 100 staff members working on it. Most of them were people that were already working on statistics, so they had the knowledge and experience required to conduct baseline measurement. They are responsible as well to conduct ex-post measurement and since it is a very demanding process, many people are required to do the job successfully.

Regarding the organisational structure, Destatis has one section responsible for fundamental questions, methodology and IT; one section responsible for impact assessment, data analysis and results; and two sections responsible for time and cost data measurement.

Destatis is responsible to:

- Calculate and publish an index of administrative costs;
- Conduct ex-ante estimation of compliance costs and provide support to the Federal Government;
- Provide IT applications where they publish all the results on administrative burden and people can check what administrative burden each law produces. One of the applications they developed is

ERBEX, an Excel based application for user friendly calculation of compliance burdens. The programme is used by line ministries since most of them are not used to work with statistics.

Baseline measurement

The first main task on the process of reducing administrative burden is conducting baseline measurement. In Germany, baseline measurement was done only for administrative costs that affect businesses. So far, they do not have a baseline of compliance costs for citizens or public administration.

- April 2006 – Starting point – A decision taken by the Council of Ministers (Cabinet) to initiate the programme
- August 2006 – Development of the methodology manual
- End of 2006 – Training line ministries on identifying information obligations. Around 9500 obligations were identified. Although there was no systematic check, the information provided by ministries was monitored by stakeholders such as business associations;
- Early 2007 – they began collecting data for most burdensome obligations (100 staff members were engaged in doing that since it is a very demanding process) and obligations that produced a huge amount of administrative burdens were measured first.
- December 2008 – Publication of results was finalized.

Since the idea was to measure national administrative burden costs, they did not include obligations that derive from EU Regulations, while for Directives they only included those for which the Federal Government of the National Level is responsible.

Data from businesses was mainly collected through simulations, phone interviews and questionnaires. Understanding the perspective of businesses by asking them to fill in more questionnaires can be difficult at times since it may be perceived as another burden on them, so phone interviews and simulations are very useful. It is important to measure those obligations who produce lots of burdens through interviews, while simulation can be used for those obligations that do not produce many burdens.

The main advantage of including the Statistical Agency in the process is that they have high quality information on tariffs. For simulations they developed a time-expenditure table, with parameters for time-assessment. Activities were grouped and time variables were divided in easy, moderate and complex.

For instance, concerning 'time' they tried to ask as many companies as possible how long it takes them to complete all information obligations. However, if you have 9500 obligations you do not have time to contact companies for all these obligations. So, they did simulations, expert panels, expert interviews, paper-based interviews, phone interviews to check how long it takes to complete all information obligations. Now, they do not use paper-based interviews and based on their experience the most effective way to collect data is through phone interviews.

Overall results:

The total number of the obligations measures was 9519, which caused a total administrative burden of EUR 49.3 billion. Ministries that were responsible for producing the most administrative burdens were Ministry of Finance (43%) and Ministry of Justice (24%), meanwhile Ministry of Environment is producing almost no administrative burdens (3% of the overall burden).

Achieving the 25% reduction target meant that from EUR 49.3 billion in 2006, the administrative burdens were reduced by EUR 12.3 billion, so in 2012 the burden was EUR 37.0 billion. It is difficult to determine how much is too much administrative burden, so setting the 25% target was mainly a political decision.

Compliance Costs

The National Regulatory Control Council checks the comprehensibility and methodology of ex-ante assessment of *compliance costs* of new regulations that affect in particular citizens, the business sector and public administration.

Initially they focused only on businesses, however since 2011 they started focusing as well on the administrative costs that citizens and public administration face.

It is important to distinguish between bureaucracy costs vs. compliance costs.

Compliance costs can derive from *substantive obligations* (e.g. installation of a filter) or from *information obligations* (e.g. certificate of the installation of the filter). However, costs that are produced from macroeconomic effects such as effects on competition, economic growth and investment decisions; taxes, social security contributions, benefits of a regulation etc. are not part of compliance costs.

Estimating compliance costs

In order to estimate compliance costs the first step is to identify obligations for all addressees. Once obligations have been identified, it is important to identify the change in compliance costs and for this are needed: number of cases; annual compliance costs per case, onetime adjustment costs and total change in compliance costs. The final step is to present the overall results.

Monitoring cycle

To keep compliance costs permanently low it is important to have a systematic monitoring process.

→ *First phase*: Proposal for a new regulation

→ *Second phase*: Consultation approval by other ministries

→ *Third phase*: Ex-ante assessment of Compliance Costs which is mainly conducted by line ministries but supported by the Statistical Agency.

- During this phase, DESTATIS provides professional advice, partial and full ex-ante estimation on compliance costs and IT support. They are also responsible for new entries in WebSKM database, where they insert the numbers which are in the final draft. In half of the cases, line ministries ask DESTATIS to conduct full ex-ante estimation. In 30% of cases line ministries conduct impact assessments on their own.
- Additionally, the NRCC during this phase examines if calculations are sound and delivers a statement.

→ *Forth phase*: The legal draft is approved in the Cabinet and sent to the Parliament.

→ *Evaluation*: Normally, two years after the legislation comes into force an ex-post assessment. Evaluation points out the connection between the aim, the real costs and the benefits of legislative regulations. Additional projects such as 'life event survey' are implemented to deliver better services to businesses and citizens.

Bureaucracy Cost Index

Destatis produces the *Bureaucracy Cost Index* (BKI) which shows how the administrative burdens that derive from information obligations and are performed by businesses change through new legislative regulations.

$$\text{BKI} = \text{Current burden} / \text{Baseline (calculated in 2012)} \times 100$$

One In – One Out rule

The ‘one in, one out’ rule is a political programme intended to keep compliance costs low. According to this rule, when the government introduces new obligations, they have to abolish an existing one.

Destatis calculates the amount of ‘in’ so the Government knows how much of ‘out’ they have to abolish. Four times in a year, Destatis sends an excel table to line ministries where the ‘in’ and ‘out’ are calculated. The Federal Chancellery is responsible to report annually to the Parliament on the ‘one in, one out’ programme.

Some of the main conclusions to be drawn are:

- Baseline measurement introduced a systematic, evidence-based analysis of regulatory burden in Germany
- Compliance costs extend the scope of the analysis
- Small samples are sufficient to estimate burdens
- Quantitative targets increase pressure on ministries
- Institutionalized coordination and political will are essential

Second meeting (day 1): Federal Parliament of Germany

Subject: Cooperation and coordination with the Government on the administrative burden reduction program

The second meeting of the day, was held at the Federal Parliament of Germany. After a round of introduction of participants, Mr. Hadamek gave an overview of the workload on a typical parliamentary week and of division of power and labour regarding the law-making process.

In Germany, all main policies must be founded on the basis of parliamentary law. From the perspective of the Parliament, law making means deciding on laws but not drafting them. The Parliament monitors the law-making process and all political groups have access to draft laws at their initial stage. This way political groups from the Parliament can monitor working groups of line ministries.

In Germany, the main aim is to have a strong parliament ruled by political parties, not by civil servants. In this regard, the *Agenda-making process* requires a consensus between all political groups within the Parliament. After the agenda has been set unanimously within this group, the parliament (having elected the chancellor) will forward the agenda to the Government, including ministries, who then are responsible to undertake all necessary steps in implementing the agenda.

Ministries are responsible to draft policies and legal acts, who then are sent to the parliament for voting. Parliamentary groups do not make major amendments in draft laws. Due to time and resource limitations, the parliament does not double check all the analytical documents that they receive, however they tend to listen to the public. A more detailed scrutiny is done in the second chamber,

where they have about two months and a half to read and discuss on a final version of the draft law. At this stage, political parties know that it is their last chance to flag and influence any important issues.

Due to the principle of 'One in – One out' the amendments of the house can be a highly impactful. Therefore, the major amendments are drafted in the ministries. The Government has to declare if a new draft law introduces new burdens and then committees discuss whether this should go forward or not, but the administration working in the Parliament cannot do anything about it except give warnings to political groups. The principles of good law-making oblige the Government to inform the Parliament on the compliance costs that new draft laws produce.

Apart from the legal making process and coordination, Dr. Hadamek spoke as well on the budget which requires a special law-making process. The Government has the right of initiative and the Parliament has the right to amend the draft. The budget committee is a very strong body which has working groups (comprised of representative of all political groups) for each ministry and they have as well the power to stop the Government from using any resources in the budget.

When discussing about the budget, overspending and underspending are two major issues. There are ministries who overspend and some who underspend. If a ministry cannot spend the funds that have been allocated to it, it means that something is not going as planned, either the expectations are too high or the administration is too weak to implement the goals. The remaining resources are not automatically allocated for the following fiscal year. Meanwhile, on overspending, the Government has to bring a new law expanding the budget and the procedure is the same as for the general budget law.

Day 2 – 22 October 2019

During the second day of the study visit, a conference was held in the Office of the Federal Chancellor of Germany. The main discussion points and relevant aspects are presented in the text below. Of particular importance were the contributions of Federal Chancellor Dr Angela Merkel and Chairman of the National Regulatory Control Council, Dr Johannes Ludewig.

Conference (day 2): Federal Statistical Office of Germany
Subject: *Report of the National Regulatory Control Council*

Speakers: Federal Chancellor Dr. Angela Merkel and Chairman of the National Regulatory Control Council, Dr Johannes Ludewig

Introductory speech by Dr Johannes Ludewig, Chairman of the National Regulatory Control Council (NRCC)

The NRCC organizes annual conferences on Better Regulation and Reduction of Red Tape. Each year, the Federal Chancellor is present and shows her personal and political support through her participation.

Better Regulation is about knowing what decisions a Government is taking as it shows the expected impacts. This provides highly valuable transparency and the rigorous quantification of costs means that these can be effectively controlled. After the initial reduction of administrative burdens by 25%, the Federal Government has additionally saved around 2 billion Euros in Compliance costs since 2015. However, even though several measures are broadly recognized as successes by companies, there are still examples that companies are overwhelmed by bureaucratic demands and obligations.

Germany has established a functioning ex-ante impact assessment system with a clear choice to focus the quantification efforts on the cost side. The process of ex-post evaluation is established officially, but does not yield the uniform high-level quality that it should. It needs to be improved in order to bring the process on the level of quality of the ex-ante impact assessment.

The consultation of stakeholders in the development and implementation of policies and policy measures needs to be broadened. The consultative groups - Digital Laboratories (Digitallabore) - established for the implementation of the Law on Online Access (Onlinezugangsgesetz) on how to implement the requirements are highly successful and appreciated. This approach needs to be applied in other areas as well, in particular for complex topics. The time invested in the preparation is well spent since it increases quality, acceptance and trust in Government decisions.

The NRCC is also advocating a shift in thinking in Germany which it refers to as 'first the content, then the legal text' (Erst der Inhalt, dann die Paragraphen). Under the current system, the line ministries develop first the legal texts and then assess the impacts of this text. The NRCC strives for a system in which the analysis is conducted before the legal drafting process is initiated.

Keynote speech by Dr Angela Merkel, Federal Chancellor of the Federal Republic of Germany

The speech was characterized by a detailed understanding of the policy to reduce and contain regulatory burdens, including methodological issues.

The Chancellor raised the ever-present political question regarding the balance between number of laws, rules and procedures on one side and, on the other side, which of these are still needed as time passes by and how their implementation can be further improved. The policy to reduce burdens and costs needs long-term focus and attention and, under that condition, leads to impressive and useful results.

The German policy to reduce administrative burdens and compliance costs is built on the foundation that the policy goals are not debated. These are taken as a fact since they were set political and can only be changed that way again. That said, the costs to reach these goals, however, need to be critically assessed so that they remain proportionate and to ensure that society (citizens, companies and the administration) do not waste valuable resources.

Reducing administrative burdens is not always easy. There are many actors involved ranging from the EU to German Federal level and from the Leander (regional level) to municipalities. There is also nearly always someone that will find it necessary to defend the existing rules. These aspects need to be addressed effectively and respectfully.

Human understanding needs to guide the manner in which policies and legislation are implemented. The implementation processes and administrative procedures should not be overly formalised. Services need to be user-oriented and user-friendly. Forms need to be easy to understand and easy to complete. The administration needs to be accessible and not just during official opening hours. These aspects are fully embedded in the digitalization process.

The German Government has shown the relevance of the administrative burden reduction goals through events such as thematic workshops that were organized in the Federal Chancellery itself. These were held in order to develop new reduction proposals together with interested stakeholders and affected citizens/organisations. Following two earlier initiatives along this line, the Government has prepared the third law on the reduction bureaucracy which is currently proceeding through the Parliament.

Panel discussions:

1. Closing the reality gap: What does the reduction of bureaucracy mean to citizens and companies?
2. Putting Content First – Towards a new legislative culture?

Bureaucracy in the form of rules, procedures and requirements is needed since it is an essential element of the rule of law, enables proper competition, is the basis for any service delivery and reduces corruption. Needless and ineffective bureaucracy lies in the difficulties that people face when dealing with ineffective and inefficient procedures. This is especially the case when there is a lack of understanding of the added value of the work that is performed.

Bureaucracy, as perceived by citizens and companies, is a broader concept compared to the aspects that the reduction policy actually covers. While a focus is needed, a programme aimed at reducing burdens needs to link to the experiences of companies and citizens.

Communication is absolutely key for such a programme. The administration needs to show what is actually done in practice. The Government has to make clear what it is working on and it needs to consult relevant target groups (in particular those that are affected by procedures and those that implement them directly) and discuss the possibilities and limitations with them.

The reduction of administrative burdens is a responsibility that demands continuous attention. Therefore, it must be fully embedded in the standard decision-making process for policies and legislation.

Since all levels of government are relevant, they all need to be involved: National and local level, inspections, agencies etc. Reduction of bureaucracy should be regarded as an investment in society, especially when this is related to digitalization. Ministers and top management of ministries should make reduction of administrative burdens a key priority for themselves. The process is resource intensive, in terms of staff hours and budget. It is worth it when it is successful. It is important not to oversell the policy. The numbers that are presented have to communicate the actual background.

A lot of small, understandable procedures and requirements can easily lead to a maze of obligations that is difficult to navigate. Since these procedures and requirements are implemented by a range of different institutions, it is important to ensure coordination and support on the highest level of Government.

Germany has witnessed a significant difference between large and small(er) municipalities and their respective capacities to implement legal provisions effectively and efficiently. The contribution from an official from the UK provided insight into the key lessons learned with Better Regulation policies. A professional distinction between policy making and legal drafting is very important. The overall UK approach is to try everything but legislation at first, e.g. public information campaigns and tax incentives.

Preventative regimes cause a lot of burdens since they are based on a lot of information that needs to be shared with the administration in order to assess whether compliance is indeed sufficient.

Legal texts are, by nature, not easy to understand. The UK administration thus puts an important focus on explanation of legal requirements so that citizens and companies can easily understand what they are expected to do.

Digitalization took a long time to reach. The initial approach from 2001 needed to be revised substantially a few years later. Effective management and coordination at the central level is key for the success of digitalization of government services and processes.

Innovation in public policy pays off. In so-called Policy Lab, small teams are trying out innovative ways to develop and implement policies.

Ex-post evaluation is so far not developed very well as a practice. Evaluation is an important building block of the policy cycle that needs to be planned during the ex-ante impact assessment so that you are able to gather valuable evidence during the implementation process and enforcement time. British civil servants spend a day in a company every year and see the other side of policies and legislation. This is highly appreciated by businesses.

Day 3 – 23 October 2019

On the third day of the visit, the delegation from Kosovo met with representatives of the Federal Chancellors Office and of the National Regulatory Control Council. The main discussion points and relevant aspects are presented in the text below.

First meeting (day 3): Federal Chancellors Office

Subject: *The management of the Program on Administrative Burden Reduction by the Federal Chancellors Office*

In Germany, the public administration is organized by the *principle* of self-administration. The history of better regulation started in 1984, where the ministers decided to produce a checklist and utilize behavioural economics. The checklist was printed in a blue paper to make it stand out from all other white paper in the desk, so it would be easier for people to spot it. The Federal Government in 1985 reconfirmed the importance of the checklist and five years later the government decided that they identified a clear training need.

Since that time, draft laws in Germany contain a very structured executive summary (it maximum 2 pages, with the following structure: problem definition, goals, solutions, alternatives, costs); a formal letter of the Chancellor; legal text (around 10 pages) which is followed by an explanatory memorandum (around 40 pages, containing a general part and a special part disclosing the rationale for every single change order that it is presented in the legal text). This structure is applicable today as well in all formal documents. However, these documents did not contain any numbers so the checklists were not always effective. Therefore, they changed the model. The blue paper is not used anymore and the executive summary contains numbers and calculations which then is included in the annual report. The political benefit of these numbers is that if the numbers are right, they will tell a story, and only if these numbers tell a story other people will be able to follow them.

In order to produce these numbers they use the Standard Cost Model (SCM). The success factor of the SCM is to start with a single effective case and understand what is going on in real life. Line ministries calculate compliance costs by referring to real life events. According to them, the SCM should not be used as a marketing tool, but a tool which helps understand what is going on in real life. In order to achieve this, the administration needs an element of quality management.

In addition to the standard table in the Guidelines, officials calculating compliance costs must reach out and go where people live to understand what happens and how the burden is affecting them. They must

leave their desks and get out there (this can be related to urban planners, who before they design a plan for a certain area, they move in to that area so they can have a personal experience).

The quality management in Germany is the Independent National Regulatory Control Council (NRCC). Ten members are nominated by the Federal Government and then appointed by the Federal President for a mandate of five years. They are usually experts and scientists with experience in legislative matters. The NRCC examines each legal proposal, whether information and compliance costs and other parts of the explanatory memorandum are comprehensive. They have a legal mandate to be consulted during inter-ministerial consultation, prior to public consultation. Their strength lies in giving a statement, which is an additional part in the formal document of the draft law attached at the end. The NRCC reports to the Chancellor annually and the report is then forwarded to the Parliament.

In case they have a critical comment/statement, they do not have a veto against the Government, but in such situations the Government needs to give a statement on this critical view and based on their experience, this is a very effective method. The NRCC must be involved at a very early stage of legal drafting. They have to prepare the final statement within the required time for inter-ministerial consultation.

Regarding Regulatory Impact Assessments (RIA), civil servants can have the impression that outside actor or consultancy should do the calculations and the assessment. However, since the formal document is about understanding the process and not just about numbers, the Chancellor's Office wants the people working within the ministries to conduct RIA themselves and, if needed, this can be done with the support of the Federal Statistical Office.

To change people's attitude, in addition to the formal requirement (which in the 80s and 90s had proven to be not effective), they held lots of trainings, there were lots of talks about the importance of impact assessments, they provided technical support and there was an element of political pressure. The element of political pressure comes into play since at the end the entire Government needs to decide on whether a draft law will be sent to the Parliament and if all ministers are not satisfied the Government will not pass it. Two ministries that have veto rights are the Ministry of Finance and the Ministry of Gender Affairs.

The core of changing behaviour is the mind set of people. Civil servants change the future so they must understand what the effect of the law will be in real life.

The *Federal Statistical Office* has a key role in this process since they are considered to provide *central Services for Better Regulation*, such as:

- Public databases for measuring the government's program (legal obligation)
- Internal monitoring
- Empirical validation of compliance costs
- Support of ministries on request: ex ante and ex post evaluation
- Surveys on life events
- Methodology

Question: If the Parliament changes the draft law and those changes are expected to cause compliance costs, does the sponsoring line ministry produce an additional calculation on the effect of changes, does the NRCC react immediately or is it left up to the ex post evaluation?

Answer: They can all happen. The main work on a draft law happens in committee meetings, where the government sits at the table with members of the parliament. However, they cannot influence the parliamentarians who do not put a lot of focus on compliance costs (the French Parliament has reconsidered its role in Better Regulation and the EU Parliament as well). The NRCC has the mandate to support the Parliament by request, so they can be invited to sit in the table and issue a final statement on the draft laws.

Impact Assessments

Impact Assessments reflect on up to 40 aspects of a legal proposal. Compliance costs is one issue to be addressed in legal proposals besides e.g. social impacts, sustainability, gender fairness, effect on public health (household) etc.

EXAMPLES

1. Legal Package for Strengthening Families

Reform of child supplement for low income families:

- Increase from a max of EUR 170 to EUR 185
- Fixed granting for 6 months
- Exemption from kindergarten fees
- Higher exempt amount for own income and maintenance
- 1.2 million more children will be eligible
- Child supplement now possible instead of increase subsistence income

Reform of improved access to education and participation for families on benefits or with a low income:

- Increase in school starter package
- Free lunchtime meals
- Free ticket for public transport
- More free learning support

Effects on compliance costs need to be described in all directions:

- For 90,000 or so people currently in receipt of the child supplement, this bill will mean **reduction** in compliance costs of around 120,000 hours per annum
- For the estimated **additional** 473,000 children who will be entitled as of 2020 and their approx. 190,000 families it is assume that the compliance costs will be approx. 570,000 hours per annum.

So, the first one shows that there is a reduction of administrative burden, however since the number of beneficiaries will increase the burden at the end will be increased. In this case they are not talking about euro since they decided to not monetize the time of citizens.

In Germany they avoid conducting cost-benefit analysis because they believe that the philosophy of cost-benefit analysis will lead you in the wrong direction due to a strong benefits-oriented bias. They explain the costs and the benefits but they do not mix them together.

2. Introduction of Minimum Wage in Germany in 2014

Estimation of compliance costs in 2014 was very high, however they still adopted the law because coalition partners were determined to grant everyone a fair income.

To make the law work, an enforcement mechanism was a must and that was the financial police who fight illicit work. However, once the law was adopted, companies started complaining on administrative burden.

The problem was that the police armed and in uniforms started investigating on income and they were showing up in shops during working hours. This caused discomfort among clients and owners. So, the Government realized that the enforcement mechanism they have chosen was causing administrative burden.

The main lesson out of this was that in order to get the calculation costs correctly, the Government must have a clear vision on what will happen in practice. So, they must talk to those who do the enforcement and to those who do the business.

In order to have a clearer vision on the matter and understand the effects that a certain law or policy will have in real life, they as well conduct simplification projects. For them it is important to have a systematic approach and stay curious in order to understand what happens when the piece of legislation touches reality. So, they developed the 'life event' survey because people's experiences are determined by life events. In order to ask the right questions, you need to understand the user journey (e.g. someone who is starting a new job will have the first contact with health insurance and mayor's office).

Recommended book: *Intertwined* – Peter Morville

[Second meeting \(day 3\): The National Regulatory Control Council](#)
Subject: Role and Added Value of Independent Scrutiny

Elements & Aspects of NRCC's Independence

Board members work on honorary basis so they receive a lump sum. They are appointed by the Head of State for five years and they have the right for being re-elected. Members have a broad professional experience in administration, law, business sector, science, etc.

The law defines its mandate, tasks and obligations which is unique in Europe (in other countries it is usually in secondary legislation) and it ensures freedom from political interference. The NRCC has its own secretariat comprising of 15 members and its own budget. Their opinions are published when sent to Parliament, together with the legislative proposal.

The Secretariat is preparing almost everything and presents the draft statement to the responsible board member for the respective draft law or policy. Once they have the green light from the responsible board member, the Secretariat informs the entire board, whom then discuss their opinions on board meetings (held every two weeks). Eleven people from the Secretariat are involved in scrutinizing draft-laws and drafting opinions. They receive about 300 proposals annually and they issue full opinions on 1/3 of the proposals who reach the benchmark of EUR 1 million. On other proposals, opinions can be just few sentences confirming that the proposal does not cause any big costs, however they still need to go through the process of consulting the responsible board member and the entire board.

Scope of Impact Assessments & NRCC's Mandate

Government's joint rules of procedure demand a relatively broad and comprehensive picture of impacts. The NRCC is an independent advisory body of the government and a scrutiny body in the field of

bureaucracy reduction and better regulation. Compared to other scrutinize bodies, the NRCC has a very narrow scope, focusing only on direct effects of draft laws in compliance costs.

The NRCC scrutinizes compliance costs and may review other aspects such as:

- Comprehensive presentation of the objectives and the necessity of the regulation;
- Considerations relating to other possible solutions, effective dates, time limits and so on.

The NRCC's Function in the Legislative Process

- *First phase:* Responsible line ministry prepares a draft proposal and the NRCC can immediately provide an *advice*.
- *Second phase:* Ministries prepare ex ante assessment and conduct inter-ministerial consultation with relevant stakeholders. The NRCC can scrutinize and advise. Ministries prepare impact assessment as well for secondary legislation.
- *Third phase:* Once the legislative proposal is sent to the Cabinet (Council of Ministers) the NRCC drafts its opinion, which then is published as a package with the proposal and other supporting documents.
- *Fourth phase:* The legislative proposal is sent to the Federal Parliament, including the NRCC opinion. The NRCC can provide advice or conduct assessment on the request of the Parliament.
- *Fifth phase:* 2 years after the law is enacted, the Federal Statistical Office (Destatis) can conduct scrutiny of figures and after 3-5 years of the law being adopted, they conduct ex post evaluation. The NRCC does not have a mandate to scrutinize ex-post evaluations, however in most cases they scrutinize them but they don't provide formal opinions.

Regarding the structure of their opinion, the NRCC first lists the compliance costs for citizens, businesses, public administration, and whether there is a proper presentation of 'one in-one out' rule and then they draft the core of the opinion.

25% reduction target with regard to businesses

The NRCC was introduced to scrutinize administrative burden because the government set the 25% reduction target. Initially, they had a baseline measurement for all legal obligations for businesses and the reduction target was achieved in 2012.

Development of Bureaucracy Cost Index since Baseline Measurement

Year	Measure	Cost
2006	Simplification of invoices for small amounts (Sales Tax Act) and other measures	EUR 600 million
2008	Simplification of Proof of the Returning and Recycling of Sale Packaging (Packaging Ordinance) and other measures	EUR 186 million
2009	Simplification of Accounting Rules particularly for Small and Medium Enterprises (Accounting Law Modernisation act) and other measures	EUR 2.5 billion
2010	Introduction of the electronic income Tax Form (Annual Tax Act 2008) and other measures	EUR 278 million
2011	Simplification of electronic invoicing (Tax Simplification Act 2011) and other measures	EUR 4.1 billion
2012	Abolition of the Medical Consultation Fee (Amendment	EUR 330

	to German Social Code Vol. 5) and other measures	million	
2015	Increase of thresholds for double-entry booking and financial statements (Frist Bureaucracy Relief Act, 2015) and other measures	EUR million	744

In 2012 the reduction target was achieved and since then a low level was maintained.

How to Improve Bureaucracy Reduction: Digitization

Digitization plays an important role for the NRCC. Modernization of Registries should be done once only and they use a saying ‘neither citizens nor businesses should go, the information should flow’. Digitization can contribute significantly to the reduction of costs.

Compliance costs and how to keep control of them

Apart from transparency, the NRCC recommended the Government to be more careful when they introduce compliance costs. This is how the idea of *one in one out* rule came up.

The main target group were businesses. The UK had already initiated the ‘one in, one out’ principle. The EU legislation was left out from this rule.

Avoiding Unnecessary Burdens introduced by EU Legislation: EU ex ante Procedure

Although in Germany the EU legislation was not included during the process of administrative burden reduction, they created an EU ex ante procedure, which shows how much compliance costs will the EU act cause.

First, a draft proposal of the EU Commission and its Impact Assessment are sent to the Federal Government of Germany. Then, the Government has the right to ask its line ministries for more information and if annual compliance costs of that draft proposal exceed EUR 35 million throughout the EU, Germany must conduct a mandatory cost impact assessment on how the draft proposal will affect Germany. That Impact assessment of the Federal Government is sent to the NRCC, the Federal Chancellery and the Federal Economics Ministry. The NRCC issues its opinion and sends it to the Federal Government. This mechanism strengthens the position of Germany in the Council of the EU.

Ensuring that existing legislation is fit for purpose: Ex-post Evaluation

The main criteria to conduct an ex-post evaluation is a threshold of EUR 1 million of recurring compliance costs. Institutions must have a systematic approach and conduct ex-post evaluation after 3 to 5 years after enactment of law. The assessment evaluates the effectiveness of the law and the first one was made in 2018. The NRCC does not have a mandate to scrutinize ex-post evaluations, however in most cases they scrutinize them but they don’t provide formal opinions.

NRCC’s Recommendations for an enhanced Better Regulation

Recommendation 1: The NRCC has recommended the Government to introduce a pilot project where they will calculate the benefits of legal acts. It is expected to be very difficult since it is challenging to quantify and monetize benefits. The project must include a comprehensive coverage of impacts. The Government has still not decided on it.

Recommendation 2: The NRCC has recommended a change of legislative culture in Germany. They recommend to rethink legislation: “Content First, Legal Text Second.” This means that before any draft

proposal is produced, an impact assessment must be made where they identify the problem and propose solutions. The system that they are recommending is very similar to what Kosovo is implementing, where concept documents are made before any draft law is produced.

The 'one in, one out' rule

The ministries assign a status to every proposal whether it is an 'in' or an 'out'. At the end of the year, a balance is made to see whether there were more 'in's or 'out's, or whether they were balanced.

There are cases where a ministry introduces more 'in' and cannot balance it out. So, if they do not manage to solve it on their own, they will go to the Government and another institution will balance it out by introducing the same amount of 'out'.

Day 4 – 24 October 2019

On the fourth day of the visit, the delegation from Kosovo met with representatives of the Federal Ministry for Economic Affairs and Energy. The main discussion points and relevant aspects are presented in the text below.

First meeting (day 4): Federal Ministry for Economic Affairs and Energy

Subject: *The experience of line ministries in the process of administrative burden reduction and the role of Germany in regulatory policy of the EU*

Small and Medium Enterprises Monitor System

SMEs are the main driving force of the German economy. They comprise 99% of all firms, 35% of economic output and 60% of jobs. The administrative burden reduction programme in Germany has not included the obligations that derive from EU Regulations and considering the SMEs are highly affected by EU legislation, the Federal Government has created and SME Monitoring system for EU initiatives.

SMEs must be informed on the new initiatives at EU level and must be provided a platform to present their interest and opinions during the policy making phase.

How the SME Monitor Works:

As the name suggests, the SME Monitor constantly monitors the progress of consultative and legislative initiatives of the EU Commission with relevance to SMEs.

The SME Monitor is a comprehensive web portal which:

- *Informs* SMEs on European legislation at an early stage,
- *Navigates* them through the diversity of information on the internet and
- *Helps* them to get involved and *take active part* in an SME friendly policy making process in Europe at all stages: from the *start* of an initiative → to the *policy decision* → to its *implementation*.

For SMEs, it is important to know what information is relevant for them, which documents they need, where to find them, what conclusions to draw etc. In this regard, the SME Monitor *raises early awareness* by pointing out SME relevant legislation in all policy areas, giving recent information and drawing the attention of companies on EU matters.

The SME Monitor is based on the annual Commission Work Programme published by the end of each year.

- Together with about 20 SME associations concerned, *the Ministry analyses and evaluates the planned regulatory initiatives* in terms of their *relevance to SMEs*
- The Ministry then *summarises the results* of this evaluation and draws up a *monitoring list*, the core element of the SME Monitor.
- In this monitoring list, the projects of *high importance for SME* are marked with a warning sign to attract early attention among SMEs
- The SME Monitor is *made available* and continuously being updated by the Ministry on its *website* www.eu-mittelstandsmonitor.de

The EU Commission publishes its initiatives and invites stakeholders to contribute to EU policy and law-making process by giving feedback. However their website proved to provide very *limited information for SMEs*. There are no links to the respective projects in the Commission Work Programme, SME relevant initiatives are not separated to other initiatives and there is no indication of SME relevance. So, SMEs can *only by chance* identify projects that are important to them.

Experience gained with SME Monitor:

The SME Monitor is an *important element* under the heading of ‘Europe’ *on the website* of the Ministry. It *complements German SME policy* and supports their interests at EU level. The system has received *positive responses* from companies and business association as it allows for *SME friendly options* from the outset.

The SME Monitor will be further improved in cooperation with associations and it is expected to become an extremely useful tool for providing SMEs and associations with access to key information on EU legislation. The system has improved German lobbying in Brussels considerably and it has strengthened its position. Additionally, the OECD considers the German SME Monitor as one of the best practices to support SMEs.

Participation of Germany in EU public consultation is very high along with other Nordic countries, Denmark and the Netherlands.

During the discussions, the idea came up that a tool like this can be used in Kosovo to inform businesses on relevant EU obligations that affect them (reference made to the Stabilisation and Association Agreement between the EU and Kosovo).

Ex-ante Impact Assessments and Better Regulation

European Commission conducts Impact Assessments on legislative proposals; however, they fail to provide Impact Assessments for 1/3 of all significant proposals. When a legislative proposal is sent to the EU Council, Germany informs relevant ministries, who then have two weeks to check whether the Commission has conducted an Impact Assessment and if not, they will ask them to do so. If the Commission has produced one, then the relevant ministries will check its quality.

The National Regulatory Control Council is as well-known as the Council on Better Regulation. They cannot substitute politics but they inform politics. For Germany, Better Regulation is about efficiency, so they can free resources and enable to do things better and to do better things.

Germany is lobbying to improve Impact Assessments and for a compulsory SME Test. In order to have the 'one in, one out' rule implemented successfully at EU level, you must have quantification and to have quantification you must have high quality impact assessments.

For Germany the ration of 'one in, one out' is 3 to 1. However, since EU regulations are excluded from the rule, the ratio drops to 2 to 1. Some OECD reports say that the 'one in, one out' rule can only be implemented in developed countries since they have the institutional structure. However, since the rule is a game changer and it drives improvement Germany believes that it works even in developing countries.

Future Proof and Innovation Friendly Legislation

During the law-making process it is important to check what the law means for innovation. There is no clear link between regulation and innovation. Regulation can either foster or hamper innovation.

In order to have better laws, German institutions separate *future proof* side from *innovation friendly* side. Future proof means what we can do so our legislation fits its purpose, meanwhile innovation friendly means what we can do to make legislation foster innovation. To do so there are different tools that can be used, such as: experimental clauses to give room for flexibility and give businesses the air to breathe and innovate; sensor clauses to set deadlines so you can revise the law; and have an outcome-based legislation.

Day 5 – 25 October 2019

On the fifth day of the visit, the delegation from Kosovo met with the Ambassador of the Republic Kosovo in Germany Mr. Beqë Cufaj and with representative of the Association of German Chambers of Commerce and Industry.

First meeting (day 5): Embassy of the Republic of Kosovo in Germany
Subject: *Future Cooperation between Kosovo and Germany*

The Embassy of the Republic of Kosovo in Germany hosted the delegation of Kosovo in its premises, where they discussed on the purpose of the study visit and on bilateral relations between Kosovo and Germany.

The director of the Government Coordination Secretariat, on behalf of the group, spoke about the purpose of the study visit to Germany, mainly focusing on the importance of better regulation and administrative burden reduction programme.

Then, the Ambassador gave an overview on the main activities of the Embassy and other Consulates which are located in Frankfurt, Stuttgart and München. More than 400.000 citizens of Kosovo live in Germany and in order to provide support and services effectively, the Ambassador believes that they need more human capacities.

Some of the main issues discussed were:

- Official statistics in Germany regarding the number of Kosovo citizens living in Germany, German citizens with Kosovo origin, or citizens with dual nationality (Kosovo and German) do not correspond with the reality. The numbers presented in paper are way lower than the actual number of people living there. Therefore, Kosovo Embassy is lobbying for the statistics to be updated;

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- Germany still does not recognize driving licenses issued by Kosovo institutions. This problem affects negatively a high number of people from Kosovo who have moved there. The Embassy has submitted all the required documents to relevant institutions and now it is up to the German counterparts to take necessary steps for this issue to be resolved.
 - Innovative park in Kosovo managed by GIZ etc.

During this meeting we discussed how the Embassy can be involved in the programme of administrative burden reduction and it was agreed for the report of the study visit to be shared with them.

Second meeting (day 5): Association of German Chambers of Commerce and Industry
Subject: *Administrative burdens from the business perspective*

The Association of German Chambers of Commerce and Industry (DIHK) is a stakeholder organisation for those who need to comply with the regulation. It is the central body for 79 Chambers of Commerce and Industry, CCI (IHKs) in Germany. All German companies registered in Germany, with the exception of handicraft businesses, the free professions and farms, are required by law to join a chamber. Thus, the DIHK speaks for more than three million entrepreneurs. They include not only big companies but also retailers and innkeepers. This gives the association considerable political influence. It does not represent any specific corporate group but all commercial enterprises in Germany. Enterprises are required to pay a membership fee, the amount of which depends on the economic strength of each enterprise. They aim at strengthening the business location and improving framework conditions for companies: whether this involves, for example, a better transport infrastructure, lower tax burdens or issues of regional subsidies and urban development – the Chambers of Commerce and Industry are competent partners and a mouthpiece of the regional economy. DIHK advocates to the political decision-makers in Berlin and Brussels which is consistent with the overall interests of the industrial economy: less bureaucracy, simpler and more transparent tax law, as well as the strengthening of Germany's competitiveness as a business location.

One of their main aims is to be involved in the law-making process. They try to explain to companies what will be the changes in the legal framework and how it will impact them. For the DIHK it is important to get involved before the draft law goes to the Parliament, so they are only involved before the law goes to the Cabinet (Council of Ministers). However, the main problem is that public consultation period can be very short and normally they need at least three weeks to collect opinions from businesses. Another problem is that ministries do not give any feedback on the opinions that the DIHK submits. So even when the opinions/recommendations of DIHK are not included in the proposal, line ministries have no obligation to provide any explanation.

In this regard, reference was made to the system established in Kosovo. The Regulation on Minimum Standards for Public Consultation Process requires the proposing body whenever organizing consultations in writing to give to the public no less than 15 working days from the notification date for the opening of consultation. Furthermore, proposing body is obliged to collect all comments/feedback received in a structured and transparent manner, address them and draft a report on consultation which then is made available for the public. There are still challenges in implementing the Regulation effectively, however the right legal basis exists.

Cutting Red Tape

Regarding regulation, there is a recent tendency to regulate more environmental issues and consumer protection. These rules affect businesses so DIHK ensures to inform them on the obligations they need to fulfil. The DIHK is not necessarily against regulation but against unnecessary complex processes.

They have no specific role in *red tape (administrative burden)*, however they can react if Impact Assessments have numbers, which is not always the case. They also don't have a role in ex-post evaluation.

Although the 25% reduction target on administrative burden has been achieved, businesses say that the impact hasn't really been noticed since there is more regulation coming in. Therefore, it is important to maintain the level low and they believe that the federal government should set new ambitious reduction targets for the costs of compliance. Cutting red tape is an ongoing task that constantly needs a new sense of commitment. This cannot be achieved without a specific reduction rule or a specific reduction target. The organisation regularly puts forward concrete proposals to reduce the drain on resources caused by information requirements and compliance costs. Additionally, the costs of bureaucracy resulting from information obligations and compliance costs must not rise again for the industry. The ministries should review their proposed legislation systematically with respect to alternatives and the costs of the bureaucracy for small and medium-sized enterprises (SME test), while its administrative implementation should be inexpensive, provide legal certainty, contain little bureaucracy and be business-friendly. Although there is room for improvement, the fact that the Government is taking care of it, is a good start.

Germany Study Visit Annex I

Below are listed numerous links on documents related to Better Regulation in Germany.

- Presentation on Better Regulation and Evidence Based Policy-Making: the experience of Germany:
<https://bscw.bund.de/pub/bscw.cgi/d78242530/190822%20better%20regulation%20overview.pdf?nonce=5943bf77d9eb95a8e2f1ce851e42f25a78837292>
- Excerpts of an explanatory memorandum (including elements of the impact assessment) translated in English language, including 'real' life cases:
<https://bscw.bund.de/pub/bscw.cgi/d71234217/190412%20translation%20excerpts%20draft%20strong%20families%20legislation.pdf?nonce=2e1face58231383de603bf052fe66ce1f73dbf65>
- Guidelines on the identification and Presentation of Compliance Costs in Legislative Proposals by the Federal Government:
https://bscw.bund.de/pub/bscw.cgi/d81333171/191021%20Guidelines_Compliance%20Costs_Print.pdf?nonce=1c8078c1595435ec1a488391790393b51b1f3b19
- Practical exercises to become familiar with the methodology on calculating compliance costs (available only in French and German):
French:
<https://bscw.bund.de/pub/bscw.cgi/d73563253/%c3%9cbung%20Teilnehmerbl%c3%a4tter-FR.docx?nonce=c1418ba21cf7ef12254082cbbea98cbe7b637791>
German:
<https://bscw.bund.de/pub/bscw.cgi/d24059096/Fallbeispiel%20c3%84pfel%20Teilnehmerbl%c3%a4tter.doc?nonce=9a36f4268a45f260af824b0b44ceb2a0a948f9c5>
- Joint Rules of Procedure of the Federal Ministries (chapter 6 focusses on legislation and chapters 2 and 4 on general principles):
https://bscw.bund.de/pub/bscw.cgi/d52920962/120119%20GGG_neu_engl.pdf?nonce=1f9ebf8b7b847d84312a5f901cc8e5eaa46d734a
- Act on the Establishment of a National Regulatory Control Council of 14 August 2006:
[https://bscw.bund.de/pub/bscw.cgi/d20630403/Act%20on%20the%20Regulatory%20Control%20Council,%20english%20\(NKRG\).pdf?nonce=25c340c2ce6349e38fc8985b84aa30f291a379fd](https://bscw.bund.de/pub/bscw.cgi/d20630403/Act%20on%20the%20Regulatory%20Control%20Council,%20english%20(NKRG).pdf?nonce=25c340c2ce6349e38fc8985b84aa30f291a379fd)
- Annual Report on Better Regulation 2017: The bureaucracy brake is working. 2017 Federal Government Report pursuant to section 7 of the Act on the Establishment of a National Regulatory Control Council:
<https://bscw.bund.de/pub/bscw.cgi/d73220788/Annual%20Report%20Federal%20Government%20on%20Better%20Regulation%202017.pdf?nonce=12b708845aecffc358bbca96c22e5e508fde8fde8>
- Better tools for better laws Federal Government report on progress in bureaucracy reduction and further development of better regulation for the year 2018 June 2019
<https://bscw.bund.de/pub/bscw.cgi/d81876978/Annual%20Report%20BR%202018%20English.pdf?nonce=bf2c7d81364e7c4dbd71a518d863caf4e753f80d>

Germany Study Visit Annex II: List of participants

Name and Surname	Role in the WG	Position within the respective Institution	Institution
1. Arben Krasniqi	Chairperson	Director	Government Coordination Secretariat, OPM
2. Mentor Borovci	Deputy Chairperson	Director	Legal Office, OPM
3. Arlinda Likaj	Member	Coordinator for European Integration	OPM
4. Vedat Sagonjeva	Member	Director	Strategic Planning Office, OPM
5. Ismet Cakiqi	Member	Coordinator	Public Communication Office, OPM
6. Shaban Ademi	Member	Director	Office for Budget and Finance, OPM
7. Alba Boshnjaku	Member	Senior Policy Officer	Government Coordination Secretariat, OPM (formerly MEI)
8. Flamur Lajci	Member (delegated)	Senior Officer	Investment Promotion Agency, MTI
9. Naser Shamolli	Member	Director	Legal Department, MPA
10. Nida Krasniqi	Member	Senior Officer	Department of Macros, MoF
11. Selvie Çeku	Member (delegated)	Senior legal Officer	Legal Department, MTI
12. Valon Gashi	Delegated	Director	Political Criteria Department, MEI
13. Erna Hasanxhekaj	Delegated	Director	Department for Reform of Public Administration and European Integration, MPA
14. Erik Akse	Expert	Team Leader	SIDA Project, OPM
15. Alban Halili	Delegated	Senior Officer	Legal Department, Presidency

Germany Study Visit Annex III: Agenda of the study visit

Day	Time	Institution, address and programme	Address
Sunday 20 October	All day	Travel to Germany	

Monday 21 October	08.15	Meeting of delegation at the hotel lobby	
	9.00- 11.30	Federal Statistical Office Topic: - Preparing and conducting the baseline measurement for administrative burdens	Address: Friedrichstraße 50 10117 Berlin
	11.30- 12.00	Lunch and travel to next location	
	12.00 – 13.30	German Federal Parliament Topic: - Cooperation and coordination of the administrative burden reduction programme with the Government	Address: Jakob-Kaiser-Haus Wilhelmstraße 68
	14.00- 14.30	Wrap up and lessons learned from the day	
Tuesday 22 October	08.15	Meeting of delegation at the hotel lobby	
	9.00- 17.00	Participation of the Kosovo delegation in the “Medium term stocktaking conference” organised by the National Regulatory Control Council	Address: Willy-Brandt-Straße 1 10557 Berlin
Wednesday 23 October	08.00	Meeting of delegation at the hotel lobby	
	9.00- 11.30	Federal Chancellor’s Office Administrative Burden Reduction Department + Federal Chancellor’s Office Communication department Topic: - Management of administrative burden reduction programme by the Federal Chancellery	Address: Kapelle-Ufer 2, 10117 Berlin
	11.30- 13.00	Lunch at the canteen of the Federal Chancellor’s Office	
	13.00- 15.00	National Regulatory Control Council Topic: - The history, structure, role and working method of the NRCC	Address: Kapelle-Ufer 2, 10117 Berlin
	15.00- 16.00	Guided tour through the Federal Chancellor’s Office organised by the host for the delegation	
	16.00-	Wrap up and lessons learned from the day	

	16.30		
Thursday 24 October	09.15	Meeting of delegation at the hotel lobby	
	10.00- 11.30	Federal Ministry for Economic Affairs and Energy Topic: <ul style="list-style-type: none"> - Experiences of implementing administrative burden reduction as line ministry: internal management, distribution of responsibilities, and work processes and Germany's engagement on regulatory policy in the EU 	Address: Scharnhorststraße 34-37 10115 Berlin
Friday 25 October	08.15	Meeting of delegation at the hotel lobby	
	9.00- 12.00	Embassy of the Republic of Kosovo and WG meeting Topics: <ul style="list-style-type: none"> - Presentation and discussion of the week - Future cooperation between Kosovo and Germany 	Address: Koenigsallee 20A/20B, 14193 Berlin
	12.00- 13.00	Lunch and travel to next location	
	13.00- 15.00	Association of German Chambers of Commerce and Industry Topics: <ul style="list-style-type: none"> - Administrative burdens from the business perspective 	Address: Breite Straße 29 10178 Berlin
Saturday 26 October	All day	Travel back from Germany to Kosovo	

Annex 12: Assessment form for Economic Impacts

Economic impact category	Key impact	Is this impact expected to occur?		Number of affected organisations, companies and/or individuals	Expected benefit or cost of the impact	Preferred level of analysis
		Yes	No	High/low	High/low	
Jobs²¹³	Will the number of available jobs increase?	X		High	High	In-depth macro-economic predictions based on the expected potential contribution to economic growth that administrative burden reduction could provide
	Will the number of available jobs decrease?		X	Not relevant	Not relevant	No analysis needed
	Will there be an effect on the level of payment?		X	Not relevant	Not relevant	No analysis needed
	Will there be an effect on the ease of finding a job?		X	Not relevant	Not relevant	No analysis needed
Conducting business	Will there be an effect on the access to finance for business?		X	Not relevant	Not relevant	No analysis needed
	Will certain products be removed from the market?		X	Not relevant	Not relevant	No analysis needed
	Will certain products be allowed on the market?		X	Not relevant	Not relevant	No analysis needed

²¹³ When there is an impact on jobs, there will be social impacts as well.

	Will businesses have to be closed down?		X	Not relevant	Not relevant	No analysis needed
	Will new businesses be created?	X		High	High	The prediction related to business creation are reflected in the contribution of administrative burden reduction to economic growth and an increase in GDP.
Administrative burdens	Will businesses have to comply with new information obligations?		X	Not relevant	Not relevant	No analysis needed
	Are information obligations for businesses simplified?	X		High	High	The main aim of a policy aimed at administrative burden reduction is to simplify procedures across the board.
Trade	Are the current import flows expected to change?	X		High	High	Administrative burden reduction will support business development and thus have an impact on trade flows. The expectation is that more business will be conducted in Kosovo, thus decreasing the need for imports. This is reflected in the contribution of administrative burden reduction to economic growth and an increase in GDP.
	Are the current export flows expected to change?	X		High	High	Administrative burden reduction will support business development and thus have an

						impact on trade flows. The expectation is that more business will be conducted in Kosovo, thus increasing Kosovo's export strength. This is reflected in the contribution of administrative burden reduction to economic growth and an increase in GDP.
Transport	Will there be an effect on how passengers and/or goods are going to be transported?		X	Not relevant	Not relevant	No analysis needed
	Will there be a change in time that is needed to transport passengers and/or goods?		X	Not relevant	Not relevant	No analysis needed
Investment	Are companies expected to invest in new activities?	X		High	High	Administrative burden reduction will lead to an increase in business activities and thus investments. This is reflected in the contribution of administrative burden reduction to economic growth and an increase in GDP.
	Are companies expected to cancel or postpone investments?		X	Not relevant	Not relevant	No analysis needed
	Will investments by the diaspora increase?	X		High	High	Administrative burden reduction will lead to an increase in business activities and thus investments. It is expected – in

						particular in first instance – that investors from the diaspora will be attracted to invest in Kosovo due to the improved business environment. This is reflected in the contribution of administrative burden reduction to economic growth and an increase in GDP.
	Will investments by the diaspora decrease?		X	Not relevant	Not relevant	No analysis needed
	Will Foreign Direct Investment increase?	X		High	High	Administrative burden reduction will lead to an increase in business activities and thus investments. This is reflected in the contribution of administrative burden reduction to economic growth and an increase in GDP.
	Will Foreign Direct Investment decrease?		X	Not relevant	Not relevant	No analysis needed
Competitiveness	Will the price of business inputs, such as electricity, increase?		X	Not relevant	Not relevant	No analysis needed
	Will the price of business inputs, such as electricity, decrease?		X	Not relevant	Not relevant	No analysis needed
	Are innovation or research likely to be promoted?	X		High	High	Administrative burden reduction will lead to an increase in business activities and

						thus also an increase in research and development. This will contribute to innovation. This is reflected in the contribution of administrative burden reduction to economic growth and an increase in GDP.
	Are innovation and research likely to be hindered?		X	Not relevant	Not relevant	No analysis needed
SME Impact	Are the companies that are affected mainly SMEs?	X		High	High	Administrative burden reduction affects all businesses. However, since the majority of companies in Kosovo is SMEs, the policy to reduce burdens will especially improve the situation of SMEs and empower them in their business endeavours.
Prices and competition	Will the number of goods and services available for business or consumers increase?	X		High	High	Administrative burden reduction will lead to additional business creation. This, in turn, will increase competition which is expected to lead to lower prices for consumers.
	Will the number of goods and services available for business or consumers decrease?		X	Not relevant	Not relevant	No analysis needed

	Will the prices of existing goods and services increase?		X	Not relevant	Not relevant	No analysis needed
	Will the prices of existing goods and services decrease?		X	Not relevant	Not relevant	No analysis needed
Regional economic impacts	Will a specific business sector be affected?		X	Not relevant	Not relevant	No analysis needed
	Is this sector concentrated in a certain region?		X	Not relevant	Not relevant	No analysis needed
Overall economic development	Will future economic growth be affected?	X		High	High	Administrative burden reduction contributes directly to economic growth. Rendering the legal framework more efficient will, in the medium term, lead to economic growth. This is reflected in the economic analysis for the Concept Document.
	Could there be an effect on the inflation rate?		X	Not relevant	Not relevant	No analysis needed

Annex 13: Assessment form for Social Impacts

Social impact category	Key impact	Is this impact expected to occur?		Number of affected organisations, companies and/or individuals	Expected benefit or cost of the impact	Preferred level of analysis
		Yes	No	High/low	High/low	
Jobs ²¹⁴	Will the number of available jobs increase?	X		High	High	In-depth macro-economic predictions based on the expected potential contribution to economic growth that administrative burden reduction could provide. This is reflected in the economic analysis for the Concept Document.
	Will the number of available jobs decrease?		X	Not relevant	Not relevant	No analysis needed
	Are jobs in a specific business sector affected?		X	Not relevant	Not relevant	No analysis needed
	Will there be an effect on the level of payment?		X	Not relevant	Not relevant	No analysis needed
	Will there be an effect on the ease of finding a job?		X	Not relevant	Not relevant	No analysis needed
Regional social impacts	Are the social impacts concentrated in a certain region or specific cities?		X	Not relevant	Not relevant	No analysis needed
Working	Are the rights of		X	Not relevant	Not relevant	No analysis needed

²¹⁴ When there is an impact on jobs, there will be economic impacts as well.

conditions	workers affected?					
	Are standards for working under dangerous conditions introduced or abolished?		X	Not relevant	Not relevant	No analysis needed
	Will there be an effect on how the social dialogue between employees and employers takes place?		X	Not relevant	Not relevant	No analysis needed
Social inclusion	Will there be an impact on poverty?	X		High	High	In-depth macro-economic predictions based on the expected potential contribution to economic growth that administrative burden reduction could provide; this impact follows directly from the job creation triggered by administrative burden reduction
	Is access to social protection schemes affected?		X	Not relevant	Not relevant	No analysis needed
	Will the price of basic goods and services change?		X	Not relevant	Not relevant	No analysis needed
	Will there be an impact on the financing or organisation of social protection schemes?		X	Not relevant	Not relevant	No analysis needed
Education	Will there be an effect on primary education?		X	Not relevant	Not relevant	No analysis needed
	Will there be an effect on secondary education?		X	Not relevant	Not relevant	No analysis needed

	Will there be an effect on tertiary education?		X	Not relevant	Not relevant	No analysis needed
	Will there be an effect on vocational training?		X	Not relevant	Not relevant	No analysis needed
	Will there be an effect on education of workers and life-long learning?		X	Not relevant	Not relevant	No analysis needed
	Will there be an effect on the organisation or structure of the educational system?		X	Not relevant	Not relevant	No analysis needed
	Will there be an impact on academic freedom and self-governance?		X	Not relevant	Not relevant	No analysis needed
Culture	Does the option affect the cultural diversity?		X	Not relevant	Not relevant	No analysis needed
	Does the option affect the funding of cultural organisations?		X	Not relevant	Not relevant	No analysis needed
	Does the option influence opportunities for people to enjoy cultural activities or participate in them?		X	Not relevant	Not relevant	No analysis needed
	Does the option affect the preservation of cultural heritage?		X	Not relevant	Not relevant	No analysis needed
Governance	Does the option affect citizens' ability to participate in the democratic process?		X	Not relevant	Not relevant	No analysis needed
	Is every person treated equally?		X	Not relevant	Not relevant	No analysis needed
	Will the public be better informed about certain issues?		X	Not relevant	Not relevant	No analysis needed

	Does the option affect the way that political parties operate?		X	Not relevant	Not relevant	No analysis needed
	Will there be an impact on civil society?		X	Not relevant	Not relevant	No analysis needed
Public health and safety ²¹⁵	Will there be an effect on the lives of people, such as life expectancy or mortality rates?		X	Not relevant	Not relevant	No analysis needed
	Will there be an effect on the quality of food?		X	Not relevant	Not relevant	No analysis needed
	Will the health risk increase or decrease due to harmful substances?		X	Not relevant	Not relevant	No analysis needed
	Will there be health effects due to changes in noise levels or the quality of air, water and/or soil?		X	Not relevant	Not relevant	No analysis needed
	Will there be health effects due to changes in the use of energy?		X	Not relevant	Not relevant	No analysis needed
	Will there be health effects due to changes in waste disposal?		X	Not relevant	Not relevant	No analysis needed
	Will there be an effect on the lifestyle of people, such as take-up levels for sports, diet changes, or changes in the use of tobacco or alcohol?		X	Not relevant	Not relevant	No analysis needed
	Are there specific groups that face much higher risks than others (determined by		X	Not relevant	Not relevant	No analysis needed

²¹⁵ When there are public health and safety impacts, there regularly are environmental impacts as well.

	factors such as age, gender, disability, social group or region)?					
Crime and security	Are the chances that criminals get caught affected?		X	Not relevant	Not relevant	No analysis needed
	Is the potential gain from crime affected?		X	Not relevant	Not relevant	No analysis needed
	Is there an effect on corruption levels?	X		High	Low	Administrative burden reduction may contribute to a reduction in instances where corruption might take place. However, this effect cannot be predicted and is therefore not taken up in the analysis.
	Is the capacity of law enforcement affected?		X	Not relevant	Not relevant	No analysis needed
	Is there an effect on the rights and security of victims of crime?		X	Not relevant	Not relevant	No analysis needed

Annex 14: Assessment form for Environmental Impacts

Environmental impact category	Key impact	Is this impact expected to occur?		Number of affected organisations, companies and/or individuals	Expected benefit or cost of the impact	Preferred level of analysis
		Yes	No	High/low	High/low	
Climate and sustainable environment	Will there be an effect on the emission of greenhouse gases (carbon dioxide, methane etc.)?	X		High	Low	The number of trips related to complying with Information Obligations and administrative procedures is expected to be reduced. This will decrease the demand for travelling by car which in turn will mean that less greenhouse gasses are emitted.
	Will fuel consumption be affected?	X		High	Low	See the point directly above.
	Will the mix of resources that are used for energy production change?		X	Not relevant	Not relevant	No analysis needed
	Will there be a change in price for environmentally friendly products?		X	Not relevant	Not relevant	No analysis needed
	Will certain activities become less polluting?		X	Not relevant	Not relevant	No analysis needed
Air quality	Will there be an effect on the emission of air pollutants?		X	Not relevant	Not relevant	No analysis needed
Water quality	Does the option affect the quality of		X	Not relevant	Not relevant	No analysis needed

	freshwater?					
	Does the option affect the quality of groundwater?		X	Not relevant	Not relevant	No analysis needed
	Does the option affect drinking water resources?		X	Not relevant	Not relevant	No analysis needed
Soil quality and land use	Will there be an effect on the quality of soil (related to acidification, contamination, use of pesticides or herbicides)?		X	Not relevant	Not relevant	No analysis needed
	Will there be an effect on soil erosion?		X	Not relevant	Not relevant	No analysis needed
	Will soil be lost (through construction etc.)?		X	Not relevant	Not relevant	No analysis needed
	Will soil be gained (through decontamination etc.)?		X	Not relevant	Not relevant	No analysis needed
	Will there be a change in land use (e.g. from forest to agricultural or urban use)?		X	Not relevant	Not relevant	No analysis needed
Waste and recycling	Will the amount of waste that is generated change?	X		Low	Low	Paper consumption by the administration is expected to decrease and this will be reflected in the adjustment of the SCM for the baseline measurement
	Will the ways in which waste is treated change?		X	Not relevant	Not relevant	No analysis needed

	Will there be an effect on the recycling possibilities for waste?		X	Not relevant	Not relevant	No analysis needed
Use of resources	Does the option affect the use of renewable resources (fish stocks, hydropower, solar power etc.)?		X	Not relevant	Not relevant	No analysis needed
	Does the option affect the use of resources that are not renewable (groundwater, minerals, coal etc.)?		X	Not relevant	Not relevant	No analysis needed
Scale of environmental risks	Will there be an effect on the chances of risks such as fires, explosions or accidents?		X	Not relevant	Not relevant	No analysis needed
	Will there be an effect on the readiness when natural disasters occur?		X	Not relevant	Not relevant	No analysis needed
	Is the protection of society against natural disasters affected?		X	Not relevant	Not relevant	No analysis needed
Biodiversity, flora and fauna	Will there be an effect on protected or endangered species or the areas where they live?		X	Not relevant	Not relevant	No analysis needed
	Will the size of or the connections between nature zones be affected?		X	Not relevant	Not relevant	No analysis needed
	Will there be an effect on the number of species in a given area?		X	Not relevant	Not relevant	No analysis needed
Animal welfare	Will there be an effect on the treatment of		X	Not relevant	Not relevant	No analysis needed



	animals?					
	Will there be an effect on the health of animals?		X	Not relevant	Not relevant	No analysis needed
	Will there be an effect on the quality and safety of animal feed?		X	Not relevant	Not relevant	No analysis needed

Annex 15: Assessment form for Impacts on Fundamental Rights

Fundamental rights impact category	Key impact	Is this impact expected to occur?		Number of affected organisations, companies and/or individuals	Expected benefit or cost of the impact	Preferred level of analysis
		Yes	No	High/low	High/low	
Dignity	Does the option affect the dignity of humans, their right to life or the integrity of a person?		X	Not relevant	Not relevant	No analysis needed
Freedom	Does the option affect the right to liberty of individuals?		X	Not relevant	Not relevant	No analysis needed
	Does the option affect a person's right to privacy?		X	Not relevant	Not relevant	No analysis needed
	Does the option affect the right to marry or start a family?		X	Not relevant	Not relevant	No analysis needed
	Does the option affect the legal, economic or social protection of individuals or the family?		X	Not relevant	Not relevant	No analysis needed
	Does the option affect the freedom of thought, conscience or religion?		X	Not relevant	Not relevant	No analysis needed
	Does the option affect the freedom of expression?		X	Not relevant	Not relevant	No analysis needed
	Does the option affect the freedom of assembly or association?		X	Not relevant	Not relevant	No analysis needed
Personal data	Does the option involve the processing of		X	Not relevant	Not relevant	No analysis needed

	personal data?					
	Are the individual's right to access, rectification and objection guaranteed?		X	Not relevant	Not relevant	No analysis needed
	Is the way in which personal data is processed clear and well-protected?		X	Not relevant	Not relevant	No analysis needed
Asylum	Does the option affect the right of asylum?		X	Not relevant	Not relevant	No analysis needed
Property rights	Will property rights be affected?		X	Not relevant	Not relevant	No analysis needed
	Does the option affect the freedom to conduct business?		X	Not relevant	Not relevant	No analysis needed
Equal treatment ²¹⁶	Does the option safeguard the principle of equality before the law?	X		High	High	Administrative burden reduction leads to simpler and better implementable procedures that are also easier to understand. This will increase the possibilities of individuals to know their rights and will thus, indirectly, have a positive effect on equality before the law.
	Are there chances that		X	Not relevant	Not relevant	No analysis

²¹⁶ Gender equality is addressed through *Tool 7: Gender Impact Assessment*

	certain groups would suffer directly or indirectly from discrimination (e.g. any discrimination based on any ground such as sex, race, color, ethnicity, national minority, political or any other opinion, age or sexual orientation)?					needed
	Does the option affect the rights of people with a disability?		X	Not relevant	Not relevant	No analysis needed
Children's rights	Does the option affect the rights of children?		X	Not relevant	Not relevant	No analysis needed
Good administration	Will administrative procedures become more burdensome?		X	Not relevant	Not relevant	No analysis needed
	Is the way in which the administration takes decisions affected (transparency, procedural time, right to access to a file etc.)?	X		High	High	Administrative burden reduction increases clarity of legal obligations and transparency of requirements and administrative procedures. Since the CD addresses this issue on macro-level, this issue does not have to be analysed in more detail. The right level to analyse this issue is when individual CDs



						are developed to reduce administrative burdens linked to specific procedures.
	For criminal law and envisioned sanctions: are the rights of the accused affected?		X	Not relevant	Not relevant	No analysis needed
	Is access to justice affected?		X	Not relevant	Not relevant	No analysis needed

ANNEX 16: Detailed Doing Business Scores for the six Western Balkan countries for the years 2012 – 2018

WB6		2012	2013	2014	2015	2016	2017	2018	
Kosovo	Unit	2012	2013	2014	2015	2016	2017	2018	
	Overall	Rank	117	98	86	75	66	60	40
	Starting a business	Rank	168	126	100	42	47	13	10
	Procedures	#	10	9	6	5	5	3	3
	Time	Days	58	52	30	11	11	6	5,5
	Dealing with construction permits	Rank	171	144	136	135	136	129	122
	Procedures	#	17	16	15	15	15	15	15
	Time	Days	301	156	151	152	152	152	152
	Getting Electricity	Rank	124	116	121	112	124	114	106
	Procedures	#	7	7	7	7	7	7	6
	Time (Days)	Days	60	48	48	46	46	36	36
	Registering property	Rank	73	76	58	34	32	33	34
	Procedures	#	8	8	7	6	6	6	6
	Time	Days	33	33	28	27	27	27	27
	Getting credit	Rank	24	23	28	23	28	20	12
Protecting investors (minority investors from 2016) (minority investors from 2016)	Rank	174	100	98	62	57	63	89	
Paying Taxes	Rank	46	44	43	63	67	43	45	
Payments	# per Year	33	33	33	33	32	10	10	
Time	Hours per	164	164	162	155	155	155	155	

	<i>year</i>								
<i>Total Tax rate</i>	<i>% of profit</i>	15,4	15,4	15,4	15,3	15,2	15,2	15,2	15,2
Trading Across Borders	Rank	131	124	121	118	71	51	48	48
<i>Documents to export</i>	<i>#</i>	8	8	8	8				
<i>Time to Export</i>	<i>Days</i>	17	15	15	15				
<i>Documents to import</i>	<i>#</i>	8	8	7	7				
<i>Time to import</i>	<i>Days</i>	16	15	15	15				
Time to Export									
<i>Documentary Compliance</i>	<i>Hours</i>					62	38	38	38
<i>Border Compliance</i>	<i>Hours</i>					56	42	28	28
Cost to Export									
<i>Documentary Compliance</i>	<i>US\$</i>					227	127	127	127
<i>Border Compliance</i>	<i>US\$</i>					137	137	105	105
Time to Import									
<i>Documentary Compliance</i>	<i>Hours</i>					6	6	6	6
<i>Border Compliance</i>	<i>Hours</i>					16	16	16	16
Cost to Import									
<i>Documentary Compliance</i>	<i>US\$</i>					92	42	42	42
<i>Border Compliance</i>	<i>US\$</i>					83	83	128	128
Enforcing Contracts	Rank	157	138	138	138	48	44	49	49
<i>Procedures</i>	<i>#</i>	53	53	53	53				
<i>Time</i>	<i>Days</i>	420	420	420	330	330	330	330	330
Resolving insolvency	Rank	31	87	83	164	163	163	49	49
<i>Time</i>	<i>Years</i>	2	2	2	2	2	2	2	2
<i>Cost</i>	<i>% of estate</i>	15	15	15	15	15	15	15	15
Albania	Overall	Rank	82	85	90	68	97	58	65
	Starting a business	Rank	61	62	76	41	58	46	45
<i>Procedures</i>	<i>#</i>	5	4	5	5	6	5	5	5
<i>Time</i>	<i>Days</i>	5	4	4,5	4,5	5,5	5	5	5

Dealing with construction permits	Rank	183	185	189	157	189	106	106
Procedures	#	n/a	n/a	n/a	19	n/a	16	17
Time	Days	n/a	n/a	n/a	228	n/a	220	220
Getting Electricity	Rank	154	154	158	152	162	156	157
Procedures	#	6	6	6	6	6	6	6
Time (Days)	Days	177	177	177	177	177	134	134
Registering property	Rank	118	121	119	118	107	106	103
Procedures	#	6	6	6	6	6	6	6
Time	Days	33	33	33	22	22	19	19
Getting credit	Rank	24	23	13	36	42	44	42
Protecting investors (minority investors from 2016)	Rank	16	17	14	7	8	19	20
Paying Taxes	Rank	152	160	146	131	142	97	125
Payments	# per Year	44	44	42	34	34	34	35
Time	Hours per year	371	357	357	357	357	261	261
Total Tax rate	% of profit	38,5	38,7	31,7	30,7	5	5	3
Trading Accross Borders		76	779	85	95	37	24	24
Documents to export	#	7	7	7	7			
Time to Export	Days	19	19	19	19			
Documents to import	#	8	8	8	8			
Time to import	Days	18	18	18	18			
Time to Export								
Documentary								
Compliance	Hours					6	6	6
Border Compliance	Hours					18	9	9
Cost to Export								
Documentary								
Compliance	US\$					57	10	10
Border Compliance	US\$					181	55	55
Time to Import								

	<i>Documentary Compliance</i>	<i>Hours</i>						8	8	8
	<i>Border Compliance</i>	<i>Hours</i>						9	10	10
	Cost to Import									
	<i>Documentary Compliance</i>	<i>US\$</i>						56	10	10
	<i>Border Compliance</i>	<i>US\$</i>						101	77	77
	Enforcing Contracts	Rank	85	85	124	102	96	116	120	120
	<i>Procedures</i>	<i>#</i>	39	39	39	39				
	<i>Time</i>	<i>Days</i>	390	390	525	525	525	525	525	525
	Resolving insolvency	Rank	64	66	62	44	42	43	41	41
	<i>Time</i>	<i>Years</i>	2	2	2	2	2	2	2	2
	<i>Cost</i>	<i>% of estate</i>	10	10	10	10	10	10	10	10
Montenegro	Overall	Rank	56	51	44	36	46	51	42	42
	Starting a business	Rank	47	58	69	56	59	58	60	60
	<i>Procedures</i>	<i>#</i>	6	6	6	6	6	6	6	6
	<i>Time</i>	<i>Days</i>	10	10	10	10	10	10	10	10
	Dealing with construction permits	Rank	173	176	106	138	91	93	78	78
	<i>Procedures</i>	<i>#</i>	17	16	9	8	9	8	8	8
	<i>Time</i>	<i>Days</i>	267	267	158	158	154	152	152	152
	Getting Electricity	Rank	71	69	69	63	163	167	127	127
	<i>Procedures</i>	<i>#</i>	5	5	5	5	7	7	7	7
	<i>Time (Days)</i>	<i>Days</i>	71	71	71	71	142	142	142	142
	Registering property	Rank	108	117	98	87	79	78	76	76
	<i>Procedures</i>	<i>#</i>	7	7	6	6	6	6	6	6
	<i>Time</i>	<i>Days</i>	71	71	70	69	69	69	69	69
	Getting credit	Rank	8	4	3	4	7	7	12	12
	Protecting investors (minority investors from 2016)	Rank	29	32	34	43	36	42	51	51
	Paying Taxes	Rank	108	81	86	98	64	57	70	70
	<i>Payments</i>	<i># per Year</i>	42	29	29	29	17	18	18	18

<i>Time</i>	<i>Hours per year</i>	372	320	320	320	314	300	300
<i>Total Tax rate</i>	<i>% of profit</i>	22,3	22,3	20,9	22,3	21,6	22,2	22,1
Trading Across Borders		34	42	53	52	42	43	44
<i>Documents to export</i>	<i>#</i>	6	6	6	6			
<i>Time to Export</i>	<i>Days</i>	14	14	14	14			
<i>Documents to import</i>	<i>#</i>	6	6	5	5			
<i>Time to import</i>	<i>Days</i>	14	14	14	14			
Time to Export								
<i>Documentary Compliance</i>	<i>Hours</i>					5	5	5
<i>Border Compliance</i>	<i>Hours</i>					8	8	8
Cost to Export								
<i>Documentary Compliance</i>	<i>US\$</i>					67	67	67
<i>Border Compliance</i>	<i>US\$</i>					158	158	158
Time to Import								
<i>Documentary Compliance</i>	<i>Hours</i>					10	10	10
<i>Border Compliance</i>	<i>Hours</i>					23	23	23
Cost to Import								
<i>Documentary Compliance</i>	<i>US\$</i>					100	100	100
<i>Border Compliance</i>	<i>US\$</i>					306	306	306
Enforcing Contracts	Rank	133	135	136	136	43	41	42
<i>Procedures</i>	<i>#</i>	49	49	49	49			
<i>Time</i>	<i>Days</i>	545	545	545	545	545	545	545
Resolving insolvency	Rank	52	44	45	33	36	40	37
<i>Time</i>	<i>Years</i>	2	1,4	1,4	1,4	1,4	1,4	1,4
<i>Cost</i>	<i>% of estate</i>	8	8	8	8	8	8	8
Macedonia, FYR	Overall	Rank	22	23	25	30	12	10
	Starting a business	Rank	6	5	7	3	2	4
	<i>Procedures</i>	<i>#</i>	3	2	2	2	1	2
								4

<i>Time</i>	<i>Days</i>	3	2	2	2	1	2	7
Dealing with construction permits	Rank	61	65	63	89	10	11	26
<i>Procedures</i>	<i>#</i>	10	10	12	11	10	9	11
<i>Time</i>	<i>Days</i>	117	117	90	89	74	89	96
Getting Electricity	Rank	121	101	76	88	45	29	53
<i>Procedures</i>	<i>#</i>	5	5	5	5	3	3	3
<i>Time (Days)</i>	<i>Days</i>	151	151	107	107	97	97	97
Registering property	Rank	49	50	76	74	50	48	48
<i>Procedures</i>	<i>#</i>	4	4	5	7	7	7	7
<i>Time</i>	<i>Days</i>	40	40	107	31	30	30	30
Getting credit	Rank	24	23	3	36	42	16	12
Protecting investors (minority investors from 2016)	Rank	17	19	16	21	14	13	4
Paying Taxes	Rank	26	24	26	7	7	9	29
<i>Payments</i>	<i># per Year</i>	28	29	29	7	7	7	7
	<i>Hours per year</i>							
<i>Time</i>	<i>year</i>	119	119	119	119	119	119	119
<i>Total Tax rate</i>	<i>% of profit</i>	9,7	9,4	8,2	7,4	7,2	13	13
Trading Across Borders		67	76	89	85	26	27	27
<i>Documents to export</i>	<i>#</i>	6	6	6	6			
<i>Time to Export</i>	<i>Days</i>	12	12	12	12			
<i>Documents to import</i>	<i>#</i>	6	6	8	8			
<i>Time to import</i>	<i>Days</i>	11	11	11	11			
Time to Export								
<i>Documentary</i>								
<i>Compliance</i>	<i>Hours</i>					2	2	2
<i>Border Compliance</i>	<i>Hours</i>					9	9	9
Cost to Export								
<i>Documentary</i>								
<i>Compliance</i>	<i>US\$</i>					45	45	45
<i>Border Compliance</i>	<i>US\$</i>					103	103	103
Time to Import								

	<i>Documentary Compliance</i>	<i>Hours</i>						3	3	3
	<i>Border Compliance</i>	<i>Hours</i>						8	8	8
	Cost to Import									
	<i>Documentary Compliance</i>	<i>US\$</i>						50	50	50
	<i>Border Compliance</i>	<i>US\$</i>						150	150	150
	Enforcing Contracts	Rank	60	59	95	87	26	36	35	
	<i>Procedures</i>	<i>#</i>	37	37	37	38				
	<i>Time</i>	<i>Days</i>	370	370	604	604	604	634	634	634
	Resolving insolvency	Rank	55	60	52	35	37	32	30	
	<i>Time</i>	<i>Years</i>	2	2	1,8	1,8	1,8	1,5	1,5	1,5
	<i>Cost</i>	<i>% of estate</i>	10	10	10	10	10	10	10	10
Bosnia & Hercegovina	Overall	Rank	125	126	131	107	79	81	86	
	Starting a business	Rank	162	162	174	147	175	174	175	
	<i>Procedures</i>	<i>#</i>	12	11	11	11	12	12	12	12
	<i>Time</i>	<i>Days</i>	40	37	37	37	67	65	65	65
	Dealing with construction permits	Rank	163	193	175	182	171	170	166	
	<i>Procedures</i>	<i>#</i>	18	17	17	15	15	15	15	16
	<i>Time</i>	<i>Days</i>	181	180	179	179	179	179	179	193
	Getting Electricity	Rank	157	158	164	163	119	123	122	
	<i>Procedures</i>	<i>#</i>	8	8	8	8	8	8	8	8
	<i>Time (Days)</i>	<i>Days</i>	125	125	125	125	125	125	125	125
	Registering property	Rank	100	93	96	88	97	99	97	
	<i>Procedures</i>	<i>#</i>	7	7	7	7	7	7	7	7
	<i>Time</i>	<i>Days</i>	33	25	25	24	24	24	24	24
	Getting credit	Rank	67	70	73	36	42	44	55	
	Protecting investors (minority investors from 2016)	Rank	97	100	115	83	66	81	62	
	Paying Taxes	Rank	110	128	135	151	154	133	137	
	<i>Payments</i>	<i># per Year</i>	40	44	40	45	45	34	33	33

<i>Time</i>	<i>Hours per year</i>	422	407	407	407	420 23,	411 22,	411 23,
<i>Total Tax rate</i>	<i>% of profit</i>	25	24,1	25,5	23,3	3	6	7
Trading Across Borders		108	103	107	104	28	36	37
<i>Documents to export</i>	<i>#</i>	5	8	8	8			
<i>Time to Export</i>	<i>Days</i>	15	15	16	16			
<i>Documents to import</i>	<i>#</i>	9	9	8	8			
<i>Time to import</i>	<i>Days</i>	16	13	13	13			
Time to Export								
<i>Documentary Compliance</i>	<i>Hours</i>					4	4	4
<i>Border Compliance</i>	<i>Hours</i>					5	5	5
Cost to Export								
<i>Documentary Compliance</i>	<i>US\$</i>					67	92	92
<i>Border Compliance</i>	<i>US\$</i>					106	106	106
Time to Import								
<i>Documentary Compliance</i>	<i>Hours</i>					8	8	8
<i>Border Compliance</i>	<i>Hours</i>					6	6	6
Cost to Import								
<i>Documentary Compliance</i>	<i>US\$</i>					57	97	97
<i>Border Compliance</i>	<i>US\$</i>					87	109	109
Enforcing Contracts	Rank	125	120	115	95	66	64	71
<i>Procedures</i>	<i>#</i>	37	37	37	37			
<i>Time</i>	<i>Days</i>	595	595	595	595	595	595	595
Resolving insolvency	Rank	80	83	77	34	38	41	40
<i>Time</i>	<i>Years</i>	3,3	3,3	3,3	3,3	3,3	3,3	3,3
<i>Cost</i>	<i>% of estate</i>	9	9	9	9	9	9	9
Serbia	Overall	Rank	92	86	93	91	59	47
	Starting a business	Rank	92	42	45	66	65	47
	<i>Procedures</i>	<i>#</i>	7	6	6	6	6	5

<i>Time</i>	<i>Days</i>	13	12	11,5	12	12	7	5,5
Dealing with construction permits	Rank	175	179	182	186	139	36	10
<i>Procedures</i>	<i>#</i>	19	18	18	16	18	12	11
<i>Time</i>	<i>Days</i>	279	269	269	264	272	156	110
Getting Electricity	Rank	79	76	85	84	63	92	96
<i>Procedures</i>	<i>#</i>	4	4	4	4	4	5	5
<i>Time (Days)</i>	<i>Days</i>	131	131	131	131	131	125	125
Registering property	Rank	39	41	44	72	73	56	57
<i>Procedures</i>	<i>#</i>	6	6	6	6	6	6	6
<i>Time</i>	<i>Days</i>	11	11	11	54	54	21	21
Getting credit	Rank	24	40	42	52	59	44	55
Protecting investors (minority investors from 2016) (minority investors from 2016)	Rank	79	82	80	32	81	70	76
Paying Taxes	Rank	143	149	161	165	143	78	82
<i>Payments</i>	<i># per Year</i>	66	66	66	67	42	33	33
	<i>Hours per year</i>					244		225
<i>Time</i>	<i>year</i>	279	279	279	279	,3	225	,5
						39,	39,	39,
<i>Total Tax rate</i>	<i>% of profit</i>	34	34	36,8	38,6	7	7	7
Trading Accross Borders		79	94	98	96	23	23	23
<i>Documents to export</i>	<i>#</i>	6	7	6	6			
<i>Time to Export</i>	<i>Days</i>	12	12	12	12			
<i>Documents to import</i>	<i>#</i>	6	7	7	7			
<i>Time to import</i>	<i>Days</i>	14	14	15	15			
Time to Export								
<i>Documentary</i>								
<i>Compliance</i>	<i>Hours</i>					2	2	2
<i>Border Compliance</i>	<i>Hours</i>					4	4	4
Cost to Export								
<i>Documentary</i>								
<i>Compliance</i>	<i>US\$</i>					66	35	35

<i>Border Compliance</i>	<i>US\$</i>					47	47	47
Time to Import								
<i>Documentary Compliance</i>	<i>Hours</i>					3	3	3
<i>Border Compliance</i>	<i>Hours</i>					3	4	4
Cost to Import								
<i>Documentary Compliance</i>	<i>US\$</i>					71	35	35
<i>Border Compliance</i>	<i>US\$</i>					52	52	52
Enforcing Contracts	Rank	104	103	116	96	73	61	60
<i>Procedures</i>	<i>#</i>	36	36	36	36			
<i>Time</i>	<i>Days</i>	635	635	635	635	635	635	635
Resolving insolvency	Rank	113	103	103	48	50	47	48
<i>Time</i>	<i>Years</i>	2,7	2	2	2	2	2	2
<i>Cost</i>	<i>% of estate</i>	23	20	20	20	20	20	20

Appendix 17: Summary of licenses and permits that need to be simplified, merged or removed to meet the 10% goal as stipulated in the Sector Budget Support Contract

SUMMARY OF THE MTI PERMIT AND LICENSE SIMPLIFICATION REPORT

1) Total number of recommendations and number of permissions affected by recommendations:

During the analysis that preceded the preparation of the MTI Report, a total of 60 permits administered by the MTI were identified.

The MTI Report provided 3 general recommendations. These recommendations do not directly affect the 60 permits administered by the MTI, but are intended to update the portion of the register of permits and licenses listed in the MTI permits (together with the report 60 updated forms for inclusion of new data in the the register of permits and licenses, including 20 new permit forms that were identified during the preparation of the MTI Report, as there are currently only 40 permits listed in the permit and license register) and the improvement of the MTI monitoring process itself of law enforcement on the system of permits and licenses.

The MTI Report provided 24 specific recommendations. Specific recommendations can potentially affect one form or another of 50 permits²¹⁷ administered by MTI.

2) Number of permissions that can be merged (also procedurally) and those that are eliminated by recommendations:

The MTI Report recommended the elimination of 3 permits in the tobacco sector. One of these permissions is currently administered by MTI and is recommended to be completely eliminated (see permitting with reference figure DTR-3 in the report). The other two permits that are proposed to be eliminated are currently administered by MAFRD and KVFA and the MTI Report proposes to eliminate these permits and to transfer some of the requirements deemed necessary by DTR, MAFRD and KVFA within the DTR, which may serve as the One-Stop-Shop for all licenses in the tobacco sector.

The MTI Report also recommended the assessment of the 20 permits in the oil sector currently administered by the DRRTN and the consideration of the possibility of joining the application procedure for these permits. This review is expected to be carried out by the DRRTN in the near future, and it is not possible to accurately predict the number of permits that may be aggregated until such review is conducted.

3) Number of permits that can be simplified by changing only administrative instructions and number of permits that can be simplified only by changing laws;

2 permits not currently administered by MTI but by MAFRD and KVFA (see recommendation No. 4 in MTI Report) can only be eliminated by amending the 2 applicable laws.

²¹⁷ This number (50) also includes allowances that have been recommended to be eliminated or merged as explained in point 2.

The 50 permits currently administered by MTI could potentially be simplified in one form or another by a) amending existing bylaws, b) amending existing administrative decisions. c) amending MTI-sponsored draft laws that are currently in process d) drafting or revising draft bylaws required by applicable laws but not yet adopted.

Status of implementation of recommendations based on existing information:

Currently, based on the information available, out of a total of 24 specific recommendations given in the Permit and License Simplification Report to the Ministry of Trade and Industry (MTI Report) are: **fully implemented 2 recommendations** (Recommendation No. 4 and Recommendation No. 13) and are **partially implemented 2 recommendations** (Recommendation No. 5 and Recommendation No. 12).

Implementation of these recommendations has so far simplified 3 permits (with figures DI-1, DI-2 and DKTMS-1)

4) List of laws and by-laws that need to be amended in order to implement the recommendations:

See table below.

Applicable laws to be amended		Applicable bylaws to be amended		Administrative decisions to be changed ²¹⁸		Draft laws to be reviewed		Draft by-laws to be drafted or revised	
1	Law no. 04/L -041 on production, collection, processing and trade of tobacco (Article 17) http://gzk.rks-gov.net/ActDetail.aspx?ActID=2783	1	AI (MTI) No.04/2016 on Determining the Conditions and Criteria for Entities Dealing with Trading of Tobacco and its Products http://gzk.rks-gov.net/ActDetail.aspx?ActID=12340	1	Amending No. 53 of 29.10.2018 of the Minister of MTI	1	Draft law on Tourism	1	Draft AI on Authorization of Legal Entities to Repair and Prepare Measuring Tools for Verification
2	Law No. 04/L-021 on Excise on Tobacco Products (Article 11) https://gzk.rks-gov.net/ActDetail.aspx?ActID=2779	2	AI (MF) No. 4/2012 on Issuing Licenses for Payment of Excise Tax and the Amount of the Administrative Fee https://gzk.rks-gov.net/ActDetail.aspx?ActID=8194#	2	Decision No. 12 of 9 January 2018 of the Minister of MTI.	2	Draft Law on Trade with Oil Products and Renewable Fuels in Kosovo	2	Draft AI on Determination of Type Approval Procedures for Legally Controlled Measuring Instruments
		3	Regulation (QRK) No. 17/2012 on Setting the Level of Service Fees and Official Controls of FAVK with amendments and supplements https://gzk.rks-gov.net/ActDetail.aspx?ActID=8383	3	Decision of the General Director of KBRA to approve business registration forms	3	Draft Law on Economic Zones	3	Draft AI on Manner and Registration Procedures of Measuring Tools Producers and Importers
		4	AI (QRK) No. 12/2018 on the Manner of Designation of						

²¹⁸ The first 2 decisions in this pillar have already been amended by the Minister of MTI, thus implementing the recommendations given in the report.

		Conformity Assessment Bodies http://gzk.rks.gov.net/ActDetail.aspx?ActID=16388					
	5	AI (MTI) No. 16/2010 on the Determination of the Amount of Tax on the Licensing of the Petroleum and Petroleum Products Sector https://gzk.rks.gov.net/ActDetail.aspx?ActID=7936					
	6	AI (MTI) No. 07/2018 on Determination of the Licensing Procedures for Entities Dealing in Petroleum Sector Activities https://gzk.rks.gov.net/ActDetail.aspx?ActID=17763					
	7	AI (MTI) No. 06/2018 on Authorized Representatives in the Field of Industrial Property https://kipa.rks.gov.net/desk/inc/media/19BC701B-OCDA-4030-A904-67142A27EA18.pdf					
	8	AI (MTI) No.11/2018 for Determining the Fees for Services Provided by Business Registration Agency https://gzk.rks-					

		gov.net/ActDetail.aspx?ActID=16426				
	9	AI (MTI) No. 05/2018 on the Amount and Procedure of Payment for Meteorological Services https://gzk.rks.gov.net/ActDetail.aspx?ActID=16522				
	10	AI (MTI) No. 12/2013 on the Form of Purity Sign, Examination of Precious Metal Products and Form of Harmonization Sign (https://gzk.rks.gov.net/ActDetail.aspx?ActID=2869)				

SUMMARY OF MESP SIMPLIFICATION REPORT

1) Total number of recommendations and number of permissions affected by recommendations:

In the context of the research and analysis that preceded the preparation of the MESP Report, a total of 47 permits administered by MESP were identified.

The MMPH Report provided 3 general recommendations. These recommendations do not directly affect the 47 permits administered by MESP, but are intended to update the MESP part of the permits and licenses register as well as to improve the implementation and monitoring process by the MESP of system law enforcement. of permits and licenses.

The MESP Report provides a total of 18 specific recommendations. Specific recommendations affect one form or another of simplifying the 31 permits administered by MESP.

2) Number of permissions that can be merged (also procedurally) and those that are eliminated by recommendations:

The MESP Report recommended combining 12 permits and eliminating 8 permits. This includes the merger of the Waste Management License with the Environmental Permit, the merger of the Permit to Conduct Outdoor Scientific Research, the Permit for Research and Educational Visits in the Strict Reserve, and the Permit to Activities at the Speleological Facility in a Joint Permit with the Naming "Scientific Research Permit," merging the License for the Collection of Protected Wild Plants with the Permit to Collect Mushrooms and their Parts in a Joint Permit entitled "Permit for the Collection of Protected Wild Plants, Mushrooms and Parts their incorporation of the Permit for Import / Export of Wild Plant Species with the Permit for Export, Import for Scientific Purposes of Some Species of Wild Animals, Fungi and Strict Plants Protected under the label "Permit to Import / Export Wild Species" plants and some species of animals, fungi and strictly protected plants," as well as the incorporation of the Permit on the conditions of keeping, the manner of marking and identifying protected animals for exile with the Permit for the Extermination of Species of Domestic or Foreign Wildlife for the purpose of displaying to the public in zoos, aquariums, terrariums or in similar spaces and Permit for the Internment, Cultivation, Sale and Purchase of Strictly Protected Wildlife Species Protected under the heading "Permit for Internment of Wild Animals"

From the above permissions by merging them eliminates 7 permissions. The total number of permits to be eliminated also includes the elimination of consents for the management of nature's benefits in rocky areas, increasing the total number of permits to be eliminated to 8.

3) Number of permits that can be simplified by changing only administrative instructions and number of permits that can be simplified only by changing laws;

The number of permits that can be simplified by changing only administrative instructions is 9 which includes elimination of waste management license fee, elimination of export permit fee, import permit and waste transit permit, reduction of environmental authorization tax. , reducing the amount of administrative fees for water permits and water permits by the cost of procedure services and eliminating the tax on water conditions, eliminating the requirement to certify a copy of the ID or

Business Certificate (for legal entities only) and the fiscal numbers for water permits and water consents, shortening the deadline for granting a surveyor license and a surveying company license, and reducing the fees for licensing surveying companies and surveyors.

The number of permits that can be simplified only by changing the laws is 10, including the elimination of the tax on the import, export and transit of hazardous chemicals, the elimination of the plastic bag import tax, the elimination of the best management consent. of nature in rocky areas, merging of the Permit to Conduct Scientific Research in Nature, Permit for Research and Educational Visits in the Strict Reserve and Permit for Activities at the Speleological Facility in a Joint Permit entitled "Permit for Scientific Research," shortening deadlines for reviewing and submitting applications - applications submitted for 1) Waste Management License, 2) Waste Export License, 3) Waste Import Permit, and 4) Waste Transit Permit.

Whereas the number of permits that can be simplified only by amending the laws and administrative instructions together is 9 which includes the merger of the Waste Management License with the Environmental Permit, the merger of the Wildlife Collection Permit with the Mushroom and Parts Collection Permit. of them in a joint permit entitled "Permit for the collection of protected wild plants, fungi and their parts; strictly protected animal species, fungi and plants labeled "Permit for import / export of wild plant species and certain strictly protected animal, fungi and plant species," merger permit and identifying protected animals for internment with the Internment Permit of domestic or foreign wildlife for the purpose of displaying to the public in zoos, aquariums, terrariums or similar spaces and Permits for the keeping, cultivation, sale and purchase of strictly protected wildlife the title "Permit for the Keeping of Wild Animals."

4) List of laws and by-laws that need to be amended in order to implement the recommendations:

See table below.

Applicable laws to be amended		Applicable bylaws to be amended		Administrative decisions to be changed		Draft by-laws to be drafted or revised	
1	Law on Waste (https://gzk.rks.gov.net/ActDocumentDetail.aspx?ActID=2829)	1	AI (MESP) No. 04/2016 on Environmental Permit (https://gzk.rks.gov.net/ActDetail.aspx?ActID=14821)	1	Current MESP decision of EUR 3.08 per m2 tax on legalization certificate, legalization permit for completion of construction	1	Draft AI on Licensing of Geodesy Companies and Surveyors
2	Law 04/L-197 on Chemicals (https://gzk.rks.gov.net/ActDocumentDetail.aspx?ActID=9370)	2	AI MESP No. 09-2014 Waste Management License (https://gzk.rks.gov.net/ActDetail.aspx?ActID=10259)	2	Current decision of AKK for licensing of geodesy companies and surveyors		
3	Law 03/L-233 on Nature Conservation (https://gzk.rks.gov.net/ActDetail.aspx?ActID=2716)	3	AI MESP No. 02/2019 on Export, Import and Transit of Waste (http://gzk.rks.gov.net/ActDetail.aspx?ActID=21124)				
		4	AI 03-2016 on Setting Tariffs for Issuance of Permits, Licenses, Certificates and Confirmations as foreseen by the Legislation on Nature Conservation (https://gzk.rks.gov.net/ActDetail.aspx?ActID=12803)				
		5	AI MESP No. 03/2018 on Procedures for Water Permit (https://gzk.rks.gov.net/ActDetail.aspx?ActID=17824)				

		6	AI on Licensing of Geodesy Companies and Surveyors (https://gzk.rks.gov.net/ActDetail.aspx?ActID=9767).				
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SUMMARY OF THE MAFRD PERMIT AND LICENSE SIMPLIFICATION REPORT

1) Total number of recommendations and number of permissions affected by recommendations:

A total of 84 permits administered by MAFRD were identified during the legal analysis. The report gives a total of 35 specific recommendations affecting a total of 82 permits.

2) Number of permissions that can be merged (also procedurally) and those that are eliminated by recommendations:

It is recommended in the MAFRD Report that they all come together 33 permits twchich are mainly in the Department of Agricultural Policy and Trade (GDPD) and it is also recommended that tFour permits are eliminated, two of which are in the Department of Advisory and Technical Services (DCMT) and one in the Kosovo Forestry Agency and one in the GDPR.

3) Number of permits that can be simplified by changing only administrative instructions and number of permits that can be simplified only by changing laws;

There are five in total permissions which can be simplified only by amending and supplementing the Laws, are the two permissions under DCMT, one in the GDPR and two in the vicinity of the Forestry Department.

While there are a total of 45 permits that can be upgraded by amending or supplementing the bylaws or drafting new ones;

4) List of laws and by-laws that need to be amended in order to implement the recommendations:

Annex 1 - List of Laws and Bylaws Ministry of Agriculture, Forestry and Rural Development

Applicable laws to be amended		Applicable bylaws to be amended		Draft laws to be reviewed		Draft by-laws to be drafted or revised	
1	Law no. 04/I-074 on Advisory Services for Agriculture and Rural Development - https://gzk.rks-gov.net/ActDetail.aspx?ActID=2805#	1	Annul Administrative Instruction (MAFRD) 07/2015 on the form, content and procedures for passing professional examination and certification for advisors in agriculture and rural development https://gzk.rks-gov.net/ActDetail.aspx?ActID=15089	1	Draft law on Forests of Kosovo	1	Draft the Administrative Instruction on registration, licensing and setting fees for seedling material importers, exporters and traders.
2	Law No. 03/L-042 on Plant Protection Products https://gzk.rks-gov.net/ActDetail.aspx?ActID=2604	2	Annul Administrative Instruction (MAFRD) 08/2015 on the form, contents and procedures to issue licenses for legal persons to provide advisory services for agriculture and rural development https://gzk.rks-gov.net/ActDetail.aspx?ActID=15091				
3	Law No. 2003/3 on Forests in Kosovo https://gzk.rks-gov.net/ActDetail.aspx?ActID=2566	3	Administrative Instruction (MAFRD) - no. 02/2010 on Amending and Supplementing Administrative Instruction No. 09/2009 on authorization to certify plant protection products. https://gzk.rks-gov.net/ActDetail.aspx?ActID=7863				
		4	Amend Regulation no. 17/2012 on setting the level of service fees and official controls of Food and Veterinary Agency. https://gzk.rks-gov.net/ActDetail.aspx?ActID=7863				

			gov.net/ActDetail.aspx?ActID=8383			
		5	Administrative Instruction No.13/2007 on licensing of business entities engaged in collection, storage and trading activities of skins of live animals https://gzk.rks.gov.net/ActDetail.aspx?ActID=7479			
		6	Amend Administrative Instruction No. 22/2005 on licensing of veterinary ambulances, stations and clinics https://gzk.rks.gov.net/ActDetail.aspx?ActID=7314			
		7	Administrative Instruction ma-nr. 05/2007 On determining the conditions of the animal markets https://gzk.rks.gov.net/ActDetail.aspx?ActID=7457			
		8	Administrative Instruction no. 08/2009 on setting fees for registration of entities, testing varieties for production cultivation value and printing labels for grain seeds https://gzk.rks.gov.net/ActDetail.aspx?ActID=7704			
		9	Amend Administrative Instruction No. 12/2005 on setting prices, fees for the use of forest products - wood, non-wood and for professional technical services. https://gzk.rks.gov.net/ActDetail.aspx?ActID=7288			



Report on Simplifying Permits and Licenses
*Ministry of Agriculture, Forestry and Rural
Development*

[IFC Project on Improving Investment Climate in Kosovo II]

August 2019

ACRONYMS

KFA	Kosovo Forestry Agency
FVA	Food and Veterinary Agency of Kosovo.
DAPT	Department of Agricultural Policies and Trade
DATS	Department for Advisory and Technical Services
FD	Forestry Department
WVD	Wine and Vineyard Department
IFC	International Finance Corporation, part of World Bank Group
Permission	Notification, Registration, Permit or Professional License
MAFRD	Ministry of Agriculture, Forestry and Rural Development
GRK	Government of the Republic of Kosovo
Registry	Central Permit and Licenses Registry

1. INTRODUCTION

The systemization of permits and licenses in a general sense is considered the legal frame through which a government identifies and regulates the individual activity. To justify this regulation, the economic activity shall constitute a threat against health, public safety and environment that would logically justify the proposed requirements or demands.

In the best international practices, the supervising role of the government and its officials administering the permissions system increases proportionally with the threat posed to the society. For example, a permit is issued to an economic entity that is considered to be qualified to undertake an activity categorized as medium or high level risk to public health, safety and environment that is not regulated with a professional license. These qualifications may be subjective capacity measurements of the economic entity to perform the activity and therefore may include a discreet decision making power by the government official.

For any legal act that imposes a permit or license requirement against the private economic activity it must be ensured that the requirement is:

- Necessary to protect public health and security;
- Minimum burden to economic operators; and
- Not violating public policies.

By signing the Stabilization and Association Agreement (SAA) and European Reform Agenda (ERA), the Government of the Republic of Kosovo has taken over many obligations in relation to its integration in the European Union. According to ERA, Republic of Kosovo must improve the business environment by “reducing the regulatory burden against companies and in particular by making transparent fees and procedures required for permits and licenses”.²¹⁹

National Plan for Implementation of SAA (NPISAA)²²⁰ and ERA define the reduction of regulatory burden to companies, especially by making transparent fees and procedures necessary to obtain permits and licenses. Within the reduction of the administrative burden, a process that has started and is ongoing, the simplification of these permissions is one of the European Union integration conditions for Kosovo, which facilitates and reforms the national and international investment climate.

This report aims to provide a complete oversight in the functioning of permissions at the Ministry of Agriculture, Forestry and Rural Development (MAFRD) and Food and Veterinary Agency (FVA). The report identifies all existing permissions, their implementation and provides recommendations to improve their administration.

The implemented methodology in collecting, processing and writing this report is a standard methodology used regularly by the International Finance Corporation, part of World Bank Group. Initially all permissions at the Central Registry of Permits and Licenses (the Registry) administered by the

²¹⁹ High Level Dialog Kosovo, European Reform Agenda, http://mei-ks.net/repository/docs/20170929090420_erafinalsq.pdf pg.

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²²⁰ National Plan for Implementation of Stabilization and Association Agreement, <https://mapl.rks-gov.net/ep-content/uploads/2017/06/PKZMSA-20172021shq.pdf>

MAFRD and FVA have been identified. At the same time, the legal base has been identified, namely laws and bylaws that regulate the permissions administered by the MAFRD and FVA. After their identification, to understand their implementation in practice many meetings and discussions were organized with officials of the ministry and relevant agencies. Meetings were also held with private sector representatives to see the impact of permissions in their work. In the final stage, the collected information together with the legal analysis have been summarized herein. The report is organized in three chapters and two annexes. The first chapter introduces the report, the second chapter is dedicated to the Registry due to its importance in administering permissions and third chapter contains the legal analysis of permissions for each department and agency. The report is accompanied with general and specific recommendations for MAFRD and FVA, presented as annexes. After reading, the report may be completed in accordance with suggestions from the involved authorities.

2. CENTRAL REGISTRY

The Registry, which is a database of all permissions, is an important mechanism in the administration and transparency of permissions. It is public and accessible free of charge. According to SAA and ERA, continuous Registry updating and maintenance is an obligation of the Government of Republic of Kosovo. For the permits and licenses to have legal effect, they must be entered in the Registry. During research, it has been identified that the Registry contains the majority of the information necessary for the permissions administered by the MAFRD and FVA. There are, however, cases when information is missing on certain permissions which according to the law should be included in the Registry. For example, in some cases type of permit, name of relevant authority, procedures and conditions for acquiring permits and licenses, application forms for each permission and guidelines for its service, response time, appeal deadline and authority, etc. are missing.

Based on Law No.04/L-202 on the System of Permits and Licenses, submitting and updating Registry data is a legal obligation of the heads of relevant institutions. To better explain permissions, in this report an identification code has been assigned to each permission. The aim of the identification code is to facilitate the monitoring of permissions. It would be preferable that both MAFRD and FVA used such codes to facilitate the monitoring.

3. LEGAL ANALYSIS OF MAFRD AND FVA PERMISSIONS

This part of the report constitutes the legal analysis of the permissions under the competency of MAFRD and FVA, namely in agriculture, forestry, rural development and food and veterinary. The legal analysis is completed and presented based on the departments of the said Ministry (depending on the fields they cover) and related agencies. Each legal analysis of permissions is supported with recommendations and specific implementation deadlines that are described in the annexes to this report.

3.1 DEPARTMENT FOR ADVISORY AND TECHNICAL SERVICES

Department for Advisory and Technical Services (DATS) at the MAFRD is responsible to issue two permissions, namely License for agricultural and rural development advisors DATS-1 and License for legal persons providing advisory services for agriculture and rural development in relation to the use of public and international funds DATS-2. These two permissions are regulated by the Law on Advisory

Services for Agriculture and Rural Development,²²¹ Administrative Instruction (MAFRD) 07/2015 on the form, contents and procedures for passing professional examination and certification for advisors in agriculture and rural development²²² and Administrative Instruction (MAFRD) 08/2015 on the form, contents and procedures to issue licenses for legal persons to provide advisory services for agriculture and rural development.²²³ Both permissions are expressively defined under Articles 17 and 18 of the Law on Advisory Services for Agriculture and Rural Development. In addition the two foregoing administrative instructions define the form, content and procedures for passing professional examination and certification for private persons, namely license for legal person.

During meetings with private sector representatives and agriculture engineers, they raised the issue of obliging the rural development advisors as per DATS-1 permission to be certified by MAFRD. Private sector representatives stressed the need for professional and continuous rural development and agriculture advisory trainings. however, they questioned the need to certify them since they have graduated in Agriculture. Moreover, the fee for this permission is 50 EUR and is valid for five years..

In relation to legal persons licensing as per DATS-2 permission, this procedure in fact doesn't stipulate any criteria to be met; it suffices to submit to MAFRD the contracts of two advisors certified by this Ministry together with the company documents.²²⁴ The fee for this permission is 200 EUR and is valid for five years whereas its renewal costs 150 EUR and is valid for another five years.

Based on Article 8 of the Law on Permit and License System, a permit is requested from a competent authority for an activity posing a medium or high level risk to public health, public safety or environment, that is not regulated with a professional license. Considering that DATS-1 and DATS-2 permissions don't constitute neither medium or high level risk to public health, public safety or environment, provision of advisory services for agriculture and rural development on the use of public and international funds should be provided by individuals and companies, without needing to obtain any additional license or certificate. All companies operating in the Republic of Kosovo should be registered at the KBRA, so they should not be obliged to obtain a special additional license to provide advisory services for agriculture and rural development on the use of public international funds. Moreover, certification of advisors, namely company licensing, may constitute an obstacle for them to use public and international funds, because the lack of the said certificate or license may be an obstacle when the invitation to apply/tender is published as well as the lack of information for advising companies that they need additional licensing by the Ministry. For these reasons, it is recommended that in the future the ministry should take into consideration the option to eliminate ATS-1 and DATS-2 permissions.

During research it was noticed that the Registry of Legal Persons for agriculture and rural development advising services and the Registry of advisors for agriculture and rural development advisory services are

²²¹ Law no. 04/I-074 on Advisory Services for Agriculture and Rural Development - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=2805#>

²²² Administrative Instruction (MAFRD) 07/2015 on the form, content and procedures for passing professional examination and certification for advisors in agriculture and rural development - <https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=15089>

²²³ Administrative Instruction (MAFRD) 08/2015 form, contents and procedures to issue licenses for legal persons to provide advisory services for agriculture and rural development - <https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=15091>

²²⁴ Law no. 04/I-074 on Advisory Services for Agriculture and Rural Development, Article 18

not published on MAFRD web page. It is recommended that until a decision is made on eliminating DATS-1 and DATS-2 permissions these registries are published on its web page.

No.	Department for Advisory and Technical Services (DATS)
DATS-1	Certificate for Advisors and Rural Development;
DATS-2	License for legal entities to provide agricultural and rural development advisory services connected with the use of public and international funds

3.2 DEPARTMENT OF AGRICULTURAL POLICIES AND TRADE

Department of Agricultural Policies and Trade (DAPT) at MAFRD is responsible to issue forty-eight (48) permissions related to, among other, implementing standards in plant protection and preventing plant diseases and quarantine pests. Other aspects, regulated by these permissions, are registration of plant protection products, artificial fertilizers and agricultural crops varieties, licensing of subjects for agricultural agro-inputs, etc. the legal base to define these permissions is wide, listed in the table below. In addition, below is also the list of all permissions managed by DAPT.

It is important to emphasize that this part of the report constitutes the most essential and complex part of this legal analysis. While drafting this report, special care has been given to presenting recommendations because it has been taken into consideration that most permissions at the DAPT constitute medium or high level risk to public health, public safety and environment.

This department has a very high number of permissions that are a big burden both to the department administering these permissions and the private sector, namely the applicants. During meetings with the private sector it was understood that applying for all these permissions is time consuming. According to them, they are under constant pressure to renew their expiring permits. For example, as soon as they acquire one license the next one expires, so they have to apply to renew the next license. Moreover, they risk to be fined for failing to renew their licenses by the FVA that monitors their implementation in the field, which burdens the private sector. One of the business representatives stated that he had to appoint an officer to control and renew the licenses, in order to operate in compliance with the requirements for permissions.

During meetings with the private sector and the head of department it was mentioned there are practices when a private sector representative applied simultaneously for several types of licenses. For example, a company applies separately for a trade, import, production, seedlings license instead of applying for one single license that would allow it to trade, import, produce seedlings in case it is needed.

All permissions of this department have been analyzed below and specific recommendations have been provided. One of the main recommendations in this department is the merging of several procedures in one. The merging is necessary because the permissions proposed to be merged have the same goal, they apply to the same products and the same procedures and application documents are valid for those permissions. For example, it happens that the same company that trades, may also import, export or even produce seedlings. Moreover, the existence of these individual permissions is an extra cost to

the private sector, because they must pay the application tax and other expenses required during the preparation of documents for each permission, instead of paying only once.

Consequently the following changes are proposed in permissions administered by the DAPT.

1. Protection of plants

Under the plant production category, eleven permissions have been identified in relation to the protection of plants. The legal base for permits for responsible persons in agricultural pharmacies DAPT-1 is specified by Administrative Instruction (MAFRD) no. 02/2010 on Amending and Supplementing Administrative Instruction No. 09/2009 on authorizing the certification of products for the protection of plants. This instruction is not grounded on any law that stipulates the issuance of such permission. Namely, the Law on Plant Protection Products doesn't explicitly require the issuance of the permit for responsible persons in agricultural pharmacies DAPT-1. Pursuant to Article 17 of the Law on Permit and License System, permissions may be stipulated only by law, after defining the public health, public safety and environment risk level. So, the fact that This permission is defined with an administrative instruction only, without grounding it on the Law on Plant Protection Products, violates the Law on Permit and License System. Therefore, it is proposed to initiate the amending and supplementing of the Law on Plant Protection Products, in order to create the legal base for DAPT-1 permission. This permission should be eliminated because there is high level risk to public safety, public health and environment.

In addition, besides the legal base problem described above, the list of documents to apply for this permission is too long. Namely, the following documents are demanded: request for permit (original), business Certificate and information pages on the business; (original), minutes from the phytosanitary inspectorate on the warehouse condition (certified copy), professional education diploma (faculty of agriculture, certified copy), building consent from the municipal assembly (original) and tax payslip (original) and contract, in case the company owner is not an engineer of agriculture (certified copy). The request for certified copies of original documents is an additional financial cost for parties, but above all it is time wasting to obtain these documents from various institutions.

Considering that changing the legal basis requires time, it is recommended in the meantime to simplify the application procedure for DAPT-1, by amending Administrative Instruction (MAFRD) no. 02/2010 on Amending and Supplementing Administrative Instruction no. 09/2009 on authorizing the certification of plant protection products. For example, MAFRD may stop asking from the party to provide the original of its business certificate and information pages on the business from the KBRA but rather the officer responsible to issue DAPT-1 at the ministry may verify this online (the existence of the company) on the KBRA's web page. Further, the certified copy or the original of a document issued by the public institutions should not be required (a copy is sufficient), as is the case with the minutes of the phytosanitary inspectorate, professional education diploma from the Faculty of Agriculture, building consent from the municipal assembly and contract in case the company owner is not an engineer of agriculture. In relation to the two year validity of the DAPT-1 permission, it is recommended to extend it to five years. Extending the validity of this permission would save time to the business and would also reduce the cost to prepare the application documents for DAPT-1 permission.

he situation pertaining to temporary permits for disinfection, pest control and deratization (DDD) DAPT-2 this permission is based on [Law no. 04/L-212 on Plant Protection](#)²²⁵. MAFRD is currently planning and preparing the bylaw for DAPT-2. In relation to the two year validity of the DAPT-2 permission, it is recommended to extend it to five years. Extending the validity of this permission would save time to the business and would also reduce the cost to prepare the application documents for DAPT-2 permission. The short validity of the DDD may also be a burden to the MAFRD officers because they must check each operator whether they have extended their license or not.

2. Livestock Production

In total, eight permissions have been identified under the livestock production category. Out of them, only two are operational, namely License to conduct aquaculture activities DAPT-13 and License for importer of reproductive material DAPT-18. Other permissions, namely Approval for importers of biological material for reproduction DAPT-12, Certification of bee farms for the production of bee hives and queens DAPT-14, License for processing facilities, storage of honey and honey products DAPT-15, License for veterinary technician for artificial breeding DAPT-16, License for veterinary farmer for artificial breeding DAPT-17 and License for male specimen for natural reproduction of animals DAPT-19 are not applied because they are pending the adoption of bylaws. It is recommended to remove these permissions from the Registry, since the same are not applied in practice.

3. Plant production

In total, 26 permissions have been identified under the plant production category. Out of them, five permissions are related to seeds, 16 permissions are related to seedlings and five to artificial fertilizers. Below is the analysis of each of these permissions.

3.1 Seeds

The following permissions are issued for seeds: License for seed import DAPT-20, License for seed trader DAPT-21, License for seed producers DAPT-22, License for seed processors DAPT-23 and License for seed packagers DAPT-24. It is recommended to merge all these permissions in one single license as these permissions have the same goal, have the same legal base, have the same cost (100 EUR per permission and 90 EUR to renew it), they are related to the same product to apply for these permissions and the same documents are required to apply. The existence of five different permissions for seeds is an extra cost to the private sector, because they must pay the application tax and other expenses required during the preparation of documents for each permission.

3.2 Seedlings

16 permissions have been identified in relation to **seedlings**. The main recommendation for these permissions is to merge them. The merging is reasonable because the permissions proposed to be merged have the same goal, they apply to the same products and the same procedures and application documents are valid for those permissions. Moreover, the existence of these individual permissions is an extra cost to the private sector, because they must pay the application tax and other expenses required during the preparation of documents for each permission, instead of paying only once.

²²⁵ Law no. 04/L-120 on Plant Protection - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=2863>

Most of the permissions listed below are valid for a year, with some exceptions. It is recommended to extend this validity to five years. Extending the validity of this permission would save time to the businesses and would also reduce the financial and time cost caused by the preparation of application documents for these permissions. In addition, extending the validity would relieve the ministry officials from the obligation to check every year each operator whether they have renewed their license.

In particular, based in the foregoing reasoning it is recommended to:

Merge the License for trading fruit seedling material DAPT-25, License for importing fruit seedling material DAPT-26, License for exporting fruit seedling material DAPT-27 and License for producing fruit seedling material DAPT-28. The validity of these permissions is one year and it is recommended to extend their validity to five years.

Merge the License for trading grape vine seedling material DAPT-29, License for importing grape vine seedling material DAPT-30, License for producing fruit seedling material DAPT-31 and License for exporting grape vine seedling material DAPT-32. The validity of these permissions is one year and it is recommended to extend their validity to five years.

Merge the License for trading decorative plants seedling material DAPT-33, License for importing decorative plants seedling material DAPT-34, License for exporting decorative plants seedling material DAPT-35 and License for producing decorative plants seedling material DAPT-36. The validity of these permissions is one year, excluding DAPT-33 which is three years and it is recommended to extend their validity to five years.

Merge the License for trading vegetable seedling material DAPT-37, License for importing vegetable seedling material DAPT-38, License for exporting vegetable seedling material DAPT-39 and License for producing vegetable seedling material DAPT-40. The validity of these permissions is one year, excluding DAPT-38 which is three years and it is recommended to extend their validity to five years.

3.3 Artificial fertilizers

Under the plant production category, five permissions have been identified in relation to artificial fertilizers. It is recommended to merge the License for importing artificial fertilizers DAPT-42, License for trading artificial fertilizers DAPT-43, License producers of artificial fertilizers DAPT-44 and License for repackaging of artificial fertilizers DAPT-45. The merging is necessary because the permissions proposed to be merged have the same goal, they apply to the same products and the same procedures and application documents are valid for those permissions. Moreover, the existence of these individual permissions is an extra cost to the private sector, because they must pay the application tax and other expenses required during the preparation of documents for each permission, instead of paying only once.

The validity of these permissions is three years and it is recommended to extend their validity to five years. Extending the validity of this permission would save time to the businesses and would also reduce the financial and time cost caused by the preparation of application documents for these permissions. In addition, extending the validity would relieve the ministry officials from the obligation to check every year each operator whether they have renewed their license.

3.4 Tobacco

Under the plant production category, three permissions have been identified in relation to tobacco. It is proposed to merge in one permission the License for industrial tobacco collectors DAPT-46 and License for industrial processors of tobacco and tobacco products DAPT-47. The merging is necessary because the permissions proposed to be merged have the same goal, they apply to the same products and the same procedures and application documents are valid for those permissions. Moreover, the existence of these individual permissions is an extra cost to the private sector, because they must pay the application tax and other expenses required during the preparation of documents for each permission, instead of paying only once. The tax for permissions DAPT-47 is 1,000 EUR (in the Registry it is mistakenly stated 10,000 EUR) and it is recommended to review it as to not exceed the necessary amount to cover the expenses arising for the ministry to administer the permission as stipulated under Law no. 04/L-202 on Permit and License System.

List of laws/bylaws

No.	Name of Law and Administrative Instructions
1.	Law no. 04/I-191 on Livestock ²²⁶ <ul style="list-style-type: none">• Administrative Instruction no. 16/2013 on reproduction of farm animals²²⁷
2.	Law No. 03/L-042 on Plant Protection Products ²²⁸ <ul style="list-style-type: none">• Administrative Instruction MAFRD – No. 05/2017 on repackaging of plant protection products²²⁹• Administrative Instruction (MAFRD) - no. 02/2010 on Amending and Supplementing Administrative Instruction No. 09/2009 on authorization to certify plant protection products²³⁰
3.	Law no. 2003 2003/10 on Artificial Fertilizers ²³¹ <ul style="list-style-type: none">• Administrative Instruction (MAFRD) - no. 04/2016 on licensing producers and repackagers of artificial fertilizers²³²
4.	Law no. 04/I -041 on Production, Collection, Processing and Trade of Tobacco ²³³

²²⁶ Law no. 04/I-191 on Livestock - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=8813>

²²⁷ Administrative Instruction no. 16/2013 on reproduction of farm animals - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=10097>

²²⁸ Law No. 03/L-042 on Plant Protection Products - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=2604>

²²⁹ Administrative Instruction MAFRD – No. 05/2017 on repackaging of plant protection products - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=15171>

²³⁰ Administrative Instruction (MAFRD) - no. 02/2010 on Amending and Supplementing Administrative Instruction No. 09/2009 on authorization to certify plant protection products - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=7863>

²³¹ Law no. 2003 2003/10 on Artificial Fertilizers - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=2466>

²³² Administrative Instruction (MAFRD) - no. 04/2016 on licensing producers and repackagers of artificial fertilizers - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=15160>

	<ul style="list-style-type: none"> Administrative Instruction (MAFRD) no.3/2015 on determining the form, content and manner of issuing licenses for the collection, industrial processing of tobacco and its products²³⁴
5.	<p>Law no. 02/L-85 on Fishery and Aquaculture²³⁵</p> <ul style="list-style-type: none"> Administrative Instruction (MAFRD) - no. 9/2008 on licensing aquaculture activities²³⁶
6.	<p>Law no. 02/L-111 on Apiculture²³⁷</p> <ul style="list-style-type: none"> Administrative Instruction no. 16/2013 on reproduction of farm animals²³⁸ Administrative Instruction no. 04/2009 on setting the fees for licensing entities dealing with the import and trade of artificial fertilizers²³⁹
7.	<p>Law no. 2003/5 of Kosovo on Seeds²⁴⁰</p> <ul style="list-style-type: none"> Administrative Instruction no. 08/2009 on setting fees for registration of entities, testing varieties for production cultivation value and printing labels for grain seeds²⁴¹
8.	<p>Law no. 2004/13 on Seedling Material²⁴²</p> <ul style="list-style-type: none"> Administrative Instruction ma-no. 04/2007 on amending and supplementing Administrative Instruction ma-no. 14/2004 on registration, licensing and setting fees for seedling material importers, exporters and traders²⁴³ Administrative Instruction ma-no. 14/2004 on registration, licensing and setting fees for seedling material importers, exporters and traders²⁴⁴ Administrative Instruction no. 04/2011 on amending and supplementing Administrative Instruction ma-no. 04/2007 on registration, licensing and setting fees for seedling material importers, exporters and traders²⁴⁵

²³³ Law no. 04/L-041 on production, collection, processing and trade of tobacco - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=2783>

²³⁴ Administrative Instruction (MAFRD) no.3/2015 on determining the form, content and manner of issuing licenses for the collection, industrial processing of tobacco and its products - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=15056>

²³⁵ Law no. 02/L-85 on Fishery and Aquaculture - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=2863>

²³⁶ Administrative Instruction (MAFRD) - no. 9/2008 on licensing aquaculture activities -

²³⁷ Law no. 02/L-111 on Apiculture - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=7588>

²³⁸ Administrative Instruction no. 16/2013 on reproduction of farm animals - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=10097>

²³⁹ Administrative Instruction no. 04/2009 on setting the fees for licensing entities dealing with the import and trade of artificial fertilizers - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=7689>

²⁴⁰ Law no. 2003/5 of Kosovo on Seeds - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=2430>

²⁴¹ Administrative Instruction no. 08/2009 on setting fees for registration of entities, testing varieties for production cultivation value and printing labels for grain seeds - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=7704>

²⁴² Law no. 2004/13 on Seedling Material - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=2491>

²⁴³ Administrative Instruction ma-no. 04/2007 on amending and supplementing Administrative Instruction ma-no. 14/2004 on registration, licensing and setting fees for seedling material importers, exporters and traders - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=7461>

²⁴⁴ Administrative Instruction ma-no. 14/2004 on registration, licensing and setting fees for seedling material importers, exporters and traders - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=7243>

	<ul style="list-style-type: none"> • Administrative Instruction no. 04/2009 on setting the fees for licensing entities dealing with the import and trade of artificial fertilizers²⁴⁶
9.	Law no. 04/L-120 on Plant Protection ²⁴⁷

List of permissions:

No.	Department of Agricultural Policies and Trade (DAPT)
1.	<u>PROTECTION OF PLANTS</u>
DAPT-1	Permit for responsible persons in agricultural pharmacies
DAPT-2	Temporary permit for disinfection, pest control and deratization – DDD
DAPT-3	Permit for placing on the market plant protection products that are authorized in the European Union member states
DAPT-4	Certificate for authorizing plant protection products
DAPT-5	Special permit for plant protection products
DAPT-6	Special permit for using plant protection products in small quantities
DAPT-7	Certificate for scientific research on plant protection products
DAPT-8	Certification of equipment used to apply plant protection products
DAPT-9	Temporary Authorization (of Plant Protection Products)
DAPT-10	Certificate for repackaging of plant protection products
DAPT-11	Certificate for personal use of plant protection products
2.	<u>LIVESTOCK PRODUCTION</u>
DAPT-12	Approval for importers of biological material for reproduction
DAPT-13	License to conduct aquaculture activities
DAPT-14	Certification of bee farms for the production of bee hives and queens

²⁴⁵ Administrative Instruction no. 04/2011 on amending and supplementing Administrative Instruction ma-no. 04/2007 on registration, licensing and setting fees for seedling material importers, exporters and traders - <https://gzk.rks.gov.net/ActDetail.aspx?ActID=7995>

²⁴⁶ Administrative Instruction no. 04/2009 on setting the fees for licensing entities dealing with the import and trade of artificial fertilizers - <https://gzk.rks.gov.net/ActDetail.aspx?ActID=7689>

²⁴⁷ Law no. 04/L-120 on Plant Protection - <https://gzk.rks.gov.net/ActDetail.aspx?ActID=2863>

DAPT-15	License for processing facilities, storage of honey and honey products
DAPT-16	License for veterinary technician for artificial breeding
DAPT-17	License for veterinary farmer for artificial breeding
DAPT-18	License for importer of reproductive material
DAPT-19	License for male specimen for natural reproduction of animals
3.	<u>PLANT PRODUCTION</u>
<u>3.1</u>	<u>FARAT</u>
DAPT-20	License for seed import
DAPT-21	License for seed trade
DAPT-22	License for seed producer
DAPT-23	License for seed processor
DAPT-24	License for seed packager
3.2	<u>FIDANET</u>
DAPT-25	License for fruit seedling material trading
DAPT-26	License for fruit seedling material importing
DAPT-27	License for fruit seedling material exporting
DAPT-28	License for fruit seedling material producer
DAPT-29	License for vine seedling material trading
DAPT-30	License for vine seedling material importer
DAPT-31	License for grape vine seedling material producer
DAPT-32	License for grape vine seedling material export
DAPT-33	License for decorative plants seedling material trading
DAPT-34	License for decorative plants seedling material import
DAPT-35	License for decorative plants seedling material export
DAPT-36	License for decorative plants seedling material producer
DAPT-37	License for vegetable seedling material trading
DAPT-38	License for vegetable seedling material importing

DAPT-39	License for vegetable seedling material exporting
DAPT-40	License for vegetable seedling material producer
3.3	<u>ARTIFICIAL FERTILIZERS</u>
DAPT-41	Artificial fertilizer registration license
DAPT-42	License for artificial fertilizer importer
DAPT-43	License for artificial fertilizer trading
DAPT-44	Licensing of artificial fertilizer producers
DAPT-45	License for artificial fertilizer repackagers
3.4	<u>DUHANI</u>
DAPT-46	License for industrial tobacco collectors
DAPT-47	License for industrial processors of tobacco and tobacco products
DAPT-48	License for tobacco growing plots verified by phytosanitary inspectors

3.3 WINE AND VINEYARD DEPARTMENT

The Wine and Vineyard Department (WVD) is a department in the MAFRD and is responsible to issue six permissions related to, among other, wine quality, wine cultivation, grape processing, export, import and circulation of wine, brandy and other fruit products. These permissions are regulated by Law No.02/I-8 on Wines,²⁴⁸ Law No.04/I-019 on amending and supplementing Law No.02/I-08 on Wines,²⁴⁹ Administrative Instruction No. 02/2013 on setting the amount of material compensation for services performed in vineyard and winery provided by the department for vineyards and wines, Administrative Instruction No. 11/2009 on setting criteria for the import, export and internal trade of wines and other grapes and wine products, Administrative Instruction No.06/2013 on registration of cultivators, producers and processors of wines and other grapes and wine products and Administrative Instruction No. 11/2006 on defining wine sampling and wine evaluation criteria;

Of the six permissions administered by the WVD, only three of them are found in the Central Registry, namely Certificate of origin of quality WVD-1 (otherwise known as permit for market placement), License for cultivation, production and processing of wines and other products from grapes and wine WVD-2 and License for wine distributors for distribution in domestic market WVD-5. Permissions that are not found in the Central License Registry are License for exporting wine and other grapes and wine products WVD-3, License for importing wine and other grapes and wine products WVD-4 and License for Distiller WVD-6.

²⁴⁸ Law No.02/I-8 on Wines and, <https://gzk.rks.gov.net/ActDetail.aspx?ActID=2438>

²⁴⁹ Law No. 04/L-019 on amending and supplementing Law No. 02/L-08 on Wines <https://gzk.rks.gov.net/ActDetail.aspx?ActID=2759>

During the analysis and discussions with representatives of WVD and businesses the need to merge some permissions under the administration of the WVD was identified. Namely, it is proposed to merge the following permissions into one special permission: License for cultivation, production and processing of wines and other products from grapes and wine WVD-2, License for exporting wine and other grapes and wine products WVD-3, License for importing wine and other grapes and wine products WVD-4 and License for wine distributors for distribution in domestic market WVD-5. The merging may be reasonable because the permissions proposed to be merged have the same goal, they apply to the same products and the same procedures and application documents are valid for those permissions. Moreover, the existence of these individual permissions is an extra cost to the private sector, because they must pay the application tax and other expenses required during the preparation of documents for each permission, instead of paying only once.

Another aspect identified during the legal analysis relates to the duration of permissions. For example, the validity of permissions issued by the WVD varies from one to three years, etc. it is recommended that this validity is extended to five years. Extending the validity of this permission would save time to the businesses and would also reduce the financial and time cost caused by the preparation of application documents for these permissions. In addition, extending the validity would relieve the ministry officials from the obligation to check every year each operator whether they have renewed their license.

A practice identified during the analysis is the WVD request to businesses that apply for specific permissions to present many documents. WVD requires, among other, from operators original documents or certified copies. For example, for the License for cultivation, production and processing of wines and other products from grapes and wine WVD-2 among other it is required a certified copy of business certificate and information pages on the business, certified copy of professional diploma and original phytosanitary minutes. Their copies are required to be certified by the KBRA. The WVD could stop asking from the party to provide the original of its business certificate and information pages from the KBRA but rather the officer responsible to issue the permission at the ministry may verify this online on the KBRA's web page. In addition, a certified or original copy (a copy is sufficient) of a document issued by public institutions should not be required. To speed the procedure of application and issuing of permissions it is recommended that MAFRD is coordinated with other institutions such as KBRA.

3.4 FORESTRY DEPARTMENT

Forestry Department (FD) at the MAFRD currently has four permissions in the registry that are related to the performance of forestry works, with wood product processors and hunting for scientific purposes.

During the analysis of Administrative Instruction (03/2008 and 23/2008) and discussions with representatives of the FD it is proposed to the later to fill out the appropriate forms and add in the registry the permissions that are part of these AI:

1. License for afforestation, seedling production, collection and treatment of forest seeds, preparatory works and seedling planting;
2. License for forest cultivation;
3. License for sustainable use of forests: cutting , dragging and transporting;

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4. License for construction and maintenance of bridges and forest roads;
 5. License for sustainable collection and harvesting of forest products, wood and non-wood, flora, medical plants and tannin;
 6. License to practice hunting and eco-tourism activities;
 7. License for protection from diseases, pests, fires and erosion;
 8. License for designing forestry development plan;
 9. License for drafting forest cultivation projects;
 10. License for drafting projects for sustainable use of forests and forest land;
 11. License for drafting projects for managing water basins;
 12. License for constructing bridges and forest roads;
 13. License to analyze the phytopathological, entomologic situation and protection from forest fires;
 14. License to plan and manage exploitation of forest land;
 15. License to research genetic resources and forest biodiversity;
 16. License to design management plans (programs) for wildlife and eco-tourism;
 17. License to design plans for the cultivation, collection and use of non-wood forest products.;

The legal basis to define these permissions includes the Law on Forests in Kosovo,²⁵⁰ Law on hunting²⁵¹, Administrative Instruction No. 03/2008 on setting the criteria and procedures for granting licenses to carry out works in forests and forest land²⁵², Administrative Instruction no. 23/2008 on licensing of legal subjects for planning and projection in forestry field²⁵³ and Administrative Instruction 11/2014 on amending and supplementing Administrative Instruction no. 23/2008 on licensing of legal subjects for planning and projection in forestry field²⁵⁴, Administrative Instruction 15/2006 on Standards and Licensing Requirements for wood product processors²⁵⁵.

On 27 May 2019, the Minister of MAFRD signed three more amendments and supplementations of Administrative Instructions that are directly related to this process, Administrative Instruction no. 15/2019 on amending and supplementing Administrative Instruction No. 15/2006 on Standards and Licensing Requirements for Wood Product Processors. Administrative Instruction No. 14/2019 on

²⁵⁰ Law no. 2003/3 on Forests in Kosovo - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=2566>

²⁵¹ Law no. 02/I-53 on hunting - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=2433>

²⁵² On setting the criteria and procedures for granting licenses to carry out works in forests and forest land <https://gzk.rks-gov.net/ActDetail.aspx?ActID=7563>

²⁵³ Administrative Instruction no. 23/2008 on licensing of legal subjects for planning and projection in forestry field - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=7599>

²⁵⁴ Administrative Instruction 11/2014 on amending and supplementing Administrative Instruction no. 23/2008 on licensing of legal subjects for planning and projection in forestry field - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=10043>

²⁵⁵ Administrative Instruction 15/2006 on Standards and Licensing Requirements for wood product processors - <http://gzk.rks-gov.net/ActDetail.aspx?ActID=7413>

amending and supplementing Administrative Instruction No. 23/2008 on licensing of legal subjects for planning and projection in forestry field and Administrative Instruction No. 13/2019 on amending and supplementing Administrative Instruction No. 03/2008 on setting the criteria and procedures for granting licenses to carry out works in forests and forest land.

With these changes changes in fees and fines have been proposed and also the validity of the licenses has been extended from three to five years. The new Administrative Instructions have still not been published in the official page of the MAFRD and Official Gazette therefore the same are still not considered to be in force.

Below is the list of all permissions managed by FD.

License for carrying out forest works for local subjects FD-1 and License for carrying forest works for foreign subjects FD-2 are defined by Administrative Instruction No. 03/2008 on setting the criteria and procedures for granting licenses to carry out works in forests and forest land. The Forestry Department doesn't have sufficient legal ground to issues these two licenses, because the licensing of local and foreign subjects to carry out forest works is not explicitly stipulated by the Law on Forests in Kosovo. Pursuant to Article 17 of the Law on Permit and License System, permissions may be stipulated only by law, after defining the public health, public safety and environment risk level. So, the fact these permission set only with an Administrative Instruction, without grounding it on the Law on Forests in Kosovo, violates the Law on Permit and License System. Therefore, it is recommended to initiate the amending and supplementing of the Law on Plant Protection Products, in order to create the legal base for FD-1 and FD-2 permission. These permissions should be merged, as justified below, but not eliminated because there is a medium level risk to public safety, public health and environment.

During the analysis and discussions with business representatives the need to - until the necessary changes on the Law on Forests in Kosovo are made - merge in one single license the License for carrying out forest works for local subjects FD-1 and License for carrying forest works for foreign subjects FD-2. The merging is necessary because the permissions proposed to be merged have the same goal, they apply to the same products and the same procedures and application documents are valid for those permissions. The existence of these individual permissions is an extra cost to the private sector, because they must pay the application tax and other expenses required during the preparation of documents for each permission, instead of paying only once. Moreover, their merging is necessary because KBRA doesn't distinguish the activities of local or foreign businesses either.

According to the collected information, applying for permissions FD-1 and FD-2 costs 20 EUR, obtaining these permits costs 300 EUR and renewing them every three years costs 150 EUR. In fact, there is a mismatch between the information on this fee in the Central Registry (200 EUR) and Administrative Instruction No. 23/2008 (300 EUR). The application payment (20 EUR) can be eliminated and in relation to the 300 EUR fee the Forestry Department should ensure that it doesn't exceed the necessary amount of the ministry to cover the expenses of the Forestry Department to administer the permission (as stipulated under Article 18 of the Law on Permit and License System).

Regarding the hunting permit for scientific purposes FD-3, the application payment (20 EUR) should be removed. The Forestry Department should ensure that the 300 EUR fee for the permit and 200 for renewing permit FD-2 doesn't exceed the necessary amount of the ministry to cover the expenses of the

Forestry Department to administer the permission (as stipulated under Article 18 of the Law on Permit and License System).

No.	Forestry Department (FD)
DP-1	License for execution of forestry works– local entities
DP-2	License for execution of forestry works– foreign entities
DP-3	License for processors of wood products (sawmill)
DP-4	Hunting permit for scientific purposes

3.5 Kosovo Forestry Agency (KFA)

Kosovo Forestry Agency (KFA) is responsible for issues related to the regulation of forests and forest lands, administration and management of public forest lands and forests in National Parks in Kosovo and operates within the MAFRD. Currently the KFA is responsible to issue nine “permissions” that are related to, among other, wood cutting in private forests, use of forest products, use of forest land, etc. The legal base for administering permissions is the Law on Forests in Kosovo²⁵⁶ and Administrative Instruction No. 12/2005 on prices, fees for the use of forest products - wood, non-wood and for professional technical services.²⁵⁷

It is worth clarifying that in the Central Registry, there are nine “permissions” under the KFA section. Although these nine “permissions” are listed in the Registry, after the legal analysis and meetings with the central directorate of forestry and hunting inspection it was concluded that the nine “permissions” listed as permits and licenses are of contractual nature. For example, Permit to lease forest land to construct temporary facilities in forest lands KFA-5 in fact is a lease contract concluded between MAFRD and private entities and as such pursuant to the Law on Permit and License System cannot qualify as a permission. For this reason it is recommended that the License for the use of non-forest products (Permit to use land - for quarries) KFA-3, License for the use of non-forest products (Permit to lease forest land for agricultural destination) KFA-4, Permit to lease forest land to construct temporary facilities in forest land KFA-5, Permit to use forest land for grazing of cattle, calves, sheep, lambs, horses, donkeys and pigs KFA-6, Permit for Dairy and Dairy Shelter KFA-7, Permit for warehouses by the road on forest land KFA-8, permit for temporary use of forest land for limestone KFA-9, Permit to use land for mills KFA-10 and Permit to use land for highland shelters KFA-11, are removed from the Registry as they don’t qualify as permissions but are of contractual nature. The procedures that are removed from the Registry MAFRD and KFA should make them public in the official web page .

Two other permissions that may qualify as such, namely Certificate of lack of interest to purchase privately owned forest land KFA-1 and Permit for cutting woods in private forests KFA-2 are not found in the Central Registry. Moreover, one of them, namely the Certificate of lack of interest to purchase

²⁵⁶ Law No. 2003/3 on Forests in Kosovo, <https://gzk.rks-gov.net/ActDetail.aspx?ActID=2566>

²⁵⁷ Administrative Instruction 12/2005 on prices, fees for the use of forest products - wood, non-wood and for professional technical services, <https://gzk.rks-gov.net/ActDetail.aspx?ActID=7288>

privately owned forest land KFA-1 is not explicitly stipulated in the Law on Forests in Kosovo and it is not stipulated that KFA shall equip citizens with such certificates and consequently the Certificate of lack of interest to purchase privately owned forest land KFA-1 pursuant to the Law on Permit and License System cannot qualify as permission. Further, it is suggested to review the elimination of this permission because it doesn't constitute medium or high level risk to public health, public safety or environment. It is also worth mentioning that from the time this permissions has been applied, there isn't a single case in practice that MAFRD or KFA have purchased privately owned forest land. Whereas, in relation to the Permit to cut woods in private forests KFA-2 this permit should be added in the Registry as it currently is not found there.

No.	Kosovo Forestry Agency (KFA)
APK-1	Certificate of lack of interest to purchase privately owned forest land
APK-2	Permit to cut woods in private forests (fire wood, industrial wood)
APK-3	License for use of non-forest products (Permit for use of land - for quarries)
APK-4	License for use of non-forest products (Permit for leasing land for agriculture purposes)
APK-5	Permit to lease forest land to construct temporary facilities on forest land
APK-6	Permit to use forest land for grazing of cattle, calves, sheep, lambs, horses, donkeys and pigs
APK-7	Dairy and Dairy Shelter Permit
APK-8	Permit for warehouse close to road in forest areas
APK-9	Permit for temporary use of forest land for limestone
APK-10	Permit for temporary use of forest land for mills
APK-11	Permit for temporary use of forest land for highland shelters

3.6 Food and Veterinary Agency – FVA

Food and Veterinary Agency of Kosovo (FVA) is the highest food and veterinary authority responsible to protect the lives and health of people. FVA is an Executive Agency that acts within the Office of the Prime Minister and is responsible for 15 permissions, which among other, are related to tobacco import, licensing of business veterinary facilities, animal markets, import of food products of animal origin, etc. These permissions are regulated by Law no. 04/L-041 on Production, Collection, Processing and Trade of Tobacco,²⁵⁸ Law no. 04/L-120 on plant protection,²⁵⁹ Law no. 2004/21 the veterinary law,²⁶⁰ Law no.03/L-

²⁵⁸ Law no. 04/L-041 on production, collection, processing and trade of tobacco,

²⁵⁹ Law no. 04/L-120 on plant protection, <https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=2863>

²⁶⁰ Law No. 2004/21 On Veterinary - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=2476>

016 on Food²⁶¹, Law no. 2003/22 on Sanitary Inspectorate of Kosovo²⁶², Law no. 04/I -190 on Medical Products and Equipment²⁶³ and Regulation (QRK) no. 19/2014,²⁶⁴ Regulation no. 17/2012,²⁶⁵ Regulation (QRK) No. 05/2015,²⁶⁶ Administrative Instruction No. 13/2007²⁶⁷, Administrative Instruction No. 22/2005,²⁶⁸ Administrative Instruction No. 05/2007,²⁶⁹ Administrative Instruction No. 18/2005,²⁷⁰ Administrative Instruction No. 18/2005,²⁷¹ Administrative Instruction No. 07/2005 for definition of the conditions for licensing of the commercial subjects that perform commercial activities, import, wholesale and retail of the veterinary medicinal products and veterinary medicinal, Regulation (QRK) no.18./2016,²⁷² Regulation (QRK) no.11/2011,²⁷³ and Regulation (QRK) no. 12/ 2011²⁷⁴ on defining specific rules of hygiene of food of animal origin. The permissions administered by the FVA are related to food and veterinary and constitute high and medium level risk to public health, public safety and environment. Therefore, the findings and recommendations in this section were analyzed and presented with added care.

After the legal analysis and discussions with representatives of FVA and businesses the need to merge some permissions under the administration of the FVA was identified. Namely, it is recommended to merge the following permissions into one special permission: License for wholesale distributors of medical veterinary products FVA-13 and License for retail distributors of medical veterinary products FVA-14. The merging is reasonable because the permissions proposed to be merged have the same goal, they apply to the same products and the same procedures and application documents are valid for those permissions. Moreover, the existence of these individual permissions is an extra cost to the private sector, because they must pay the application tax and other expenses required during the preparation of documents for each permission, instead of paying only once.

²⁶¹ Law no. 03/I-016 on food - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=2626>

²⁶² Law no. 2003/22 on sanitary inspectorate of Kosovo <https://gzk.rks-gov.net/ActDetail.aspx?ActID=2489>

²⁶³ Law no. 04/I -190 on medical products and equipment, <https://gzk.rks-gov.net/ActDetail.aspx?ActID=9437>

²⁶⁴ Regulation (QRK) no. 19/2014 on amending and supplementing regulation no. 17/2012 on Setting the level of service fees and official controls of Food and Veterinary Agency - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=10492>

²⁶⁵ Regulation No. 17/2012 on Setting the level of service fees and official controls of Food and Veterinary Agency - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=8383>

²⁶⁶ Regulation (QRK) No. 05/2015 on amending and supplementing regulation no. 17/2012 on Setting the level of service fees and official controls of Food and Veterinary Agency - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=10868>

²⁶⁷ Administrative Instruction No.13/2007 on licensing of business entities engaged in collection, storage and trading activities of skins of live animals

<https://gzk.rks-gov.net/ActDetail.aspx?ActID=7479#>

²⁶⁸ Administrative Instruction No. 22/2005 on licensing of veterinary ambulances, stations and clinics - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=7314>

²⁶⁹ Administrative Instruction No. 05/2007 on setting the conditions of animal markets - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=7457#>

²⁷⁰ Administrative Instruction No. 18/2005 on veterinary control of import, transit of food and non-food products of animal origin, live animals and animal breeding material <https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=7297>

²⁷¹ Administrative Instruction No. 18/2005 on veterinary control of import, transit of food and non-food products of animal origin, live animals and animal breeding material <https://gzk.rks-gov.net/ActDetail.aspx?ActID=7297>

²⁷² Regulation (QRK) no.18./2016 on registration and approval of food business operators <https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=15072>

²⁷³ Regulation (QRK) no.11/2011 on food product hygiene - <https://gzk.rks-gov.net/ActDetail.aspx?ActID=10545>

²⁷⁴ Regulation (QRK) no. 12 /2011 on defining specific rules of hygiene of food of animal origin <https://gzk.rks-gov.net/ActDetail.aspx?ActID=10548>

Based on discussions with FVA representatives and the legal analysis it is recommended to review the documents required to apply for permissions in order to simplify the application and validity of permissions. For example, the FVA requirement in some permissions for certified copies of original documents issued by public institutions is an additional financial cost to the parties and it takes time to obtain these documents from various institutions. In principle, a certified or original copy (a copy is sufficient) of a document issued by public institutions should not be required. The FVA could also stop asking from the party to provide the original of its business certificate and information pages from the KBRA but rather the officer responsible to issue the permission himself. at the FVA may verify this online on the KBRA's web page.

The possibility of reviewing the permissions covering the same field and are issued by two public authorities, namely FVA, DAPT (MAFRD) and Ministry of Health. A concrete example is related to permissions issued on collection and import of tobacco. FVA should also ensure that permission fees don't exceed the amount necessary to cover the expenses incurred by the FVA to administer those permissions (as provided by Article 18 of the Law on Permit and License System).

No.	Food and Veterinary Agency (FVA)
AUV-1	License for tobacco import
FVA-2	Licensing of business entities for collection and trade of sheep wool
AUV-3	Licensing of veterinary business facilities
AUV-4	Import license for feed, livestock and breeding material
AUV-5	Licensing of animal markets
FVA-6	Approval of facilities of business operators dealing with food of animal origin
FVA-7	Registration of facilities of business operators dealing with food of animal origin
AUV-8	Permission to import products of animal origin
AUV-9	License for business facilities collecting, trading and exporting animal skins
AUV-10	Sanitary consent for public enterprises, manufacturers, institutes, medical facilities and university facilities
AUV-11	Sanitary consent for storage of medical products, medical equipments, pharmaceutical factories
AUV-12	Exhumation permit
AUV-13	License to wholesale distributors of medical veterinary products
AUV-14	License to retail distributors of medical veterinary products
AUV-15	License to import veterinary medical products - distribution certificate



Annex 1 – Table of General Recommendations for MAFRD

During the preparation of the legal analysis of MAFRD and FVA permissions, the following list of general and specific recommendations has been identified.

GENERAL RECOMMENDATIONS	
1.	Regular review of all permissions - it is recommended that MAFRD and FVA perform a complete review of all existing permissions in order to ensure that permissions are based on the law, as permissions should be stipulated by law. During the review of the legal basis, it is recommended that MAFRD and FVA review at the same time the application procedures for permissions, in order to simplify the application when possible.
2.	Capacity building of officials - it is recommended that MAFRD and FVA officers responsible for permissions are informed on the obligations deriving from the Law on Permit and License System. In order to fully avoid the possibility of overloading the private sector with unnecessary permissions, it is necessary to build the capacities of responsible officials pertaining to the provisions of the Law on Permit and License System. It is also recommended that MAFRD and FVA monitor regularly the implementation of this law.
3.	Updating the Central Registry of Permits and Licenses - it is recommended that responsible officers regularly update the Registry. This is necessary so that citizens and especially the private sector are continuously notified with all changes pertaining to permissions.
4.	Coordination with other institutions - <u>MAFRD, FVA and KBRA</u> during the research and legal analysis it was understood that businesses that apply for permissions are obliged to present a copy of Business Certificate (there are cases when the information pages are required as well) to the ministry or respective agency, to prove that they are registered at the KBRA. It is recommended that MAFRD and FVA use the KBRA database by using it directly online, so that businesses applying for permissions don't have to provide copies of their certificate and information pages for each permissions application. This would save time for business representatives and would reduce the permission application time. <u>MAFRD, FVA and MIA (CRA)</u>

	during the research and legal analysis it was understood that authorized business representatives applying for permissions are obliged to present copies of their ID cards to identify them before the MAFRD and FVA. it is recommended that MAFRD and FVA use the database of Civil Registration Agency of Ministry of Internal Affairs, so that authorized business representatives applying for permissions don't have to provide copies of ID cards for each application for permissions. This would save time for business representatives and would reduce the permission application time.
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Annex 2 – Table of Specific Recommendations for MAFRD

Deadlines for implementing recommendations

	Short term 6 months (November 2019)
	Midterm 9 months (February 2020)
	Long term 18 months (end of year 2020)

DEPARTMENT FOR ADVISORY AND TECHNICAL SERVICES (DATS)					
No.	Code	Permission title	Justification	Recommendation	What should change to implement recommendations
1	DATS-1	Certificate for Advisors and Rural Development;	<p>This permissions should be eliminated because it doesn't constitute medium or high level risk to public health, public safety or environment.</p> <p>This permission also brings additional costs to the ministry, because for issuing this permission MAFRD spends funds from the budget by contracting an external company that prepares agriculture and</p>	To be eliminated	<p>Amend and supplement Law no. 04/I-074 on Advisory Services for Agriculture and Rural Development - (Article 17)</p> <p>Annul Administrative Instruction (MAFRD) 07/2015 on the form, content and procedures for passing professional examination and certification for advisors in agriculture and rural development</p>

			rural development advisors.		
2	DATS-2	License for legal entities to provide agricultural and rural development advisory services connected with the use of public and international funds	This permissions should be eliminated because it doesn't constitute medium or high level risk to public health, public safety or environment.	To be eliminated	Amend and supplement Law no. 04/I-075 on Advisory Services for Agriculture and Rural Development (Article 18) Annul Administrative Instruction (MAFRD) 08/2015 on the form, contents and procedures to issue licenses for legal persons to provide advisory services for agriculture and rural development

DEPARTMENT OF AGRICULTURAL POLICIES AND TRADE (DAPT)					
	No. Code	Permission title	Justification	Recommendations	What should change to implement recommendations

1.	DAPT-1	Permit for responsible persons in agricultural pharmacies	<p>This permission is defined with an administrative instruction only, without grounding it on the Law on Plant Protection Products and violates the Law on Permit and License System.</p> <p>Considering that changing the legal basis requires time, it is recommended in the meantime to simplify the application procedure for DAPT-1 permission, by amending Administrative Instruction (MAFRD) no. 02/2010 on Amending and Supplementing Administrative Instruction no. 09/2009 on authorizing the certification of plant protection products.</p>	<p>Create the legal basis for this permission.</p> <p>Simplify the application procedure (until the legal basis is created).</p> <p>Extend the validity to five years.</p>	<p>Amend and supplement the Law on Plant Protection Products</p> <p>Amend Administrative Instruction no. 02/2010 on amending and supplementing administrative instruction No. 09/2009 on authorization to certify plant protection products</p>
2.					

3.	DAPT-2	Temporary permit for disinfection, pest control and deratization	<p>Extending the validity of this permission would save time to the business and would also reduce the cost to prepare the application documents for DAPT-2 permission. The short validity of the DDD is a great burden to the MAFRD officers as well because they must check each operator whether they have extended their license or not.</p>	<p>Issuing a Government Administrative Instruction pursuant to the Law on Plant Protection, Law on Prevention and Fight against Infectious Diseases</p> <p>(The working group for drafting this Administrative Instruction should be comprised on MAFRD, MoH, MESP, FVA and LO-OPM)</p>	<p>Issuing a Government Administrative Instruction pursuant to the Law on Plant Protection, Law on Prevention and Fight against Infectious Diseases, Veterinary Law;</p>
4.	DAPT-12	Approval for importers of biological material for reproduction	<p>It is recommended to draft a new Administrative Instruction on animal reproduction</p> <p>Extending the validity of this permission would save time for businesses and would also reduce the financial and time cost caused by the preparation of application documents for these permissions. In addition, extending the validity would relieve the ministry officials from the obligation to check every year each operator</p>	<p>Draft a new Administrative Instruction on animal reproduction</p> <p>Extend the validity to five years;</p> <p>Simplify the application procedure.</p>	<p>Amend Administrative Instruction no.25/2008 on animal reproduction</p> <p>Discuss once more this permission because it is also related to the MAFRD breeding program.</p>

			whether they have renewed their license.		
5.	DAPT-14	Certification of bee farms for the production of bee hives and queens	Not applied in practice because the Administrative Instruction stipulated by the Law on Apiculture (Article 19) is missing.	Draft the bylaw	Draft the administrative instruction.
6.	DAPT-15	License for processing facilities, storage of honey and honey products	Not applied in practice because the Administrative Instruction stipulated by the Law on Apiculture (Article 39) is missing.	Draft the bylaw	Draft the administrative instruction.
7.	DAPT-16	License for veterinary technician for artificial breeding	Not applied in practice because the Administrative Instruction stipulated by the Veterinary Law (Article 32) is missing.	Draft the bylaw	Draft the administrative instruction.
8.	DAPT-17	License for veterinary farmer for artificial breeding	Legal basis is missing. Veterinary Law doesn't mention anywhere licensing farmers for artificial breeding.	To be eliminated	Remove it from Central Registry
9.	DAPT-19	License for male specimen for natural reproduction of animals	Not applied in practice because the legal basis is missing and the approved breeding program has not been drafted.	Draft the Approved Breeding Program Draft the bylaw pursuant to Article 42, paragraph 3 of the Law on Livestock	Draft the administrative instruction.
10.	DAPT-20 DAPT-21	License for seed import License for trader of seeds	The merging should be done as these permissions	Merge in one single license	Amend Administrative Instruction no. 08/2009 on setting fees for

	DAPT-22 DAPT-23 DAPT-24	License for seed producer License for seed processor License for seed packager	have the same goal, have the same legal base, have the same cost of 100 EUR per permission and 90 EUR to renew it, they are related to the same product, to apply for these permissions the same procedures and documents are required to apply. The existence of five different permissions for seeds is an extra cost to the private sector, because they must pay the application tax and other expenses required during the preparation of documents for each permission.		registration of entities, testing varieties for production cultivation value and printing labels for grain seeds.
11	DAPT-25 DAPT-26 DAPT-27 DBPT-28	License for fruit seedling material trading License for fruit seedling material import License for fruit seedling material export License for producers of tree seedling material	The merging is necessary because the permissions proposed to be merged have the same goal, they apply to the same products and the same procedures and application documents are valid for those permissions. Moreover, the existence of these individual permissions is an extra cost to the private sector, because they must pay the application tax and other expenses required during the preparation of documents for each	Merge in one single license. Extend the validity to five years. Draft new administrative instruction on registration, licensing and setting fees for seedling material importers, exporters and traders	Annul Administrative Instruction ma-no. 14/2004 on registration, licensing and setting fees for seedling material importers, exporters and traders Annul Administrative Instruction ma-no. 04/2007 on amending and supplementing Administrative Instruction ma-no. 14/2004 on registration, licensing and setting fees for seedling material importers, exporters and traders Annul Administrative Instruction no. 04/2011 on amending and supplementing Administrative

			<p>permission, instead of paying only once.</p> <p>Extending the validity of this permission would save time to the businesses and would also reduce the financial and time cost caused by the preparation of application documents for these permissions. In addition, extending the validity would relieve the ministry officials from the obligation to check every year each operator whether they have renewed their license.</p> <p>It is recommended to draft the Administrative Instruction on registration, licensing and setting fees for seedling material importers, exporters and traders, since this administrative instruction has been amended several times and has a long name.</p>		<p>Instruction ma-no. 04/2007 on registration, licensing and setting fees for seedling material importers, exporters and traders.</p> <p>Draft the Administrative Instruction on registration, licensing and setting fees for seedling material importers, exporters and traders</p>
12	<p>DAPT-29</p> <p>DAPT-30</p> <p>DAPT-31</p>	<p>License for vine seedling material trading</p> <p>License for vine seedling material import</p> <p>License for vine seedling material</p>	<p>The merging is necessary because the permissions proposed to be merged have the same goal, they apply to the same products</p>	<p>Merge in one single license.</p> <p>Extend the validity to five years.</p>	<p>Annul Administrative Instruction ma-no. 14/2004 on registration, licensing and setting fees for seedling material importers, exporters and traders</p>

	DAPT-32	<p>export License for grape vine seedling material producers</p>	<p>and the same procedures and application documents are valid for those permissions. Moreover, the existence of these individual permissions is an extra cost to the private sector, because they must pay the application tax and other expenses required during the preparation of documents for each permission, instead of paying only once.</p> <p>Extending the validity of this permission would save time to the businesses and would also reduce the financial and time cost caused by the preparation of application documents for these permissions. In addition, extending the validity would relieve the ministry officials from the obligation to check every year each operator whether they have renewed their license.</p> <p>It is recommended to draft the Administrative Instruction on registration, licensing and setting fees</p>	<p>Draft new administrative instruction on registration, licensing and setting fees for seedling material importers, exporters and traders</p>	<p>Administrative Instruction ma-no. 04/2007 on amending and supplementing Administrative Instruction ma-no. 14/2004 on registration, licensing and setting fees for seedling material importers, exporters and traders</p> <p>Annul Administrative Instruction no. 04/2011 on amending and supplementing Administrative Instruction ma-no. 04/2007 on registration, licensing and setting fees for seedling material importers, exporters and traders.</p> <p>Draft the Administrative Instruction on registration, licensing and setting fees for seedling material importers, exporters and traders</p>
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			for seedling material importers, exporters and traders, since this administrative instruction has been amended several times and has a long name.		
13	DAPT-33 DAPT-34 DAPT-35 DAPT-36	License for decorative plants seedling material trading License for decorative plants seedling material import License for decorative plants seedling material export License for producer of decorative plants' seedling material	The merging is necessary because the permissions proposed to be merged have the same goal, they apply to the same products and the same procedures and application documents are valid for those permissions. Moreover, the existence of these individual permissions is an extra cost to the private sector, because they must pay the application tax and other expenses required during the preparation of documents for each permission, instead of paying only once. Extending the validity of this permission would save time to the businesses and would also reduce the financial and time cost caused by the preparation of application documents for these permissions. In addition, extending the	Merge in one single license. Extend the validity to five years. Draft new administrative instruction on registration, licensing and setting fees for seedling material importers, exporters and traders	Draft the Administrative Instruction on registration, licensing and setting fees for seedling material importers, exporters and traders. Annul Administrative Instruction ma-no. 14/2004 on registration, licensing and setting fees for seedling material importers, exporters and traders. Annul Administrative Instruction ma-no. 04/2007 on amending and supplementing Administrative Instruction ma-no. 14/2004 on registration, licensing and setting fees for seedling material importers, exporters and traders. Annul Administrative Instruction no. 04/2011 on amending and supplementing Administrative Instruction ma-no. 04/2007 on registration, licensing and setting fees for seedling material importers, exporters and traders.

			<p>validity would relieve the ministry officials from the obligation to check every year each operator whether they have renewed their license.</p> <p>it is recommended to draft the Administrative Instruction on registration, licensing and setting fees for seedling material importers, exporters and traders, since this administrative instruction has been changed several times and bears a long name.</p>		
14	<p>DAPT-37</p> <p>DAPT-38</p> <p>DAPT-39</p> <p>DAPT-40</p>	<p>License for vegetable seedling material trading</p> <p>License for vegetable seedling material importing</p> <p>License for vegetable seedling material exporting</p> <p>License for vegetable seedling material producer</p>	<p>The merging is necessary because the permissions proposed to be merged have the same goal, they apply to the same products and the same procedures and application documents are valid for those permissions. Moreover, the existence of these individual permissions is an extra cost to the private sector, because they must pay the application tax and other expenses required during the preparation of documents for each</p>	<p>Merge in one single license.</p> <p>Extend the validity to five years.</p> <p>Draft new administrative instruction on registration, licensing and setting fees for seedling material importers, exporters and traders</p>	<p>Draft the Administrative Instruction on registration, licensing and setting fees for seedling material importers, exporters and traders.</p> <p>Annul Administrative Instruction ma-no. 14/2004 on registration, licensing and setting fees for seedling material importers, exporters and traders</p> <p>Annul Administrative Instruction ma-no. 04/2007 on amending and supplementing Administrative Instruction ma-no. 14/2004 on registration, licensing and setting fees for seedling material</p>

			<p>permission, instead of paying only once.</p> <p>Extending the validity of this permission would save time to the businesses and would also reduce the financial and time cost caused by the preparation of application documents for these permissions. In addition, extending the validity would relieve the ministry officials from the obligation to check every year each operator whether they have renewed their license.</p> <p>it is recommended to draft the Administrative Instruction on registration, licensing and setting fees for seedling material importers, exporters and traders, since this administrative instruction has been changed several times and bears a long name.</p>		<p>importers, exporters and traders</p> <p>Annul Administrative Instruction no. 04/2011 on amending and supplementing Administrative Instruction ma-no. 04/2007 on registration, licensing and setting fees for seedling material importers, exporters and traders.</p>
15	<p>DAPT-42</p> <p>DAPT-43</p> <p>DAPT-44</p>	<p>License for artificial fertilizer import</p> <p>License for artificial fertilizer trading</p> <p>Licensing for artificial fertilizer producers</p> <p>License for artificial fertilizer</p>	<p>The merging is necessary because the permissions proposed to be merged have the same goal, they apply to the same products</p>	<p>Merge in one single license.</p> <p>Extend the validity to five years.</p>	<p>Draft the Administrative Instruction on registration, licensing and setting fees for seedling material importers, exporters and traders.</p>

	DAPT-45	repackagers	<p>and the same procedures and application documents are valid for those permissions. Moreover, the existence of these individual permissions is an extra cost to the private sector, because they must pay the application tax and other expenses required during the preparation of documents for each permission, instead of paying only once.</p> <p>Extending the validity of this permission would save time to the businesses and would also reduce the financial and time cost caused by the preparation of application documents for these permissions. In addition, extending the validity would relieve the ministry officials from the obligation to check every year each operator whether they have renewed their license.</p> <p>it is recommended to draft the Administrative Instruction on registration, licensing and setting fees for seedling material</p>	Draft new administrative instruction on registration, licensing and setting fees for seedling material importers, exporters and traders	<p>Annul Administrative Instruction ma-no. 14/2004 on registration, licensing and setting fees for seedling material importers, exporters and traders</p> <p>Annul Administrative Instruction ma-no. 04/2007 on amending and supplementing Administrative Instruction ma-no. 14/2004 on registration, licensing and setting fees for seedling material importers, exporters and traders</p> <p>Annul Administrative Instruction no. 04/2011 on amending and supplementing Administrative Instruction ma-no. 04/2007 on registration, licensing and setting fees for seedling material importers, exporters and traders.</p>
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			importers, exporters and traders, since this administrative instruction has been changed several times and bears a long name.		
16	DAPT-46 DAPT-47	License for industrial tobacco collectors License for industrial processors of tobacco and tobacco products	The merging is necessary because the permissions proposed to be merged have the same goal, they apply to the same products and the same procedures and application documents are valid for those permissions. Moreover, the existence of these individual permissions is an extra cost to the private sector, because they must pay the application tax and other expenses required during the preparation of documents for each permission, instead of paying only once.	Merge in one single license. Update the Central Registry since the fee for this permission mistakenly states 10,000 EUR instead of 1,000 EUR.	Amend Administrative Instruction (MAFRD) no.3/2015 on determining the form, content and manner of issuing licenses for the collection, industrial processing of tobacco and its products Update the Central Registry

WINE AND VINEYARD DEPARTMENT					
No. Code	Permission title	Justification	Recommendations	What should change to implement recommendations	
DVV-2	License for cultivation, production and processing of wines and other products from grapes and wine	<p>The merging is necessary because the permissions proposed to be merged have the same goal, they apply to the same products and the same procedures and application documents are valid for those permissions. Moreover, the existence of these individual permissions is an extra cost to the private sector, because they must pay the application tax and other expenses required during the preparation of documents for each permission, instead of paying only once.</p> <p>Extending the validity of this permission would save time to the businesses and would also reduce the financial and time cost</p>	Merge in one single license.	Amend Administrative Instruction no. 06/2013 on registration of cultivators, producers and processors of wines and other grape and wine products.	
DVV-3	License for export of wines and other products from grapes and wine		Extend the validity to five years.		
DVV-4	License for import of wines and other products from grapes and wine		Simplify the application procedure.	Amend Administrative Instruction no. 11/2009 on setting criteria for the import, export and internal trade of wines and other grape and wine products.	
DVV-5	License for wine distributors for distribution in domestic market				

		<p>caused by the preparation of application documents for these permissions. In addition, extending the validity would relieve the ministry officials from the obligation to check every year each operator whether they have renewed their license.</p> <p>MAFRD requires certified copies or original documents for applying, thus causing financial and time costs to businesses. Ministry should not require a certified or original copy (a copy is sufficient) of a document issued by public institutions.</p>		
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FORESTRY DEPARTMENT (FD)					
	No. Code	Permission title	Justification	Recommendations	What should change to implement recommendations
	DP-1 DP-2	License for execution of forestry works– local entities License for execution of forestry works– foreign entities	This permission is defined with an administrative instruction only, without grounding it on the Law on Plant Protection Products and violates the Law on Permit and License System.	Create the legal basis for this permission.	Amend and supplement Law on Forests in Kosovo

			<p>The merging is necessary because the permissions proposed to be merged have the same goal, they apply to the same products and the same procedures and application documents are valid for those permissions. The existence of these individual permissions is an extra cost to the private sector, because they must pay the application tax and other expenses required during the preparation of documents for each permission, instead of paying only once. Moreover, their merging is necessary because KBRA doesn't distinguish the activities of local or foreign businesses either.</p> <p>According to the collected information, applying for permissions FD-1 and FD-2 costs 20 EUR, obtaining these permits costs 300 EUR and renewing them every three years costs 150 EUR. The application fee (20 EUR) should be eliminated and in relation to the 300 EUR fee the</p>	<p>Merge permissions into one single license (until the legal basis is established).</p> <p>Simplify the application procedure (until the legal basis is created).</p> <p>Draft the new administrative instruction on licensing of legal subjects for planning and projection in forestry field.</p>	<p>Amend Administrative Instruction no. 23/2008 on licensing legal subjects for planning and projection in forestry field</p> <p>Amend Administrative Instruction no. 11/2014 on amending and supplementing Administrative Instruction no. 23/2008 on licensing legal subjects for planning and projection in forestry field</p>
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			<p>Forestry Department should ensure that it doesn't exceed the necessary amount of the ministry to cover the expenses of the ministry to administer these permissions.</p> <p>It is recommended to draft the new Administrative Instruction on licensing of legal subjects for planning and projection in forestry field, since this administrative instruction has been amended several times and has a long name.</p>		
	DP-3	License for processors of wood products (sawmill)	Application fee (of 20 EUR) should be removed. The Forestry Department should ensure that the 300 EUR fee for the permit and 200 for renewing permit FD-2 doesn't exceed the necessary amount of the ministry to cover the expenses of the Forestry	Simplify the application procedure.	Amend Administrative Instruction No. 15/2019 amending and supplementing Administrative Instruction No. 15/2006 on Standards and Licensing Requirements for Processors of Wood Products.

			Department to administer the permission (as stipulated under Article 18 of the Law on Permit and License System).		
DP-5	License for afforestation, seedling production, collection and treatment of forest seeds, preparatory works and seedling planting;	All these permissions are not in the Registry;		Forms to be filled out and included in the central registry;	
DP-6	License for forest cultivation;				
DP-7	License for sustainable use of forests: cutting , dragging and transporting;				
DP-8	License for construction and maintenance of bridges and forest roads;				
DP-9	License for sustainable collection and harvesting of forest products, wood and non-wood, flora, medical plants and tannin;				
DP-10	License to practice hunting and eco-tourism activities;				
	License for protection from diseases, pests, fires and erosion;				
	License for designing forestry development plan;				
	License for drafting forest cultivation projects;				
	License for drafting projects for sustainable use of forests and forest land;				
	License for drafting projects for managing water basins;				
	License for constructing bridges and forest roads;				
	License to analyze the phytopathological, entomologic				

		<p>situation and protection from forest fires;</p> <p>License to plan and manage exploitation of forest land;</p> <p>License to research genetic resources and forest biodiversity;</p> <p>License to design management plans (programs) for wildlife and eco-tourism;</p>			
	DP-11				
	DP-12	License to design plans for the cultivation, collection and use of non-wood forest products.;			
	DP-13				
	DP-14				
	DP-15				
	DP-16				

DP-17				
DP-18				
DP-19				
DP-20				
DP-21				

KOSOVO FORESTRY AGENCY (KFA)				
No. Code	Permission title	Justification	Recommendations	What should change to implement

					recommendations
	APK-1	Certificate of lack of interest to purchase privately owned forest land	Certificate of lack of interest to purchase privately owned forest land KFA-1 has no legal ground. Law on Forests in Kosovo doesn't stipulate that KFA should equip citizens with such certificates and the same, pursuant to the Law on Permits and License System cannot be qualified as permission.	To be eliminated	Amend Administrative Instruction No. 12/2005 on setting prices, fees for the use of forest products - wood, non-wood and for professional technical services.
	APK-3	License for use of non-forest products (Permit for use of land - for quarries)	All these procedures are of contractual nature and pursuant to the Law on Permit and License System cannot qualify as permissions.	Remove them from Central Registry.	Update the Registry.
	APK-4	License for use of non-forest products (Permit for leasing land for agriculture purposes)			
	APK-5	Permit to lease forest land to construct temporary facilities on forest land			
	APK-6	Permit to use forest land for grazing of cattle, calves, sheep, lambs, horses, donkeys and pigs			
	APK-7	Dairy and Dairy Shelter Permit			
	APK-8	Permit for warehouse close to road in forest areas			
		Permit for temporary use of forest land for limestone			

APK-9	Permit for temporary use of forest land for mills			
APK-10				
APK-11				

FOOD AND VETERINARY AGENCY (FVA)					
No. Code	Permission title	Justification	Recommendations	What should change to implement recommendations	
AUV-1	License for tobacco import	<p>FVA, although it is not a legal requirement, in the electronic registry requires and has presented the requirement for certified copies or original documents for applying, thus causing financial and time costs for businesses.</p> <p>FVA requires certified copies or original documents for applying, thus causing financial and time costs to businesses. FVA should not require a certified or original copy (a copy is sufficient) of a</p>	Simplify the application procedure.	Amend Regulation no. 17/2012 on setting the level of service fees and official controls of Food and Veterinary Agency. Article 21	

			document issued by public institutions.		
	FVA-2	Licensing of business entities for collection and trade of sheep wool	<p>FVA, although it is not a legal requirement, in the electronic registry requires and has presented the requirement for certified copies or original documents for applying, thus causing financial and time costs for businesses.</p> <p>FVA requires certified copies or original documents for applying, thus causing financial and time costs to businesses. FVA should not require a certified or original copy (a copy is sufficient) of a document issued by public institutions.</p>	Simplify the application procedure.	<p>Amend Regulation no. 17/2012 on setting the level of service fees and official controls of Food and Veterinary Agency.</p> <p>Update the electronic Registry since Administrative Instruction No.13/2007 on licensing of business entities engaged in collection, storage and trading activities of skins of live animals under Article 19 doesn't stipulate that application documents are originals or certified copies;</p>
	AUV-3	Licensing of veterinary business facilities	<p>FVA, although it is not a legal requirement, in the electronic registry requires and has presented the requirement for certified copies or original documents for applying, thus causing financial and time costs for businesses.</p> <p>FVA requires certified copies or original documents for applying, thus causing financial and time costs to</p>	Simplify the application procedure.	Amend Administrative Instruction No. 22/2005 on licensing of veterinary ambulances, stations and clinics

			businesses. FVA FVA should not require a certified or original copy (a copy is sufficient) of a document issued by public institutions.		
AUV-5	Licensing of animal markets	FVA, although it is not a legal requirement, in the electronic registry requires and has presented the requirement for certified copies or original documents for applying, thus causing financial and time costs for businesses. FVA requires certified copies or original documents for applying, thus causing financial and time costs to businesses. FVA FVA should not require a certified or original copy (a copy is sufficient) of a document issued by public institutions.	Simplify the application procedure.	Amend Administrative Instruction ma-no. 05/2007 on setting the conditions of animal markets. Specify explicitly the conditions and criteria for licensing animal markets.	
FVA-6	Approval of facilities of business operators dealing with food of animal origin	FVA, although it is not a legal requirement, in the electronic registry requires and has presented the requirement for certified copies or original documents for applying, thus causing	Simplify the application procedure.	Update the electronic Registry because Regulation (QRK) No.18/2016 on Registration and Approval of Business Operators dealing with Food under Article 5, paragraph 2.1 it is not required that application documents are originals or certified copies;	

			<p>financial and time costs for businesses.</p> <p>FVA requires certified copies or original documents for applying, thus causing financial and time costs to businesses. FVA should not require a certified or original copy (a copy is sufficient) of a document issued by public institutions.</p>		
FVA-7	Registration of facilities of business operators dealing with food of animal origin	<p>FVA, although it is not a legal requirement, in the electronic registry requires and has presented the requirement for certified copies or original documents for applying, thus causing financial and time costs for businesses.</p> <p>FVA requires certified copies or original documents for applying, thus causing financial and time costs to businesses. FVA should not require a certified or original copy (a copy is sufficient) of a document issued by public institutions.</p>	Simplify the application procedure.	Update the electronic Registry because Regulation (QRK) No.18/2016 on Registration and Approval of Business Operators dealing with Food under Article 5, paragraph 2.1 it is not required that application documents are originals or certified copies;	
AUV-8	Permission to import products of animal origin	<p>FVA, although it is not a legal requirement, in the electronic registry requires</p>	Simplify the application procedure.	Update the electronic Registry because Regulation (QRK) No.18/2016 on Registration and Approval of	

			<p>and has presented the requirement for certified copies or original documents for application, thus causing financial and time costs for businesses.</p> <p>FVA requires certified copies or original documents for applying, thus causing financial and time costs to businesses. FVA</p> <p>FVA should not require a certified or original copy (a copy is sufficient) of a document issued by public institutions.</p>		<p>Business Operators dealing with Food under Article 5, paragraph 2.1 it is not required that application documents are originals or certified copies;</p>
	AUV-9	License for business facilities collecting, trading and exporting animal skins	<p>FVA, although it is not a legal requirement, in the electronic registry requires and has presented the requirement for certified copies or original documents to apply, thus causing financial and time costs for businesses.</p> <p>FVA requires certified copies or original documents for applying thus causing financial and time costs to businesses. FVA</p> <p>FVA should not require a certified or original copy (a copy is sufficient) of a document issued by public institutions.</p>	Simplify the application procedure.	Update the electronic Registry since Administrative Instruction No.13/2007 on licensing of business entities engaged in collection, storage and trading activities of skins of live animals under Article 19 doesn't stipulate that application documents are originals or certified copies;

	<p>AUV-13</p> <p>AUV-14</p>	<p>License to wholesale distributors of medical veterinary products</p> <p>License to retail distributors of medical veterinary products</p>	<p>The merging is necessary because the permissions proposed to be merged have the same goal, they apply to the same products and the same procedures and application documents are valid for those permissions. Moreover, the existence of these individual permissions is an extra cost to the private sector, because they must pay the application tax and other expenses required during the preparation of documents for each permission, instead of paying only once.</p>	<p>Merge permissions in one single license.</p>	<p>Amend Administrative Instruction No. 07/2005 for setting conditions for licensing of business entities that transport and import wholesale and retail veterinary medical products and veterinary medical appliances.</p>
	<p>AUV-15</p>	<p>License to import veterinary medical products - distribution certificate</p>	<p>FVA, although it is not a legal requirement, in the electronic registry requires and has presented the requirement for certified copies or original documents for application, thus causing financial and time costs for businesses.</p> <p>FVA requires certified copies or original documents for applying, thus causing financial and time costs to businesses. FVA should not require a certified or original copy (a copy is sufficient) of a</p>	<p>Simplify the application procedure.</p>	<p>Update the electronic Registry since Administrative Instruction No. 07/2005 on setting conditions for licensing business entities that transport and import wholesale veterinary medical products and veterinary medical appliances under Article 4 doesn't stipulate that application documents shall be originals or certified copies;</p>

			document issued by public institutions.		
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Report on Simplifying Permits and Licenses at the Ministry of Environment and Spatial Planning of the Republic of Kosovo

[IFC Project on Improving Investment Climate in
Kosovo II]

September 2019

Acronyms

KCA	Kosovo Cadastral Agency
EPA	Environmental Protection Agency
DEPW	Department of Environmental Protection and Waters
RRBA	Regional River Basin Authority
DSPCH	Department for Spatial Planning, Construction and Housing
IFC	International Finance Corporation, part of World Bank Group
Permission	Notification, Registration, Permit or Professional License
MMPH	Ministry of Environment and Spatial Planning
GRK	Government of the Republic of Kosovo
Registry	Central Permit and License Registry
AI	Administrative Instruction

1. Introduction

Permission system simplification reform is one of the key factors in creating a framework to promote regulation quality, within a broader context of improving governance, including transparency, accountability and service efficiency towards citizens by creating a more suitable business environment.

Permission system reform in Kosovo started with the adoption of Law No. 04/L-202 on permit and License System in 2013 (<https://gzk.rks-gov.net/ActDetail.aspx?ActID=8967>). This law sets the main principles and rules to create new permits and licenses and for the existing licenses. The law provides that permits and licenses shall be created only when necessary to protect public health, public security, environment and use natural resources in Kosovo, thus preventing the creation of administrative obstacles for businesses in other cases. The Law also requires the reviewing of all existing permits and licenses to establish their compatibility with these rules and principles.

Pursuant to Law No. 04/L-202 on permit and License System the Registry of Permits and Licenses (the Registry) has been created wherein the permissions administered by all state administrative authorities have been identified (<http://lejelicenca.rks-gov.net/>).

Ministry of Environment and Spatial Planning, within its responsibilities, among other administers a series of permissions that regulate the economic, production, service and scientific activity.

This report aims to analyze and study the legal framework of issuing permits and licenses and the implementation of this framework in practice as well as the provision of recommendations to simplify them within the MESP. Due to the high number of permissions administered by the MESP, the report presents a summary of main findings and recommendations.

In total the report is organized in 3 Chapters and 2 Annexes. The activity was conducted in the following 3 phases:

Phase One: Preliminary legal analysis of permissions administered by the MMPH identified in the Registry

Phase Two: Conducting meetings with the MESP departments to discuss the preliminary legal analysis and meetings with private sector representatives to collect additional information on the situation of practical implementation of permissions.

Phase three: Final review of the collected information and report drafting

During phase one, a preliminary legal analysis was done based on the data included in the Registry. During this analysis it became immediately clear that permissions included in the Registry need to be updated, to correct the information included in the Registry and to include the new permissions identified during the analysis or merging of existing permissions. Because of some differences between the permissions included in the Registry and those stipulated by the legal framework and administered in practice by the MESP, it is necessary to review all the permissions in the Registry.

During phase two meetings and consultations were conducted with the respective MESP departments and agencies and private sector representatives. Phase one findings were discussed in these meetings and respective departments and agencies were asked to give their opinions on potential recommendations and amendments in the permissions administered by them.

Chapter 2 presents details in relation to the need of updating the Permit and License Registry after identifying additional permissions still not included in the Registry. Chapter presents the legal analysis on all the detailed permits and licenses. General recommendations are presented in Annex 1. Specific recommendations are presented in Annex 2 and are organized by the approximate time to implement them in mid term (orange) and longterm (red) recommendations as follows:

	Mid term recommendations	By 29th February 2020	Implementation requires higher engagement in performing more detailed analysis (i.e. Cost-recovery analysis) or more considerable changes are required to amend bylaws (Administrative Instructions (AI))
	Longterm recommendations	By 31st May 2020	Implementation requires more longterm engagement because amending of primary laws is required.

This report is the result of joint team work comprised of advisors of International Financial Corporation (IFC) Project on “Improving Investment Climate Project in Kosovo II”, MESP and representatives of Prime Minister’s Legal Office.

2. Updating Permit and License Registry

During this analysis it became immediately clear that permissions included in the Registry need to be updated, to correct the information included in the Registry and to include the new permissions identified during the analysis or merging of existing permissions. Because of considerable differences between the permissions included in the Registry and those stipulated by the legal framework and administered in practice by the MESP, it is necessary to review all the permissions in the Registry.

Data updating remains to be done based on the findings presented in this report by the respective MESP staff and further verification of all the details in the Registry.

When updating the data on permissions at the MESP care must be exercised so that the data included in the new forms reflect the criteria, procedures, deadlines, cost and other elements stipulated by respective laws or bylaws. For example, for the Water Permit, the legal basis in the Registry are the 2004 Law on Waters of Kosovo and 2005 AI on Content, Form, Conditions and Method of Issuing and Retaining the Water Permit, which should be replaced with the new legal base comprised of Law No.04/L-147 on Waters of Kosovo and AI No.03-2018 on Water Permit Procedures. This way, pursuant to the applicable legal base the other data such as fees, document requirements etc. should also be updated. At the same time application forms for some permissions such as Waste Management License, Environmental Authorization, Permit for collecting protected wild plants etc. have not been entered in the Registry. Legal verification of data collected by the respective departments or agencies is important because in some cases there might be discrepancies between legal definitions and methods of applying those legal definitions in practice by the respective departments or agencies, which could impact the

number of identified permissions as well as the criteria, procedures, deadlines, costs or other elements of a permission registered in the Registry.

Based on the analysis presented in this report, besides the changing of data, legal basis and other elements of permissions administered by MESP, it also results that a number of permissions currently not included in the Registry should be added. For more details see the table below:

Organizational Unit	Permissions in the Registry	Permissions after the Review²⁷⁵	Difference
Department of Environmental Protection and Waters	33	37 ²⁷⁶	+ 4
Regional River Basin Authority	2	3 ²⁷⁷	+ 1
Department for Spatial Planning, Housing and Construction	2	5 ²⁷⁸	+ 3
Kosovo Cadastral Agency	2	2	0
	Total: 39	Total: 47	Total: + 8

During legal analysis other deficiencies have been identified in the applicable legislation in relation to the process of administering the respective permissions. These deficiencies mainly consist in full discrepancies between the number of permits stipulated by the Law on Nature Conservation and those presented in the AI on Consent Fees, Permits and Licenses, Certificates and Verifications provided by the Legislation on Nature and the harmonization of this AI with the Law in necessary. For example Article 49 of the Law stipulates the Permit to use plant conservation chemical means, which is not included in the AI as part of the permissions stipulated by the AI through which respective fees for each permission are set. Other deficiencies also appear in the non-harmonized naming of specific permissions such as “Licensing of private and legal persons to draft the report on assessing and compensating damages caused by wild species of strictly protected animals”, pursuant to Article 120, paragraph 5 of the Law on Nature Conservation, whereas the name of this permission in the AI is issued as “Licensing of private and legal persons to draft minutes on determining and assessing damages caused by wild species of protected animals” Such deficiencies and names may cause confusion in implementing permissions by MESP and potential applicants in particular. Moreover, the Law doesn’t provide any instruction how to specify the fees specified pursuant to the AI without a proper formula that would take into consideration procedure expenses to issue these permissions. Apropos, amending and supplementing the AI is a necessity so that the number and names of permissions are harmonized with the Law.

3. Legal Analysis of MESP Permissions

²⁷⁵ The justification from the DEPW is that so far there have been no requests for these permits, consequently they are not included in the Registry.

²⁷⁶ Additional permissions identified after the review are: 1) Permit for use of chemicals, 2) Permit for using tension-active substances in detergents, 3) Special Permit issued by MESP in cooperation with the European Commission for studies or new testings of hazardous chemicals in animals that aim collecting data to classify substances or mixtures, 4) Licensing of private and legal persons to draft the report on assessing and compensating damages caused by wild species of strictly protected animals

²⁷⁷ Additional permission identified after the review is: 1) Consent on Using Water Property

²⁷⁸ Additional permission identified after the review are: 1) Legalization Certificate 2) Legalization permit on finishing construction and 3) Demolition permit

This chapter presents the legal analysis of permissions under the competency of MMPH. The analysis is presented according to respective departments and agencies, whereas specific recommendations and deadlines for their implementation are shown in the table enclosed in Annex 2 of this Report.

3.1 Department of Environmental Protection and Waters

Department of Environmental Protection and Waters at the MESP administers a total of thirty-seven (37) permissions as follows:

No.	In Registry	Department of Environmental Protection and Waters
DMMU-1	Yes	Permit for performing science research in nature
DMMU-2	Yes	License for production and storage of chemicals
DMMU-3	Yes	License for Waste Management
DMMU-4	Yes	License for placement on the market of biocide products
DMMU-5	Yes	Environmental Authorization
DMMU-6	Yes	Permit to collect wild protected plants
DMMU-7	Yes	License for import/export of wild plants species
DMMU-8	Yes	Permission on the keeping conditions, the manner of marking and evidencing of the protected animals in captivity
DMMU-9	Yes	Permission for introduction, re-introduction of species of wild plants
DMMU-10	Yes	License for research and educational visits to strict sanctuary
DMMU-11	Yes	Prior consent to declare monument of nature, protected landscape or architectural monument parks
DMMU-12	Yes	Permit for organizing driving, driving and parking of motor vehicles
DMMU-13	Yes	Consent for the management of natural resources in rocky areas
DMMU-14	Yes	Permission for activities on speleological object
DMMU-15	Yes	Permission for gene banks activities
DMMU-16	Yes	License to export, import for scientific purposes some types of animals, fungi and strictly protected plants.
DMMU-17	Yes	Permission to keep in captivity types of wild local or foreign animals for the purpose of public display in zoos, aquaria, terrariums or similar spaces.
DMMU-18	Yes	Prospector permit for minerals, fossils and layers
DMMU-19	Yes	Permission to export minerals, exfoliations or fossils
DMMU-20	Yes	Permission for interventions and works in strict reserves, special areas, national parks, nature parks and monuments of nature
DMMU-21	Yes	Permission to collect fungi and parts thereof
DMMU-22	Yes	Permission to capture or kill animals
DMMU-23	Yes	Permission to keep in captivity, cultivate, sell and buy types of wild animals strictly protected.
DMMU-24	Yes	Permit for import, export and transit of dangerous chemicals
DMMU-25	Yes	Permit for tobacco import
DMMU-26	Yes	Licensing of private persons who draft Environmental Impact Assessment reports
DMMU-27	Yes	Licensing of legal persons who draft Environmental Impact Assessment reports
DMMU-28	Yes	Permit for export of waste

DMMU-29	Yes	License for import of waste
DMMU-30	Yes	Permit for transit of waste
DMMU-31	No	Licensing of private and legal persons to draft the report on assessing and compensating damages caused by wild species of strictly protected animals
DMMU-32	No	Permit for the use of chemicals
DMMU-33	No	Permit to use active-tension substances in detergents
DMMU-34	No	Special Permits issued by the MESP in cooperation with the European Commission for studies and new testings of hazardous chemicals in animals with the aim of collecting data to classify substances or mixtures
DMMU-35	Yes	Integrated Environmental Permit
DMMU-36	Yes	Environmental Consent
DMMU-37	Yes	Environmental Permit

These permissions are administered based on a number of laws and bylaws presented below. Department of Environmental Protection and Waters is the busiest organizational unit at MESP in relation to issuing permissions. Law No. 03/L-233 on Nature Conservation (<https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=2716>) and Administrative Instruction No. 03-2016 on Determination of Tariffs for Issuance of Consents, Permits, Licenses, Certificates and Verifications Prescribed by Legislation on Nature (<https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=12803>) serve as the main legal basis for most of the permissions from the field of nature conservation listed above. Whereas, in relation to the permissions in the field of waste and chemicals the legal basis is: Law No. 04/L-060 on Waste (<https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=2829>), Law No. 03/L-119 on Biocide Products (<https://gzk.rks-gov.net/ActDetail.aspx?ActID=2640>), Law No. 04/L-197 on Chemicals (<https://gzk.rks-gov.net/ActDetail.aspx?ActID=9370>), Law No. 03/L-025 Environmental Protection (<https://gzk.rks-gov.net/ActDetail.aspx?ActID=2631>) and secondary legislation deriving from the primary legislation as described above including: Administrative Instruction No. 11-2013 on Specification of Technical Requirements and Other Applications of Plastic Bags (<https://gzk.rks-gov.net/ActDetail.aspx?ActID=9942>) AI 09/2014 License for Waste Management (<https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=10259>), Administrative Instruction No. 20/2012 on Export, Import and Transit of the Waste (<https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=10259>), and Administrative Instruction MESP No. 03/2015 on Environmental Authorization (<https://gzk.rks-gov.net/ActDetail.aspx?ActID=10735>). It is worth mentioning that the foregoing legislation is quite broad and the administered permissions are very complex.

Consequently, based on the analysis it is noticed that there is a distinct difference between the fees for various permissions, for example for some there are no fees and for some fees are very high. In general, fees are set without any criteria that would take into consideration the principle of procedure expenses. for example, the applicant is charged with a high fee for water conditions whereas construction conditions are issued free of charge. In addition, fees for Water Permits and Water Consents are high at a first glance and are set based on the financial value of the investment instead of procedure expense. Another case is related to high fees and a distinct difference between fees to license surveyors and geodesic companies, namely 150EUR for surveyors and 300EUR for companies.

This way of setting fees doesn't comply with Law No.05/L-031 on General Administrative Procedure, namely the principle that a charge cannot be higher than the average cost necessary to conduct administrative procedures as well as Law No. 04/L-212 on Permit and License System. Consequently, there is sufficient space to reduce an-or eliminate some fees, which can be done by amending and supplementing respective Laws or Administrative Instructions. In this case, it is recommended to perform an analysis on the fees based on the principal of covering administrative expenses, which could review the reduction of these fees.

Through communications with the DEPW staff permissions that could be merged together or eliminated altogether have been identified. Based on the recommendation of the DEPW staff elimination or merging could be done for the following permissions: 1) License for waste management could be eliminated or merged with Environmental License due to the same thematics; 2) Consent for managing nature goods in rocky areas has not been implemented in practice and it is recommended to be eliminated because Kosovo has no such zones; 3) Permit to collect wild protected plants and Permit to collect mushrooms and their parts can be merged in one single permit, because the theme is similar and this way the number of obstacles to businesses is reduced and the same effect is achieved; 4) Import/Export Permit for wild species and Permit for export/import for scientific purposes of some animal species, mushroom and strictly protected plants can be merged in one single permit, because the theme is similar and this way the number of obstacles to businesses is reduced and the same effect is achieved; 5) Permit on conditions of keeping, manner of marking and identifying protected animals in captivity and Permit to keep in captivity species of local or foreign animal species for the purpose of exhibiting to audiences in zoos, aquariums, terrariums or similar spaces should be merged in one single permit, because the theme is similar. Merging or elimination of these permissions requires legal amendments and supplementation to the Law on Nature Conservation and AI on Setting Fees to Issue Consents, Permits and Licenses, Certificates and Verifications Provided by the Nature Legislation. Moreover, the time to review the applications until the issuing of permits-licenses by the MESP could be reduced rationally for some of them. For example, it is recommended to potentially shorten the deadlines to review and decide on the submitted applications for 1) License on Waste Management, 2) Permit for waste export, 3) Permit for waste import, and 4) Permit for waste transit.

Specific recommendations pertaining to DEPW, divided as mid-term and longterm recommendations have been included in Annex 2 - Table of Specific Recommendations.

3.2 Regional River Basin Authority

Regional River Basin Authority (RRBA) at MESP administers three (3) permissions in total, which are related to water permit, water consent and use of water property as follows:

No.	In Registry	Regional River Basin Authority
ARPL-1	Yes	Water Permit
ARPL-2	Yes	Water Consent
ARPL-3	No	Consent on Using Water Property

Legal frame that regulates the issuing of water permit by RRBA includes Law No. 04/L-147 on Waters of Kosovo (<https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=8659>) and AI No.03/2018 on

Procedures for Water Permit (<https://gzk.rks-gov.net/ActDetail.aspx?ActID=17824>). From the assessment of this legal analysis and discussions with RRBA representatives it has been identified in particular the need to reduce the number of documents required for the application procedure for these permissions. For example, as stated in Annex 2 of recommendations a certified copy of the ID or Business Certificate (for legal persons only) and fiscal number certificate can be eliminated as requirements and the party should provide only copies of these requirements. At the same time, during discussions with RRBA representatives it was noticed that there are cases when applications for permissions are subject to unnecessary delays, namely exceeding legal deadlines set to review applications, which is not in compliance with the Law on General Administrative Procedure to eliminate unnecessary burdens to parties in the application process.

Specific recommendations pertaining to RRBA permissions, divided as mid-term and longterm recommendations have been included in Annex 2 - Table of Specific Recommendations.

3.3 Department for Spatial Planning, Construction and Housing

Department for Spatial Planning, Construction and Housing (DSPCH) administers five (5) permissions related mainly to the field of construction. The relevant legal frame for permissions administered by DSPCH is comprised of Law No. 04/L-110 on Construction (<https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=2833>) and AI No. 02.2018-AI on Administrative Fees for Construction Permit, and Fees for Regulating Infrastructure (<https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=16479>) and Law No. 06/L-024 on Treatment of Constructions Without Permit (<http://gzk.rks-gov.net/ActDetail.aspx?ActID=17767>). Bylaws that derive from this law and regulate the issuing of legalization certificate, demolition permit and legalization permit to finish construction are in the approval procedure at the MESP.

No.	In Registry	Department for Spatial Planning, Construction and Housing
DPHNB-1	Yes	Construction Permit for third category constructions
DPHNB-2	Yes	Certificate of Use for third category constructions
DPHNB-3	No	Legalization Certificate
DPHNB-4	No	Legalization permit for finishing construction
DPHNB-5	No	Demolition permit

It is worth mentioning that there is very little room to simplify the permits administered by DSPCH. The fees set pursuant to the foregoing legislation are based on the reflection cost that fully complies with the principle of setting the application fee based on administrative expenses of the procedure pursuant to the Law on General Administrative Procedure.

No merging or elimination of any of these permissions is recommended, and it is noticed that even the required documents for application have been set rationally.

Based on discussions with DSPCH representatives in the future it is recommended to simplify the application procedure for construction permit and obtaining of construction conditions should be done through online applications, E-Permits. MESP is in the initial stage of preparing terms of reference to develop the application for E-Permits. Currently, the deadline to issue permits and licenses is optimal,

but with the upcoming changes in the future (functionalization of E-Permits) then deadlines to review and issue permits could be reduced rationally.

In addition, some of the document requirements could be eliminated or obtained through the service office One Stop Shop, such as Consent for Waterworks and Sewerage, Consent for KEDS, heating, Certificate of Ownership, Plan Copies, etc.

In relation to Legalization Certificate, Legalization permit to finish construction, Demolition Permit for III category constructions, MESP is in the procedure of adopting bylaws deriving from the Law on Treating Construction without Permits where the fees shall be determined. Therefore, it is recommended when setting these fees to keep in mind the principle of fees in proportion with procedure expenses pursuant to the Law on General Administrative Procedure.

Specific recommendations pertaining to DSPCH permissions, divided as mid-term and longterm recommendations have been included in Annex 2 - Table of Specific Recommendations.

3.4 Kosovo Cadastral Agency

Kosovo Cadastral Agency at the MESP administers two (2) permissions, namely they license surveyors and geodesy companies. These permissions are administered pursuant to Law No. 04/L-013 on Cadastre (<https://gzk.rks-gov.net/ActDetail.aspx?ActID=2757>) and AI No. 01-2013 on Licensing of Geodesy Companies and Surveyors (<https://gzk.rks-gov.net/ActDetail.aspx?ActID=9767>).

No.	In Registry	Kosovo Cadastral Agency
AKK-1	Yes	License for Surveyors companies
AKK-2	Yes	License for surveyors

Article 10, paragraph 4 of AI on Licensing Geodesy Companies and Surveyors entitles the KCA to set the fee with a decision that may be amended mid term after analyzing the reflective cost. The fee for geodesy companies is 300 EUR and for surveyors 150 EUR

Based on consultations with the private sector, pertaining to the fees to obtain these permissions we consider that there is need for a detailed analysis pursuant to the principle of covering administrative expenses, since it is not clear if the fees with the decisions of the KCA are currently set pursuant to Article 30, paragraph 7 of the Law on Cadastre according to which fees should reflect the expense cost. It is worth highlighting that these concerns have not been addressed with the new draft AI that is in the adoption procedure at the MESP.

In the KCA response pertaining to the content of this draft AI, it is emphasized that these concerns have been taken into consideration by the KCA while drafting the AI. One of the mentioned justifications is extending the duration of the license validity from 3 to 5 years such as predicting various trainings for surveyors and geodesy companies. In addition the draft AI stipulates that all field geodesy work is conducted only by licensed surveyors and licensed geodesy companies, whereas their control and approval would be done by officers of Municipal Cadastral Offices. Trainings are planned to be organized by the KCA for surveyors and license geodesy companies pertaining to advancements in the Registry of Cadastral Data and Cadastral Map. This also complies with the requirements of implementing the Law

on Treating Construction without Permit that foresees all field geodesy work performed by licensed geodesy companies. Based on all this, KCA considers that the fee set with the AI that is pending the Minister's signature will not be a burden to licensed surveyors and licensed geodesy companies due to the giving of additional competencies in relation to those they had until now.

Specific recommendations pertaining to KCA permissions, divided as mid-term and longterm recommendations have been included in Annex 2 - Table of Specific Recommendations.

Annex 1 – Table of General Recommendations for MESP

During the implementation of this activity it was concluded that although Law No.04/L-202 on Permit and License System is taken into consideration in some cases during the drafting of legal acts at the MESP, the degree of observing this law at the MESP has still considerable space for improvement. Additionally, the Law on General Administrative Procedure that regulates the work of state administration in providing services with the least expenses and charges to citizens is not fully implemented.

To address these deficiencies in the level of the implementation of these two important laws to improve the provision of services that result in a more favorable business environment in Kosovo it is recommended to undertake several actions, as described below.

GENERAL RECOMMENDATIONS	
1.	Updating Permit and License Registry: To ensure the regular updating of the Registry for the permissions that are administered by the MESP, there is need to fully implement Regulation No.06/2015 on Central Registry of Types of Permits and Licenses. This can be done through the creation of a clear process of notification by the legal newly appointed legal officer at MESP's Legal Department for the responsible officer at the Prime Minister's legal office on the maintenance of the Registry (Point of Contact) pertaining to all new permissions provided by the new legislation drafted at the MESP. Another action that could be assigned to the responsible officer at MESP to update registry is to conduct regular meetings with all organizational units in the MESP at least twice per year to collect information pertaining to existing permissions or newly created permissions, their legal verification and preparation of forms to be submitted to the Legal Office of the Prime Minister.
2.	Training MESP Officers pertaining to Law No.04/L-202 on Permit and License System: To ensure the uniform and consistent application of principles provided by the Law on Permit and License System it is necessary to organize and develop all inclusive trainings for all organizational units at the MMPH on the importance and application of the law on permit and license system during the drafting of legislation and during implementation.
3.	Efficient implementation and Training of MESP Officers pertaining to the Law on General Administrative Procedure: During discussions with MESP representatives and private sector, the proper and efficient implementation of the Law on Administrative Procedure has been identified as a challenge. In practice the parties applying for permissions are often unable to obtain a decision from the competent authority within the legal deadline. Therefore trainings for the relevant staff handling applications for permissions are recommended so that the handling is fast and without excessive burdens to the parties.

Annex 2 – Table of Specific Recommendations for MESP

DEPARTMENT OF ENVIRONMENTAL PROTECTION AND WATERS						
No.	Intervention Explanation	Impacted permissions ²⁷⁹	Necessary Actions	Main Impacted Acts	Intervention Deadline	Comments
1.	Merging Waste Management License with Environmental Permit	1 Permission Merged (Yes) DMMU-3 (YES) DMMU-37	1. Amending and supplementing the Law on Waste 2. Amending and supplementing AI (MESP) No. 04/2016 on Environmental Permit	1. Law on Waste (https://gzk.rks.gov.net/ActDocumentDetail.aspx?ActID=2829) 2. AI (MESP) No. 04/2016 on Environmental Permit (https://gzk.rks.gov.net/ActDetail.aspx?ActID=14821)	Longterm (By 31st May 2020)	This recommendation, supported by the DEPW staff, should be carried carefully so that <i>aque communitaire</i> standards for waste management are not violated with the merging of this permit with the environmental permit. Justification for this recommendation consists in the same purpose to prevent and reduce the negative impacts

²⁷⁹ This column explains the number of impacted permissions from each recommendation and indications are given whether respective permissions are in the Registry (YES) or are not currently in the Registry (NOT).

						of the Environmental Permit and Waste Management License on the environment
2.	Elimination of license fee for waste management	1 Permission Simplified (Yes) DMMU-3	Amending and supplementing AI MESP No. 09-2014 Waste Management License	AI MESP No. 09-2014 Waste Management License (https://gzk.rks-gov.net/ActDetail.aspx?ActID=10259)	Mid term (By 29th February 2020)	Justification is that this fee was set without any economic analysis. This recommendation should be done in consultation with the Kosovo Environmental Protection Agency.
3.	Elimination of fee for permit for export, import and transit of waste	3 Permissions Simplified (Yes) DMMU-28 (YES) DMMU-29 (Yes) DMMU-30	Amending and supplementing AI MESP No. 02/2019 on Export, Import and Transit of Waste	AI MESP No. 02/2019 on Export, Import and Transit of Waste (http://gzk.rks-gov.net/ActDetail.aspx?ActID=21124)	Mid term (By 29th February 2020)	Justification is that this fee was set without any economic analysis. This Recommendation should be done in consultation with the Kosovo Environmental Protection Agency.
4.	Eliminate the fee on permit for import, export and transit of dangerous chemicals	1 Permission Simplified (Yes) DMMU-	Amending and supplementing Law 04/L-197 on Chemicals	Law 04/L-197 on Chemicals (https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=9370)	Longterm (By 31st May 2020)	Justification is that this fee was set without any economic

		24				analysis.
5.	Eliminate the fee on permit on import of plastic bags	1 Permission Simplified (YES) DMMU-25	Amending and supplementing Law 04/L-197 on Chemicals	Law 04/L-197 on Chemicals (https://gzk.rks.gov.net/ActDocumentDetail.aspx?ActID=9370)	Longterm (By 31st May 2020)	Justification is that this fee was set without any economic analysis.
6.	Reducing the fee on environmental authorization	1 Permission Simplified (Yes) DMMU-5	Amending and supplementing AI MESP No. 03-2015 on Environmental Authorization	AI MESP No. 03-2015 on Environmental Permit (https://gzk.rks.gov.net/ActDetail.aspx?ActID=10735)	Mid term (By 29th February 2020)	Justification is that this fee was set without any economic analysis. This Recommendation should be done in consultation with the Kosovo Environmental Protection Agency.
7.	Elimination of consent for the management of natural resources in rocky areas	1 Permission Simplified (Yes) DMMU-13	Amending and supplementing Law 03/L-233 on Nature Conservation	Law 03/L-233 on Nature Protection(https://gzk.rks.gov.net/ActDetail.aspx?ActID=2716)	Longterm (By 31st May 2020)	Justification is that this permit has not been implemented in practice in absence of demands from parties thus it is illogical to keep it in the Registry as applicable.
8.	Merging the Permit for implementing scientific research in nature,	2 Permissions Merged	Amending and supplementing Law 03/L-233 on Nature	Law 03/L-233 on Nature Conservation (https://gzk.rks.gov.net/ActDetail.aspx?ActID=2716)	Longterm (By 31st May	The object of permissions for the three permits

	Permit for educational research and visits in strict reservoirs and Permit for activities in speleological facilities in one single permit called "Permit for scientific research"	(Yes) DMMU-1, (Yes) DMMU-10, (Yes) DMMU-14	Conservation		2020)	is similar and for this reason it is recommended to merge them in one permit.
9.	Merging the permit to collect wild protected plants with the Permit to collect mushrooms and their parts in one single permit called "Permit to collect wild protected plants, mushrooms and their parts	1 Permission Merged (Yes) DMMU-6 with (Yes) DMMU-21	Amending and supplementing Law 03/L-233 on Nature Conservation Amending and supplementing AI 03-2016 on Setting Tariffs for Issuance of Permits, Licenses, Certificates and Confirmations as foreseen by the Legislation on Nature Conservation	Law 03/L-233 on Nature Conservation (https://gzk.rks.gov.net/ActDetail.aspx?ActID=2716) AI 03-2016 on Setting Tariffs for Issuance of Permits, Licenses, Certificates and Confirmations as foreseen by the Legislation on Nature Conservation (https://gzk.rks.gov.net/ActDetail.aspx?ActID=12803)	Longterm (By 31st May 2020)	The object of permissions for both permits is similar and for this reason it is recommended to merge them in one permission.
10	Merging the permit to export/import wild plant species with the Permit to export, import for scientific purposes some species of animals, mushrooms and strictly protected plants under the name "Permit to import/export wild plant species and some species of animals, mushrooms and	1 Permission Merged (Yes) DMMU-7 with (Yes) DMMU-16	Amending and supplementing Law 03/L-233 on Nature Conservation AI 03-2016 on Setting Tariffs for Issuance of Permits, Licenses, Certificates and Confirmations as foreseen by the Legislation on Nature Conservation	Law 03/L-233 on Nature Conservation (https://gzk.rks.gov.net/ActDetail.aspx?ActID=2716) AI 03-2016 on Setting Tariffs for Issuance of Permits, Licenses, Certificates and Confirmations as foreseen by the Legislation on Nature Conservation (https://gzk.rks.gov.net/ActDetail.aspx?ActID=12803)	Longterm (By 31st May 2020)	The object of permissions for both permits is similar and for this reason it is recommended to merge them in one permission.

	strictly protected plants”					
11	Merging the Permit on conditions of keeping, manner of marking and identifying protected animals in captivity with the Permit to keep in captivity species of local or foreign animal species for the purpose of exhibiting to audiences in zoos, aquariums, terrariums or similar spaces and Permit to keep in captivity, cultivate, sell and buy species of wild strictly protected animals under the name “Permit to keep in captivity wild animals”	2 Permissions Merged (Yes) DMMU-8 with (Yes) DMMU-17 (Yes) DMMU-23	Amending and supplementing Law 03/L-233 on Nature Conservation AI 03-2016 on Setting Tariffs for Issuance of Permits, Licenses, Certificates and Confirmations as foreseen by the Legislation on Nature Conservation	Law 03/L-233 on Nature Conservation (https://gzk.rks.gov.net/ActDetail.aspx?ActID=2716) AI 03-2016 on Setting Tariffs for Issuance of Permits, Licenses, Certificates and Confirmations as foreseen by the Legislation on Nature Conservation (https://gzk.rks.gov.net/ActDetail.aspx?ActID=12803)	Longterm (By 31st May 2020)	Justification to merge these three permissions is that they are similar by their nature and object.
12.	Shorten deadlines to review and decide on the submitted applications for 1) License on Waste Management, 2) Permit for waste export, 3) Permit for waste import, and 4) Permit for waste transit.	4 Permissions Simplified (YES) DMMU-3 (YES) DMMU-28 (YES) DMMU-29 (YES) DMMU-30	Amending and supplementing Law 04/L-060 on Waste	Law No. 04/L-060 on Waste (https://gzk.rks.gov.net/ActDocumentDetail.aspx?ActID=2829)	Longterm (By 31st May 2020)	Each of these permissions has a 60 day deadline for reviewing applications and rendering a decision by the competent authority. At a first glance these deadlines seem quite long

						therefore it is recommended to check the possibility to reasonably shorten these deadlines.
REGIONAL RIVER BASIN AUTHORITY						
13.	Reducing the administrative fees for water consent and water permit pursuant to the cost of procedure services and eliminating the tax on water conditions	2 Permissions Simplified (Yes) ARPL-1 (Yes) ARPL-2	Amending and supplementing AI MESP No. 03/2018 on Procedures for Water Permit	AI MESP No. 03/2018 on Procedures for Water Permit (https://gzk.rks.gov.net/ActDetail.aspx?ActID=17824)	Mid term (By 29th February 2020)	at a first glance these fees are presented as high sine the AI doesn't contain a calculation formula pursuant to the costs. If we compare the construction conditions for which MESP doesn't charge any fee, then it would be rational to completely eliminate the tax for water conditions.
14.	Eliminating the requirement for certified copies of ID or Business Certificate (only for legal persons) and fiscal number	2 Permissions Simplified (Yes) ARPL-1 (Yes) ARPL-2	Amending and supplementing AI MESP No. 03/2018 on Procedures for Water Permit	AI on Water Permit (https://gzk.rks.gov.net/ActDetail.aspx?ActID=17824)	Mid term (By 29th February 2020)	Requirement for certifying this documentation is an additional burden to the party, therefore it

	certificate, only copies of these documents should be asked from the party.					is recommended to ask from the party only copies of these documents.
DEPARTMENT FOR SPATIAL PLANNING, CONSTRUCTION AND HOUSING						
15.	Reducing the fee for legalization certificate, legalization permit and finishing construction	2 Permissions (No) DPHNB-3 (No) DPHNB-4	Assessing the fee of 3.08 EUR per m2 pursuant to the principle of covering administrative expenses	Current decision of MESP	Mid term (By 29th February 2020)	Take into consideration procedure expenses when calculating this fee.
16.	Simplifying procedures and shortening application deadlines for construction permit for third category constructions	1 Permission (Yes) DPHNB-1	Preparing terms of reference to develop the application for E-Permits.	No need to amend any Law or Administrative Instruction that will be amended or supplemented	Mid term (By 29th February 2020)	MESP is in the initial stage of preparing terms of reference to develop the application for E-Permits. Therefore, simplifying procedures and shortening deadlines would be done by providing the option to apply online for conditions and construction permit, E-permits, after

						developing procedures for obtaining conditions and construction permit. In addition, some of the document requirements could be eliminated or obtained through the service office One Stop Shop, such as Consent for Waterworks and Sewerage, Consent for KEDS, heating, Certificate of Ownership, Plan Copies, etc.
KOSOVO CADASTRAL AGENCY						
17.	Shorten the deadline of issuing the license for surveyors and license for geodesy companies	1 Permission Simplified (Yes) AKK-1 (Yes) AKK 2	Amending and supplementing AI on Licensing of Geodesy Companies and Surveyors	AI on Licensing of Geodesy Companies and Surveyors (https://gzk.rks.gov.net/ActDetail.aspx?ActID=9767).	Mid term (By 29th February 2020)	One draft AI on Licensing of Geodesy Companies and Surveyors is in the procedure of amendment at the MESP and the shortening of this deadline is recommended.

						This draft AI pending the Minister's signature shortens the deadline of reviewing the application from 30 to 15 days, which is a positive step towards the simplification of the application process.
18.	Reducing fees for licensing of geodesy companies and surveyors	2 Permissions Simplified (Yes) AKK-1 (Yes) AKK-2	Assessing the fees pursuant to the principle of covering administrative expenses	Current decision of AKK	Mid term (by 31st December 2019)	The current draft AI, which is pending the Minister's signature, provides that current fees of 150 EUR for licensing surveyors and 300 EUR for licensing geodesy companies should be raised to 300 and 500 EUR. Moreover, the draft AI provides another fee of 20 EUR for application, which is an

					<p>additional burden to the applicant.</p> <p>Part of the licensing fee are also various trainings for surveyors and geodesy companies.</p> <p>Another positive provision of this draft AI is the one extending the license validity from 3 to 5 years.</p>
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Report on Simplifying Permits and Licenses at the Ministry of Trade and Industry of the Republic of Kosovo

[IFC Project on Improving Investment
Climate in Kosovo II]

April 2019

Acronyms

KIESA	Kosovo Investment and Enterprise Support Agency
KMA	Kosovo Meteorology Agency at MTI
IPA	Industrial Property Agency at MTI
KBRA	Kosovo Business Registration Agency
FVAK	Food and Veterinary Agency of Kosovo.
DI	Department of Industry at MTI
DSGTC	Department of Strategic Goods Trade Control at MTI
DROM	Department on Regulation of the Oil Market at MTI
DI	Department of Trade at MTI
DI	Department of Tourism at MTI
OLG	Oil Liquefied Gas
IFC	International Finance Corporation, part of World Bank Group
Permission	Notification, Registration, Permit or Professional License
MAFRD	Ministry of Agriculture, Forestry and Rural Development
MTI	Ministry of Trade and Industry
GRK	Government of the Republic of Kosovo
Registry	Central Permit and License Registry
AI	Administrative Instruction

1. Introduction

Simplification of permission system is one of the key factors to improve the business environment and for attracting investments.

Permission system reform in Kosovo started with the adoption of Law No. 04/L-202 on permit and License System in 2013 (<https://gzk.rks-gov.net/ActDetail.aspx?ActID=8967>). This law sets the main principles and rules to create new permits and licenses and for the existing licenses. The law provides that permits and licenses shall be created only when necessary to protect public health, public security, environment and use natural resources in Kosovo, thus preventing the creation of administrative obstacles for businesses in other cases. The Law also requires the reviewing of all existing permits and licenses to establish their compatibility with these rules and principles.

Pursuant to Law No. 04/L-202 on Permit and License System the Registry of Permits and Licenses (the Registry) has been created wherein the permissions administered by all state administrative authorities have been identified (<http://lejelicenca.rks-gov.net/>).

As one of the main Ministries involved in regulating the economic activity in the Republic of Kosovo, simplification of permissions currently administered by the Ministry of Trade and Industry (MTI) is of vital importance to improve the general business environment in Kosovo.

The purpose of this report is to summarize the legal analysis and providing recommendations to simplify permissions within the MTI. Although considerable efforts have been made to analyze in detail the legal framework regulating each permission administered by the MTI, due to the MTI's wide mandate and high number of permissions administered by this ministry, further analysis of these permissions in the identified cases in this report is needed.

It is also important to highlight that this report summarizes only main findings and recommendations related to the process of administering these permissions. During legal analysis several other deficiencies have been identified in the applicable legislation but which are not related to the process of administering the respective permissions. These deficiencies have not been included in this report.

In total the report is organized in 4 Chapters and 3 Annexes.

Chapter 2 describes the implementation phases of this activity. Chapter 3 presents the details related to the updating of the Registry of Permits and Licenses which are further explained in Annex 1. Chapter 4 presents the legal analysis on all the detailed permits and licenses.

General recommendations are presented in Annex 2.

Specific recommendations are presented in Annex 3 and are organized by the approximate time to implement them in short term (green), mid term (orange) and longterm (red) recommendations as follows:

	Short term recommendations	By 30th June 2019	Necessary changes can be done with a decision of the Minister of MTI or other internal actions such as reviewing draft laws currently at the Government.
	Mid term recommendations	By 31st December 2019	Implementation requires higher engagement in performing more detailed analysis (i.e. Cost-recovery analysis) or more considerable changes are required to amend bylaws (Administrative Instructions (AI) or Regulations);
	Longterm recommendations	After 31st December 2019	Implementation requires more longterm engagement because amending of primary laws is required

This report is the result of joint team work comprised of advisors of International Financial Corporation (IFC) Project on “Improving Investment Climate Project in Kosovo II”, MTI Legal Department and representatives of Prime Minister’s Legal Office.

2. Activity Implementation Phases

The activity was conducted in the following 4 phases:

Phase One: Preliminary legal analysis of permissions administered by the MTI identified in the Registry

Phase Two: Conducting meetings with the MTI departments and agencies to discuss the preliminary legal analysis and collection of additional information on the practical administration of permissions

Phase Three: conducting meetings with private sector representatives that are equipped with permissions issued by the MTI in various economic sectors

Phase Four: Final review of the collected information and report drafting

During phase one, a preliminary legal analysis of permissions was done based on the data included in the Registry. During this analysis it became immediately clear that permissions included in the Registry need to be updated, to correct the information included in the Registry and to include the new permissions identified during the analysis or merging of existing permissions. Because of considerable differences between the permissions included in the Registry and those stipulated by the legal framework and administered in practice by the MTI, it is necessary to review all the permissions in the Registry.

During phase two meetings were conducted with respective departments and agencies within the MTI. Phase one findings were discussed in these meetings and respective departments and agencies were asked to give their opinions on potential amendments in the permissions administered by them.

During phase three, meetings were conducted with private sector representatives involved in respective sectors related to permissions administered by the MTI, wherein findings were discussed and their opinions were required pertaining to the simplification of permissions in respective fields.

During phase four the entire collected information was reviewed and this report was drafted.

3. Updating Permit and License Registry

During phase one of implementing this activity the need to update the data in the Registry about MTI permissions has been identified in order to explain the current legal situation and prepare simplification recommendations based on the current legal situation.

Data updating was completed in cooperation with MTI Legal Department and all respective MTI departments and agencies are engaged in this process. To easier monitor eventual changes in the future pertaining to the number of permissions or criteria, legal deadlines or other elements, each permission has an assigned numeric code.

When updating the data on permissions at the MESP care was exercised so that the data included in the new forms reflect the criteria, procedures, deadlines, cost and other elements stipulated by respective laws or bylaws. Legal verification of data collected by respective departments or agencies is important because in some cases there may be discrepancies between legal definitions and the method of applying those legal definitions in practice by the respective departments or agencies, which could impact in the number of identified permissions as well as criteria, procedures, deadlines, costs or other elements of a permissions entered in the Registry.

From this activity, besides the amending of data, legal basis and other elements of permissions administered by the MTI, it also results that a considerable number of permissions should be added. for more details see table below, whereas a more specific inventory that presents the current situation in the Registry and the new situation is enclosed in Annex 1 of this Report. Together wit this report also all updated reports to be entered in the Registry have been obtained.

Organizational Unit	Permissions in the Registry	Permissions after the Review	Difference
Department of Trade	3	8	+ 5
Department of Industry	4	2	- 2
Department of Tourism	0	1	+ 1
Department for Regulating the Oil Market	19	20	+ 1
Department of Strategic Goods Trade Control	0	10	+ 10
Industrial Property Agency	4	1	- 3
Kosovo Business Registration Agency	6	10	+ 4
Kosovo Meteorology Agency	3	6	+ 3
Kosovo Investment and Enterprise Support Agency	1	2	+ 1
	Total: 40	Total: 60	Total: + 20

4. Legal Analysis of MTI Permissions

This chapter presents the legal analysis of permissions under the competency of MTI. The analysis is presented according to respective departments and agencies, whereas specific recommendations and deadlines for their implementation are shown in the table enclosed in Annex 3 of this Report.

4.1 Department of Trade

Department of Trade (DT) at the MTI administers eight (8) permissions in total that are related to the tobacco industry. These permissions are administered pursuant to Law no. 04/I -041 on Production, Collection, Processing and Trade of Tobacco (<http://gzk.rks-gov.net/ActDetail.aspx?ActID=2783#>) and respective bylaws, especially AI (MTI) on Determining the Conditions and Criteria for Entities Dealing with Trading of Tobacco and its Products (<http://gzk.rks-gov.net/ActDetail.aspx?ActID=12340>).

No.	In Registry	Department of Trade
DTR-1	Yes	License for export of tobacco products, except unfermented and unprocessed tobacco
DTR-2	Yes	License for cigarette import and wholesale trade
DTR-3	No	License for cigarette wholesale trade
DTR-4	Yes	License for cigars, cigarillos, hookah and smoking tobacco import and wholesale trade
DTR-5	No	License to import unprocessed tobacco
DTR-6	No	License for electronic cigarette import and wholesale trade
DTR-7	No	License to import and License for wholesale trade of chewing and sniffing tobacco
DTR-8	No	License for cigar paper and tube-shaped papers with filters import

Although the AI No.04/2016 defines eight (8) permissions administered by the DT, during discussions with representatives of DT it is known that DTR-3 is not administered in practice because it was considered that DTR-2 permission covers sufficiently the respective field.

Other state authorities involved in the administration of permissions for tobacco industry are Ministry of Agriculture, Forestry and Rural Development (MAFRD), Food and Veterinary Agency of Kosovo (FVAK) and Kosovo Customs. Regarding permissions issued by the MAFRD, these permissions are mainly related to tobacco collection and processing and could be considered as separate from permissions related to tobacco trade.

Pertaining to permissions in the field of tobacco and tobacco products trade, from the legal analysis and based on discussions with private sector representatives, it results that permissions through DT, FVAK and Kosovo Customs have been tripled. While it is obvious that applications submitted by these three institutions differ to a certain degree, this, however, is not a reason to apply for permissions in three various institutions. During a meeting with private sector representatives it has been known that among the main problems tobacco traders in Kosovo face in relation to permissions are the number required permissions (DT, FVAK and Customs), differences in the validity of permits issued by these three institutions DT (5 years), FVAK (1 year) and Kosovo Customs (1 year) as well as some of the requirements for issuing respective permissions.

Consequently, based on the analysis of discussions with the private sector, it is recommended to clarify competencies for issuing tobacco trade permissions and to create a On-Stop-Shop or a joint inter-governmental commission for all permissions related to this field at the DT in the MTI.

Another important finding that was discussed with private sector representatives, is related to the fees for issuing permissions for tobacco trade by the DT, which at first seem to be very high and not in compliance with the principle of covering administrative expenses as stipulated by Law No. 04/L-202 of the Permit and License System.

In relation to fees, it is recommended to perform an analysis to cover administrative expenses, which could review the reduction of these fees.

Specific recommendations pertaining to DT, divided as short term, mid-term and longterm recommendations have been included in Annex 3 - Table of Specific Recommendations.

4.2 Department of Industry

Department of Industry (DI) in the MTI administers a total of two (2) permissions related to the conformity assessment for non-food products and oil derivatives. These permissions are administered pursuant to Law no. 04/l -041 on Technical Requirements for Products and Conformity Assessment (<http://gzk.rks-gov.net/ActDetail.aspx?ActID=2783#>) and respective bylaws, especially AI (QRK) No. 12/2018 on the Manner of Designation of Conformity Assessment Bodies(<http://gzk.rks-gov.net/ActDetail.aspx?ActID=16388>).

No.	In Registry	Department of Industry
DI-1	Yes	Authorization for conformity assessment (Except Liquid Oil Derivatives)
DI-2	Yes	Authorization for Conformity Assessment for Liquid Oil Derivatives

during the review of the legal framework that regulates these permissions, the need to merge the two conformity assessment authorizations for toy safety and conformity assessment for elevators and their safety components in one single authorization DI-1 that covers more products that require authorization. Consequently, the number of permissions administered by the DI is reduced from 3 to 2 permissions.

During the review of the legal framework regulating this field, it is obvious that the legal basis has undergone changes in time, and lately in 2018 also the primary law that regulates the conformity assessment Law No.06/L-041 on Technical Requirements for Products and Conformity Assessment and the main bylaw AI (QRK) No. 12/2018 on the Manner of Designation of Conformity Assessment Bodies (<http://gzk.rks-gov.net/ActDetail.aspx?ActID=16388>) have been amended.

It is also obvious that the legal basis in this field is harmonized to a great degree with the requirements of EU Acquis Communautaire and consequently there is little space to further simplify the procedures for these permissions. Although some laws and bylaws of EU countries have been reviewed during this analysis, an example used for the purpose of comparison is the Law of the Republic of Croatia on Technical Requirements for Products and Conformity Assessment

<http://www.mvep.hr/files/file/dokumenti/prevodenje/zakoni/zakon-o-tehnickim-zahtjevima-za-proizvode-i-ocjenjivanju-sukladnosti-nn-80-13-eng.pdf>

One matter where there is little room for simplification is application and authorization fees that are set by the Decision of MTI Minister No.53 of 29.10.2018 that defines application and authorization taxes for the appointed bodies of conformity assessment.

Another issue raised during discussion with private sector representatives involved in this field is setting of maximum deadlines to review applications to appoint conformity bodies by the assessment commissions and the deadlines for signing appointments by the ministers of the respective ministries as well as the administrative appeal procedure in case of rejection. AI (QRK) No. 12/2018 does not set these deadlines and the appeal procedure. It is clear that in lack of these deadlines and appeal procedures the provisions of the applicable law on general administrative procedure are applicable (<https://gzk.rks-gov.net/ActDetail.aspx?ActID=12559>), but to further explain these procedures and provide legal safety for applicants it would be optimal for these deadlines and appeal procedures to be also defined in AI (QRK) No. 12/2018.

Specific recommendations pertaining to DI permissions, divided as short term, mid-term and longterm recommendations have been included in Annex 3 - Table of Specific Recommendations.

4.3 Department of Tourism

Department of Tourism (DTU) is the newest department at the MTI that administers one (1) permissions related to the categorization of hotel facilities. This permission was previously administered by the Department of Industry. This permission is administered pursuant to Law No. 04/L-176 on Tourism (<https://gzk.rks-gov.net/ActDetail.aspx?ActID=8668>) and respective bylaws.

No.	In Registry	Department of Tourism
DTU-1	Yes	Hotel Facility Categorization Certificate

During the analysis of DTU-1 it has been concluded that this permission could potentially be removed from the Registry as it currently doesn't constitute a precondition to exercise the activity of hotel facilities but gives the right to hotel facilities to put categorization stars on voluntary basis. However, considering that this permission is currently under review and in the process of transforming into a mandatory permissions pursuant to the draft law on tourism, which is currently being reviewed by the Government of the Republic of Kosovo (QRK), it was decided not to recommend deletion from the Registry.

It is important to highlight that the new draft law on tourism currently being reviewed by the QRK provides the creation of several additional permissions, including three potential professional licenses for tourist guides in three different categories and several requests for registration with the Central Tourism Registry that will be created at the MTI (i.e. registration of tourism agencies). Regarding the registration requests, by the review of the draft law on tourism it is not completely clear if these registration requests shall be applied for private subjects in the tourism sector or the data shall be collected from existing data sources within the QRK and added to the registry. Correct procedures of the foregoing registrations are to be regulated with bylaws.

It is recommended that MTI reviews carefully the new permissions planned to be created in the field of tourism and their compatibility with the principle of proportionality and other principles provided by Law No.04/L-202 on the Permit and License System.

Specific recommendations pertaining to DTU permissions, divided as short term, mid-term and longterm recommendations have been included in Annex 3 - Table of Specific Recommendations.

Department for Regulating the Oil Market

Department for Regulating the Oil Market (DROM) at the MTI administers twenty (20) permissions in total that are related to the oil industry. These permissions are administered pursuant to Law No. 2004/5 on Trade of Petroleum and Petroleum Products in Kosovo (<https://gzk.rks-gov.net/ActDetail.aspx?ActID=2408#>), with amendments and supplements to existing bylaws, especially AI (MTI) No. 07/2018 on Determination of the Licensing Procedures for Entities Dealing in Petroleum Sector Activities (<https://gzk.rks-gov.net/ActDetail.aspx?ActID=17763>), with amendments and supplements.

No.	In Registry	Department for Regulating the Oil Market
DRRTN-1	Yes	License to import diesel and petrol
DRRTN-2	Yes	License to deposit diesel, petrol and gasoline
DRRTN-3	Yes	License for diesel, petrol and gasoline wholesale trade
DRRTN-4	Yes	License diesel, petrol and gasoline retail trade
DRRTN-5	Yes	License for GLN import
DRRTN-6	Yes	License for GLN depositing
DRRTN-7	Yes	License for GLN wholesale trade
DRRTN-8	Yes	License for GLN retail trade
DRRTN-9	Yes	License for import of heavy oils for heating
DRRTN-10	Yes	License for wholesale trade of heavy oils for heating
DRRTN-11	No	License for import of oil of certain products (basic lubricants)
DRRTN-12	Yes	License for wholesale trade of lubricants of certain products
DRRTN-13	Yes	License to import oil coke
DRRTN-14	Yes	License for import of oil of certain products (oils for lubrication, hydraulics, heat conducting, against corrosion, electric isolation, metal work, dissolving and other similar purposes)
DRRTN-15	Yes	License for jet fuel import
DRRTN-16	Yes	License for jet fuel deposit
DRRTN-17	Yes	License for jet fuel wholesale trade
DRRTN-18	Yes	License for gasoline import
DRRTN-19	Yes	License to import raw material for producing final oil fuels
DRRTN-20	Yes	License for import, wholesale trade and retail trade of household gas cylinders

During the analysis of the legal framework regulating permissions administered by the DROM an additional permissions DRRTN-11 has been identified, which was created pursuant to AI (MTI) No. 07/2018 thus increasing the number of permissions from 19 permissions currently entered in the Registry to 20 permissions.

It should be highlighted that the Law on Trade of Petroleum and Petroleum Products in Kosovo is currently being amended and supplemented. The draft law was submitted once to the Kosovo Assembly in 2018 but was returned again to be reviewed by the MTI, where it is currently found. Findings below and recommendations in Annex 3 of this Report may be considered during the reviewing of the Draft Law on Trade of Petroleum and Petroleum Products and Renewable Fuels.

From the legal analysis it is found that there is need for changes to the legislation regulating permissions in the oil field to review administrative fees, procedures, requirements and responsibilities to issue these permissions. We especially consider that document requirements to obtain oil licenses, validity of licenses that currently is two (2) years, cost of obtaining the permissions and the responsibilities of the technical conditions verification committee should be reviewed. These issues have also been discussed in detail with the private sector representatives involved in this field.

In relation to fees for obtaining permissions in the oil field, we consider that there is need for a detailed analysis pursuant to the principle of covering administrative expenses, because it is not clear if the fees currently set pursuant to AI 16/2010 (<https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=7936>) comply with this principle. One fee in particular, the 100 EUR fee for Technical Conditions Verification Committee visits we consider that it should be removed as soon as possible, because also from the information collected at the MTI this fee in fact is not being applied and the purpose of this fee is not clear.

From the analysis of the existing legislation, especially AI (MTI) No.07/2018 and based on discussions with representatives from the MTI and private sector it turns out that in the process of issuing permissions in the oil sector, besides DROM another body is involved, namely the Technical Conditions Verification Committee that is created pursuant to Article 13 of AI (MTI) No. 07/2018.

This Committee, which is responsible to verify the special technical conditions is appointed by the Minister of the MTI, however, its responsibilities, which are exclusively specified under Article 13 of AI (MTI) No. 07/2018 are very vague. After reviewing decision number 01.Ref.No.89 of 22.07.2016 of the Minister of the MTI on the appointment of this committee, it turns out that this Committee assesses the technical conditions before permissions are issued in the oil sector and reflects the assessment in a report (minutes) that is submitted to the DROM before the license is issued. In addition, from the reviewing of the foregoing decision it is found that this Committee is comprised of MTI officers, in some cases out of the DROM.

After reviewing Law No.2004/5 and AI (MTI) No.07/2018 what is the exact added value of this Committee in the process of administering permissions in the oil sector and why these assessment tasks cannot be performed by DROM itself, which is the department with the highest expertise at the MTI in the oil sector and the responsible department to administer these permissions.

Regarding the procedures and requirements for documents to obtain a permission in the oil sector, it doesn't seem reasonable that the same requirements are applied to obtain a two (2) year period permission and for its renewal upon its expiration as provided by Article 4, paragraph 4.5 of Law No. 2004/5 and Articles 11 and 12 of AI (MTI) No. 07/2018.

During meetings with private sector representatives, one concern that was raised pertains to the DROM requirement to “verify” the documents submitted for application purposes for permissions issued by the DROM. From the same discussions it was clarified that this requirement was interpreted by DROM as a *notarization* requirement and has also been applied for authorizations issued by government authorities such as KBRA and KTA. Pertaining to this matter the legal framework was analyzed and it turns out that in fact Law No.2004/5 under Article 5, paragraph 5.6 stipulates that documents issued by some state authorities such as KBRA and KTA are “verified” but, considering the time when this law was approved this requirement cannot be interpreted that it sets a requirement to “notarize” the documents. In addition, this matter is also addressed in AI (MTI) No. 07/2018 under Article 3, paragraph 9 where it is stipulated that “Documentation provided by the applicant shall be original or a copy certified by competent bodies”. During this activity it was not possible to confirm this claim by reviewing any license application submitted by applicants, however, it is recommended that this issue is reviewed seriously and clarified that it is not necessary that authorizations required by other institutions of the QRK to obtain licenses in the oil sector are verified outside the structures of the QRK, because their authenticity is verified upon issuance by the competent authorities.

Pertaining to the duration of the validity of oil sector permissions, it is worth highlighting that the two (2) year validity is too short and doesn't comply with the principle of proportionality pursuant to Law No.04/L-202 on Permit and License System. The current version of the draft law at the MTI proposes the amending of the validity period from two (2) to five (5) years, but we consider that the duration of the validity of these permissions could be further extended.

During the review of the new Draft Law on Trade of Petroleum and Petroleum Products and Renewable Fuels in Kosovo, it is noticed that Article 5 of this Draft Law defines five (5) types of licenses issued pursuant to the new Draft Law, while currently 20 licenses are issued. While reviewing this Draft Law from the MTI we advise to take into consideration Law No. 04/L-202 on Permit and License System that stipulates that permits and licenses can be set only by law, which implies that each permission shall be set explicitly by law individually and not by type.

Specific recommendations pertaining to DROM permissions, divided as short term, mid-term and long-term recommendations have been included in Annex 3 - Table of Specific Recommendations.

4.5 Department of Strategic Goods Trade Control

Department of Strategic Goods Trade Control (DSGTC) at MTI administers ten (10) permissions in total. These permissions are administered pursuant to Law no. 04/L-198 on Strategic Goods Trade (<http://gzk.rks-gov.net/ActDetail.aspx?ActID=2783#>) and respective bylaws, especially AI (MTI) No. 14/2013 on Registering, Licensing and Implementing Administrative Procedures (<https://gzk.rks-gov.net/ActDetail.aspx?ActID=9971>).

No.	In Registry	Department of Strategic Goods Trade Control
DKTMS-1	No	Registration in the Registry of Strategic Goods Traders
DKTMS-2	No	License to Export Strategic Goods
DKTMS-3	No	License for Extra-Territorial Re-Export and Re-Transfer of Strategic Goods
DKTMS-4	No	License to Import Strategic Goods
DKTMS-5	No	License for Strategic Goods Brokers-Intermediaries

DKTMS-6	No	License for Transit or Transshipment of Strategic Goods
DKTMS-7	No	Certificate for Strategic Goods End User
DKTMS-8	No	International Certificate of Strategic Goods Import
DKTMS-9	No	Strategic Goods Handover Verification Certificate
DKTMS-10	No	License for Providing Services Related to Strategic Goods

Permissions DKTMS-1 through DKTMS-10 administered by the DSGTC have not been identified in the Registry and they were identified during the implementation of this activity.

After identifying these permissions the legal framework that regulates these permissions was analyzed and it results that procedures for administering these permissions are mainly in compliance with the practices of the EU states and in the region. During the legal framework analysis we reviewed practices in Latvia (<https://likumi.lv/ta/en/id/214394-procedures-for-issuing-or-refusal-to-issue-a-licence-for-goods-of-strategic-significance-and-other-documents-related-to-the-circulation-of-goods-of-strategic-significance>) Croatia (<http://gd.mvep.hr/hr/kontrola-izvoza/export-control/dual-use-items/application-forms/>), Estonia (<https://vm.ee/en/applications-licenses-and-certificates-other-forms>) and Bulgaria (<http://exportcontrol.bg/indexen.php>).

From this comparative analysis it is found that practices in this field are relatively similar and there is little room for further simplification.

During discussion with private sector representatives involved in the strategic goods trade, one of the identified requests was to create at the DSGTC the necessary capacities to issue general licenses that could ease considerably the process of obtaining licenses without needing individual licenses for each transaction.

A field in which one possibility for simplification was initially identified are the fees for registering and issuing strategic goods trade licenses. However, after a more detailed analysis, it results that fees for issuing these licenses have been gradually reduced and in 2018 they came down to five (5) EUR for the registration and issuing of respective licenses by the DSGTC pursuant to Decision No.12 of 9th January 2018 of the Minister of MTI. However, it is worth reviewing the possibility of completely eliminating the 5 EUR fee for the registration at the Registry of Strategic Goods Traders (to encourage greater registration, which is in the favor of QRK).

Specific recommendations pertaining to DSGTC permissions, divided as short term, mid-term and longterm recommendations have been included in Annex 3 - Table of Specific Recommendations.

4.6 Industrial Property Agency

Industrial Property Agency (IPA) at the MTI administers one (1) permission in total. This permission is administered pursuant to Law No. 04/L-029 on Patents (<https://gzk.rks.gov.net/ActDetail.aspx?ActID=8668>) and respective bylaws especially AI (MTI) No. 06/2018 on Authorized Representatives in the Field of Industrial Property (<https://kipa.rks.gov.net/desk/inc/media/19BC701B-0CDA-4030-A904-67142A27EA18.pdf>).

No.	In Registry	Industrial Property Agency
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API-1	Yes	Registration of Authorized Representatives in the Field of Industrial Property
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Pertaining to the number of permissions administered by the IPA identified in the Registry, during this activity it was concluded that the current number of four (4) permissions identified in the Registry should be reduced to one (1) single permit API-1. This because the registration of patents, trade marks and industrial design has not been considered to have met the conditions set forth by Law No.04/L-202 on the Permit and License System to be considered a permission, because these registrations don't constitute a precondition to engage in a certain activity but they constitute a complementary protection of right that can later be defended before the competent Court. Eliminating three (3) other permissions was initially proposed by IPA and is also supported by the practice in the Republic of Slovenia where only this permission has been identified in the respective Registry (<http://eugo.gov.si/en/permits/>).

Pertaining to permission API-1, practices of several EU states and in the region, including Slovenia, Ireland and sources from the European Patent Office have been consulted (<https://www.epo.org/index.html>). While comparing the legislation in Kosovo pertaining to industrial property with the legislation of several EU states and sources from European Patent Office, it is immediately obvious that the legislation is harmonized to a great degree with the EU legislation.

However, two issues that are worth reviewing are the duration of the registration and fees for permission API-1.

Current one (1) year duration of registration seems very short and could be noncomplying with the principle of proportionality pursuant to Law No.04/L-202 on the Permit and License System. This duration could be reviewed for extending to at least three (3) years until qualifying exams start, and then the duration should be reviewed again for extending it further, with the option of setting the the duration to an indefinite period.

Current application, registration and registration extension fees seem to be too high and it is not clear whether they are compliant with the principle of covering administrative expenses (in lack of qualification exam) and we consider that they should be reviewed. Current fees pursuant to AI (MTI) No. 06/2018 are as follows: application fee: 30 EUR, registration fee: 300 EUR, renewal fee: 300 EUR, fee for changing data in the registry: 20 EUR.

Fees were raised in 2018 through AI (MTI) No. 06/2018 in comparison to previous fees stipulated under Article 16 of AI (MTI) No. 08/2013 (<https://gzk.rks-gov.net/ActDetail.aspx?ActID=2756>), but the reason for their increase is not clear.

Specific recommendations pertaining to IPA permissions, divided as short term, mid-term and longterm recommendations have been included in Annex 3 - Table of Specific Recommendations.

4.7 Kosovo Business Registration Agency

Kosovo Business Registration Agency (KBRA) at MTI administers ten (10) permissions in total. These permissions are administered pursuant to Law No.06/L-016 on Business Organizations (<https://gzk.rks-gov.net/ActDetail.aspx?ActID=16426>).

No.	In Registry	Kosovo Business Registration Agency
ARBK-1	Yes	Individual Business Registration
ARBK-2	Yes	Registration of General Partnership
ARBK-3	Yes	Registration of Limited Partnership
ARBK-4	Yes	Registration of a Limited Liability Company
ARBK-5	Yes	Registration of Joint Stock Companies
ARBK-6	Yes	Registration of a Foreign Company Branch in Kosovo
ARBK-7	No	Registration of Business Organization Representative Office
ARBK-8	No	Registration of Agricultural Cooperative
ARBK-9	No	Registration of Socially Owned Enterprise
ARBK-10	No	Registration of Public Enterprise

During the analysis of the legal framework that regulates permissions administered by the KBRA another 4 additional permissions were identified, ARBK-7 through ARBK-10, thus increasing the number of permissions from 6 that are currently registered in the Registry to 10 permissions.

The process of business registration in Kosovo is regulated pursuant to Law No.06/L-016 on Business Organizations adopted in 2018 and from the legal analysis and reviewing of the report on approximation with Acquis Communautaire prepared by the MTI it results that it is mainly in compliance with the EU legislation regulating this field. The registration process is also quite efficient, as proven by the Kosovo ranking 13th in the world for starting a business in the 2019 Doing Business Report (http://www.doingbusiness.org/en/data/exploreeconomies/kosovo#DB_sb).

In addition, Law No.06/L-016 on Business Organizations entered into force in June 2018 and contains most of the necessary simplifications. However, it is important that this efficiency is maintained in the long run by undertaking the necessary steps described below:

- Drafting and adopting bylaws pursuant to the Law on Business Organizations with special emphasis on the adoption of bylaws for business registration procedures pursuant to Article 17, paragraph 12 of Law No.06/L-016 on Business Organizations;
- Training KBRA officers pertaining to the requirements and conditions of the new Law on Business Organizations, which entered into force in June 2018 to ensure that all Business Organizations without exemption are registered within 2 days pursuant to the requirements of Law No. 06/L-016 on Business Organizations;
- Continuing the preparation and publishing of Reports on Main Business Registration Performance, which is also a legal requirement pursuant to Law No. 06/L-016 Business Organizations (<https://arbkrks.gov.net/page.aspx?id=1,41>);
- Undertaking steps to automatize the performance measuring in the registration of business organizations by developing an electronic tool that produces automatically the reported information on main indicators and that presents this information on the KBRA web page ready to be reviewed by the public;

- Intensifying efforts to change the KBRA web page with the aim of harmonizing requirements of Law No. 06/L-016 on Business Organizations and performing the necessary preparations to launch the e-registration.

Specific recommendations pertaining to IPA permissions, divided as short term, mid-term and longterm recommendations have been included in Annex 3 - Table of Specific Recommendations.

4.8 Kosovo Meteorology Agency

Kosovo Meteorology Agency (KMA) at the MTI administers six (6) permission in total. These permissions are administered pursuant to [Law No. 06/L-037 on Meteorology](https://gzk.rks-gov.net/ActDetail.aspx?ActID=16354) and Law No. 04/L-154 on Precious Metal Works <https://gzk.rks-gov.net/ActDetail.aspx?ActID=2869>.

No.	In Registry	Kosovo Meteorology Agency
AMK-1	Yes	Authorization of Legal Entities to Repair and Prepare Measuring Tools for Verification
AMK-2	Yes	Approval of the Type of Legally Controlled Measuring Devices
AMK-3	Yes	Designation of Entities to Verify Legally Measuring Devices
AMK-4	No	Registration of Producers and Importers of Measuring Devices
AMK-5	No	Precious Metal Examination Report
AMK-6	No	Decision on the Producer Brand, Importer or Authorized Representative of Precious Metal Works

During the analysis of the legal framework that regulates permissions administered by the KNA another three (3) additional permissions were identified, AMK-4, AMK-5 and AMK-6 thus increasing the number of permissions from 3 that are currently registered in the Registry to 6 permissions.

Legislation in the field of meteorology has undergone many changes during the years. First law on meteorology, namely Law No. 02/L-34 on Meteorology was adopted in 2006 (*first law on meteorology*), this law was abrogated in 2008 by Law No. 03/L-203 on Meteorology (*second law on meteorology*), that was also abrogated in 2018 by Law No. 06/L-037 on Meteorology (*new law on meteorology*).

Currently MTI is in the process of drafting necessary bylaws to implement the new law on meteorology.

However, because the new law on meteorology doesn't stipulate the renewal of the application of several existing bylaws until the new bylaws are rendered, this has resulted in a situation in which these permissions have a legal basis on the new law on meteorology, however, bylaws that had previously regulated the administration of these permissions are no longer applicable (i.e. AI (MTI) No. 13/2013, AI (MTI) No. 2006/23 and AI (MTI) No. 05/2015). These bylaws had set the criteria, legal deadlines, procedures and other elements of these permissions.

For this reason, drafting and adopting as swiftly as possible bylaws for implementing the new law on meteorology is vital for the correct administration of these permissions. Although, currently there is a legal void pertaining to the administration of permissions by the KMA, this is also a great opportunity

that during drafting and reviewing of new bylaws to carefully review the requirements of Law No.04/L-202 on the Permit and License System and that principles set forth in this law are included.

Another important issue pertaining to permissions AMK-1, AMK-2, AMK-3 and AMK-3 pertains to the steep fees applied by the KMA. Fees are set in AI (MTI) No. 05/2018 on the Amount and Procedure of Payment for Meteorological Services (<https://gzk.rks-gov.net/ActDetail.aspx?ActID=16522>) that was adopted pursuant to the new law on meteorology and is advisable that the fees set forth in this AI are reviewed based on the principle of covering expenses of administrative procedures. Pertaining to AMK-3 in particular, during a future review of the AI (MTI) No. 05/2018 the issue of setting the fees for the appointment of conformity assessment bodies in the AI (MTI) No. 05/2018 could be reviewed, because from the legal analysis it results that there could be a conflict between AI (MTI) No. 05/2018 (Annex IV) and AI (QRK) 12/2018 that sets forth that fees for nominating conformity assessment bodies are set with a special act by the minister of the respective ministry (which in the case of DI has been interpreted as a decision of the minister of MTI). The issue of the possible amendment of AI (MTI) No. 05/2018 was also discussed in a meeting with the General Director of the KMA, in which the General Director notified that the review of this AI is planned by the KMA in the near future.

Permission AMK-1 has undergone several changes pursuant to the new law on meteorology and some of the procedures and deadlines to issue this permission are set forth under Article 36 through Article 41 of this law. Bylaws adopted pursuant to the second law on meteorology, namely AI (MTI) No.13/2013, AI (MTI) No. 2006/23 and AI (MTI) No. 05/2015 that had specified beforehand the procedures to issue this permission have been abrogated with the new law on meteorology and new bylaws pursuant to Article 36 of the new law on meteorology have still not been adopted.

Permission AMK-2 has also undergone some changes pursuant to the new law on meteorology. Some of the general requests for this permission are set forth under Article 17 of the new law on meteorology, however, the bylaw that shall be adopted pursuant to this Article has still not been adopted and at this stage it is advisable that KMA follows carefully requirements of Law No.04/L-202 on the Permit and License System during the drafting of this bylaw.

Permission AMK-3 is a conformity assessment body designation procedure regulated pursuant to AI (QRK) 12/2018 and the same comments as those on conformity assessment body designation procedures by the DI are applicable, namely that AI (QRK) 12/2018 should set forth maximum deadlines to review requirements for the designation of conformity bodies by assessment committees and the deadlines to sign the designations by ministers of respective ministries as well as the administrative appeal procedure in case of rejection. It is clear that in lack of these deadlines and appeal procedures the provisions of the applicable law on general administrative procedure are applicable, but to further explain these procedures and provide legal safety for applicants it would be optimal for these deadlines and appeal procedures to be also defined in AI (QRK) No. 12/2018.

The legal basis of permission AMK-4 is Article 32 of the new law on meteorology that provides the registration of all producers and importers of measuring devices in a registry kept by the KMA. Under Article 46 of the law on meteorology it is also provided the fining of producers and importers that don't observe these registration requirement. However, from the performed legal analysis it results that the bylaw setting forth the registration procedures for producers and importers in this register has still not been adopted. During this analysis, the previous law on meteorology adopted in 2010 (Article 28) has

also been reviewed, although this law requires the adoption of a bylaw on the registration of producers and importers, this bylaw couldn't be found in the Official Gazette, KMA web page or MTI web page.

The legal basis of permission AMK-5 is Law No. 04/L-154 on Precious Metal Works (<https://gzk.rks-gov.net/ActDetail.aspx?ActID=2869>) and the purpose of this permission is to oblige all precious metal producers and importers to send their products for analysis at the precious metal laboratories operating at the KMA. Precious metal products cannot be placed in the market without undergoing respective analysis by these laboratories that conclude with the rendering of a Precious Metal Examination Report. From the analysis of requirements for this permissions set forth by Law No. 04/L-154 and AI (MTI) No. 12/2013 on the Form of Purity Sign, Examination of Precious Metal Products and Form of Harmonization Sign (<https://gzk.rks-gov.net/ActDetail.aspx?ActID=2869>) it results that the law and respective bylaws have not defined some very important elements for the proper administration of this permission, including (i) full list of documents that need to be submitted together with the written examination request and (ii) maximum deadlines to finish the examination.

The legal base of permission AMK-6 under Article 21 of Law No. 04/L-154 on Precious Metal Works. Article 8, paragraph 7 of the same law also provides the adoption of a bylaw that regulates the setting of purity sign, producer, and harmonization sign in precious metal products. Although the bylaw provided by Article 8, paragraph 7 of Law No. 04/L-154 was adopted in 2013, namely AI (MTI) No. 12/2013, from the review of this AI it results that application procedures, documents and criteria for the producer sign, importers or authorized representatives on precious metal products have not been set forth by this AI. Application procedures, documents and criteria for this permission in the past have been set forth by AI (MTI) No. 2008/06 on Producers, Craftsman and Seller Marks for Precious Metal Products (<https://gzk.rks-gov.net/ActDetail.aspx?ActID=7600>) adopted in 2008 based on the first law on meteorology, however, this AI is no longer applicable because it was abrogated with the adoption of the second law on meteorology in 2008. In AI (MTI) 2008/06 for the confirmation of this legal situation by KMA several examples of decisions issued in 2018 have been sought and from their review it is clear that these decisions are invoking AI (MTI) No. 2008/06, which as stated above is no longer applicable. In Annex 3 - Table of Recommendations it is proposed to amend and supplement AI (MTI) 12/2013 for the clear regulation of the content of this decision. If MTI decides to initiate the amending and supplementing of AI (MTI) No. 12/2013 it should also take into consideration that Article 21 of Law No. 04/L-154 authorizes the issuing of a *decision on the Producer Brand, Importer or Authorized Representative* and not a *decision on sale* as it is currently applied.

Specific recommendations pertaining to KMA permissions, divided as short term, mid-term and longterm recommendations have been included in Annex 3 - Table of Specific Recommendations.

4.9 Kosovo Investment and Enterprise Support Agency

Kosovo Investment and Enterprise Support Agency (KIESA) at MTI administers two (2) permissions in total. These permissions are administered pursuant to Law No.04/L-159 on Economic Zones (<https://gzk.rks-gov.net/ActDetail.aspx?ActID=16426>).

No.	In Registry	Kosovo Investment and Enterprise Support Agency in Kosovo
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AIPNK-1	Yes	Consent on Establishing a Free Economic Zone, Industrial Park or Technological Park
AIPNK-2	No	Consent on Establishing a Business Incubator

During the analysis of permissions administered by KIESA the need to change the Registry was concluded in order to divide 1 permission currently identified in the registry in 2 separate permissions, one for establishing three types of economic zones including free zones, industrial parks and technological parks submitted to the same procedural requirements on one side and one permission for business incubators submitted to different procedural requirements on the other hand.

The legislation that regulates the creation of economic zones is currently in the process of being amended and supplemented and the Law Regulating Economic Zones is about to be adopted by the QRK. It is recommended that MTI will review carefully Law No.04/L-202 on the Permit and License System during the amending and supplementing of respective bylaws after the adoption of amendments in the existing law.

Specific recommendations pertaining to KIESA permissions, divided as short term, mid-term and longterm recommendations have been included in Annex 3 - Table of Specific Recommendations.

Annex 1- Updating Permit and License Registry

Organizational Unit	Permissions in the Registry	Permissions after the Review
Department of Trade	1. License for Tobacco Import and Wholesale Trade	DTR-1 License for export of tobacco products, except unfermented and unprocessed tobacco
	2. License for Export of Tobacco Products, Except Unfermented and Unprocessed Tobacco	DTR-2 License for cigarette import and wholesale trade
	3. License for Cigars, Cigarillos and Hookah Import and Wholesale Trade	DTR-3 License for cigarette wholesale trade
		DTR-4 License for cigars, cigarillos, hookah and smoking tobacco import and wholesale trade
		DTR-5 License to import unprocessed tobacco
		DTR-6 License for electronic cigarette import and wholesale trade
		DTR-7 License to import and License for cigarette wholesale trade, chewing and sniffing tobacco wholesale trade
		DTR-8 License for cigar paper and tube-shaped papers with filters import
Department of Industry	1. Authorization for Conformity Assessment for Toy Safety	DI-1 Designation for Conformity Assessment (Except Liquid Oil Derivatives)
	2. Authorization for Conformity Assessment of Elevators and their Safety Components	DI-2 Authorization for Conformity Assessment for Liquid Oil Derivatives
	3. Authorization for Conformity Assessment for Liquid Oil Derivatives	
	4. Hotel Facility Categorization Certificate	
Department of Tourism		DTU-1 Hotel Facility Categorization Certificate
	1. License to import diesel and petrol	DRRTN-1 License to import diesel and petrol
	2. License to import diesel and petrol	DRRTN-2 License to deposit diesel, petrol and gasoline
	3. License for diesel, petrol and gasoline wholesale trade	DRRTN-3 License for diesel, petrol and gasoline wholesale trade
	4. License for retail trade of petroleum and petroleum products	DRRTN-4 License for diesel, petrol and gasoline wholesale trade
	5 License for liquefied oil gas import (LPG)	DRRTN-5 License for GLN import
	6. License for liquefied oil gas depositing (LPG)	DRRTN-6 License for GLN depositing
	7. License for wholesale trade of liquefied oil gas	DRRTN-7 License for GLN wholesale trade
	8. License for retail trade of liquefied oil gas (LPG)	DRRTN-8 License for GLN retail trade

Department for Regulating the Oil Market	9. License for heavy oil import (propane, solar, liquefied bitumen)	DRRTN-9 License for import of heavy oils for heating
	10. License for wholesale trade of heavy oils for heating and or bitumen	DRRTN-10 License for wholesale trade of heavy oils for heating
	11. License for Lubricants wholesale trade	DRRTN-11 License for import of lubricants of certain products (basic lubricants);
	12. License for petroleum coke import-	DRRTN-12 License for wholesale trade of lubricants of certain products
	13. License for import of lubricants of certain products (motor and basic lubricants)	DRRTN-13 License to import petroleum coke
	14. License for import of kerosene	DRRTN-14 License for import of lubricants of certain products (lubricants for the purpose of lubrication, hydraulics, heat conducting, against corrosion, electric isolation, metal work, dissolving and other similar purposes)
	15. License for storing kerosene	DRRTN-15 License for jet fuel import
	16. License for wholesale trade of kerosene	DRRTN-16 License for jet fuel deposit
	17. License for import of industrial diesel (gasoline) for heating	DRRTN-17 License for jet fuel wholesale trade
	18. License to import diesel and diesel products for further processing	DRRTN-18 License for gasoline import
	19. License for import, wholesale and retail trade of household gas cylinders	DRRTN-19 License to import raw material for producing final oil fuels
Department of Strategic Goods Trade Control		DRRTN-20 License for import, wholesale and retail trade of household gas cylinders
		DKTMS-1 Registration in the Registry of Strategic Goods Traders
		DKTMS-2 License to Export Strategic Goods
		DKTMS-3 License for Extra-Territorial Re-Export and Re-Transfer of Strategic Goods
		DKTMS-4 License to Import Strategic Goods
		DKTMS-5 License for Strategic Goods Brokers-Intermediaries
	DKTMS-6 License for Transit or Transshipment of Strategic	

		Goods
		DKTMS-7 Certificate for Strategic Goods End User
		DKTMS-8 International Certificate of Strategic Goods Import
		DKTMS-9 Strategic Goods Handover Verification Certificate
		DKTMS-10 License for Providing Services Related to Strategic Goods
Industrial Property Agency	1. Registration in the Registry of Authorized Representative	API-1 Registration of Authorized Representatives in the Field of Industrial Property
	2. Patent Registration	
	3. Registration of Trademarks	
	4. Registration of Industrial Design	
Kosovo Business Registration Agency	1. Individual Business Registration	ARBK-1 Individual Business Registration
	2. Registration of General Partnership	ARBK-2 Registration of General Partnership
	3. Registration of Limited Partnership	ARBK-3 Registration of Limited Partnership
	4. Registration of a Limited Liability Company	ARBK-4 Registration of Limited Liability Partnership
	5. Joint Stock Company Registration	ARBK-5 Joint Stock Company Registration
	6. Registration of a Foreign Business Organization	ARBK-6 Registration of a Foreign Company Branch in Kosovo
		ARBK-7 Registration of Business Organization Representative Office
		ARBK-8 Registration of Agricultural Cooperative
		ARBK-9 Registration of Socially Owned Enterprise
		ARBK-10 Registration of Public Enterprise
Kosovo Meteorology Agency	1. Authorization of Entities to Verify Legally Measuring Devices	AMK-1 Authorization of Legal Entities to Repair and Prepare Measuring Tools for Verification
	2. Approval of the Type of Legally Controlled Measuring Devices	AMK-2 Approval of the Type of Legally Controlled Measuring Devices
	3. Authorization of entities to verify legally measuring devices	Designation of Entities to Verify Legally Measuring Devices
		AMK-4 Registration of Producers and Importers of Measuring Devices
		AMK-5 Precious Metal Examination Report
		AMK-6 Decision on the Producer Brand, Importer or Authorized Representative of Precious Metal Works

Kosovo Investment and Enterprise Support Agency in Kosovo	1. Consent for Establishment of Economic Area	AIPNK-1 Consent on Establishing a Free Economic Zone, Industrial Park or Technological Park
		AIPNK-2 Consent on Establishing a Business Incubator

Annex 2 – Table of General Recommendations for MTI

During the implementation of this activity it was concluded that although Law No.04/L-202 on Permit and License System is taken into consideration in some cases during the drafting of legal acts at the MTI, the degree of observing this law at the MTI has still considerable space for improvement.

To address these deficiencies in the level of the implementation of this important law to improve the business environment in Kosovo it is recommended to undertake several actions, as described below.

GENERAL RECOMMENDATIONS	
1.	Updating Permit and License Registry: To ensure the regular updating of the Registry for the permissions administered by the MTI, there is need to set forth some rules within the MTI's Legal Department for maintaining the Registry. This can be done through the creation of a clear process of notification by the legal officers at MTI's Legal Department for the responsible officer to maintain the Registry (Point of Contact) pertaining to all new permissions provided by the new legislation drafted at the MTI. Another action that could be assigned to the responsible officer to update the registry is to conduct regular meetings with all organizational units in the MTI at least twice per year to collect information pertaining to existing permissions or newly created permissions, their legal verification and preparation of forms to be submitted to the Legal Office of the Prime Minister.
2.	Improving Monitoring of Implementation of the Law on Permit and License System: To ensure the observing of Law No.04/L-202 on Permit and License System during the drafting of policies and legislation and during their application within the MTI, there is need to create a clear process of work within the Department for Integration of Policies and Coordination of Policies and Legal Department to ensure compatibility with the Law on Permit and License System. Effective functioning of this work process depends largely on the creating of a clear line of communication between these two Departments, organizing specialized trainings and creating a guide on principles and requirements of the permit and license system that could be used by the officers of these two departments when participating in drafting policies and legislation.

3.	Training MIT Officers pertaining to Law No.04/L-202 on Permit and License System: To ensure the uniform and consistent application of principles provided by the Law on Permit and License System it is necessary to organize and develop all inclusive trainings for all organizational units at the MTI on the importance and application of the law on permit and license system during the drafting of legislation and during implementation.
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Annex 3 – Table of Specific Recommendations for MTI

DEPARTMENT OF TRADE						
No.	Intervention Explanation	Impacted permissions ²⁸⁰	Necessary Actions	Main Impacted Acts	Intervention Deadline	Comments
1.	Merging the License to Import and Wholesale Trade of Cigarettes (DTR-2) with License for Wholesale Trade of Cigarettes (DTR-3)	1 Permission Eliminated (1 No) DTR-3	Amending and supplementing AI (MTI) No.04/2016 on Determining the Conditions and Criteria for Entities Dealing with Trading of Tobacco and its Products	AI (MTI) No.04/2016 on Determining the Conditions and Criteria for Entities Dealing with Trading of Tobacco and its Products http://gzk.rks.gov.net/ActDetail.aspx?ActID=12340	Mid term (by 31 st December 2019)	This recommendation can be implemented individually or together with recommendation No.2
2.	Assessing fees for tobacco wholesale trade permissions (DTR-1 through DTR-8) based on the principle of covering administrative expenses	7 Permissions Eliminated (3 Yes) DTR-1, DTR-2, DTR-4 (3 No) DTR-5, DTR-6, DTR-7	1. Assessing fees for tobacco permissions based on the principle of covering administrative expenses 2. Amending and supplementing AI	AI (MTI) No.04/2016 on Determining the Conditions and Criteria for Entities Dealing with Trading of Tobacco and its Products http://gzk.rks.gov.net/ActDetail.aspx?ActID=12340	Mid term (by 31 st December 2019)	This recommendation can be implemented individually or together with recommendation No.1

²⁸⁰ This column explains the number of impacted permissions from each recommendation and indications are given whether respective permissions are in the Registry (YES) or are not currently in the Registry (NOT).

			(MTI) No.04/2016 on Determining the Conditions and Criteria for Entities Dealing with Trading of Tobacco and its Products			
3.	Eliminating Tobacco Import Permit issued by the Food and Veterinary Agency and License for Importing and Exporting Tobacco Products issued by Kosovo Customs and harmonizing regulatory requirements for import and export between MTI, FVAK and Kosovo Customs so that the Department of Trade Serves as a One-Stop-Shop for all tobacco related licenses	2 Permissions Eliminated (2 Yes) Not in the MTI section but the FVAK and Customs	1. Initiating procedures to amend and supplement Law No.04/L-041 on Production, Collection, Processing and Trade of Tobacco (Article 17) 2. Initiating procedures to amend and supplement Law No.04/L-021 on Excise on Tobacco Products (Article 11)	Law no. 04/L -041 on production, collection, processing and trade of tobacco (Article 17) http://gzk.rks-gov.net/ActDetail.aspx?ActID=2783 Law No. 04/L-021 on Excise on Tobacco Products (Article 11) https://gzk.rks-gov.net/ActDetail.aspx?ActID=2779 AI (MF) No. 4/2012 on Issuing Licenses for Payment of Excise Tax and the Amount of the Administrative Fee https://gzk.rks-gov.net/ActDetail.aspx?ActID=8194# Regulation (QRK) No. 17/2012 on Setting the Level of Service Fees and Official Controls of FAVK with amendments and supplements https://gzk.rks-gov.net/ActDetail.aspx?ActID=8383	Longterm (after 31 st December 2019)	To interpret this recommendation broader discussions are required with FVAK and Kosovo Customs before processing the initiation of amending and supplementing respective laws.
DEPARTMENT OF INDUSTRY						
4.	Reducing	2 Permissions	1. Confirming	Amending No. 53 of 29.10.2018 of	Short term	Pursuant to data

	administrative fees for applying and conformity assessment designation (DI-1 and DI-2) that are currently 50 EUR for applying and 100 EUR for designation	Simplified (2 Yes) DI-1, DI-2	information pertaining to MTI's total income from fees for these permissions in 2018. 2. Analyzing this information from DI and discussing with the MTI cabinet on the reduction level. 3. Amending Decision No. 53 of 29.10.2018 of the Minister of MTI	the Minister of MTI	(by 30 th June 2019)	obtained from DI: - in 2018, in total 300 EUR have been registered from these fees. - in 2016, in total 1.772 EUR have been registered from these fees.
5.	Consolidating administrative fees for application and designation of conformity assessment (DI-1 and DI-2) in one single fee. Meeting deadlines for decision by the assessment committee and signature deadline by the minister as well as explanation of appeal procedures.	2 Permissions Simplified (2 Yes) DI-1, DI-2	1. Amending and supplementing AI (QRK) No. 12/2018 on the Manner of Designation of Conformity Assessment Bodies	AI (QRK) No. 12/2018 on the Manner of Designation of Conformity Assessment Bodies http://gzk.rks.gov.net/ActDetail.aspx?ActID=16388	Mid term (by 31 st December 2019)	Consolidation implies the merging of two (2) current fees for application and designation into one single fee. This cannot be done with a decision pursuant to recommendation 1 above because AI (QRK) No.12/2018 requires the submission of the application fee payment slip

						upon the designation application.
DEPARTMENT OF TOURISM						
6.	Reviewing all bylaws that will be drafted to implement the future law on tourism in relation to the requirements of Law No. 04/L-202 on the Permit and License System	Not applicable	1. Draft law on Tourism	1. Draft law on Tourism	Longterm (after 31 st December 2019)	Draft law on Tourism is now in a very advanced stage and has been submitted for assessing the approximation with Acquis Communautaire at the MTI, consequently time could be limited to review this Draft law in relation to the principles and rules set forth by the Law on Permit and License System. However, it is recommended that a thorough assessment of the new licensing requirements is done while

						preparing bylaws.
DEPARTMENT FOR REGULATING THE OIL MARKET						
7.	Eliminating the fee for verifying the objects, equipment and personnel of entities from the oil and oil derivatives sector	20 Permissions Simplified (19 Yes) DRRTN-1 through 10 and 12 through 20. (1 No) DRRTN-11	1. Amending and supplementing AI (MTI) No. 16/2010 on the Determination of the Amount of Tax on the Licensing of the Petroleum and Petroleum Products Sector	AI (MTI) No. 16/2010 on the Determination of the Amount of Tax on the Licensing of the Petroleum and Petroleum Products Sector https://gzk.rks.gov.net/ActDetail.aspx?ActID=7936	Mid term (by 31 st December 2019)	This recommendation can be implemented individually or together with recommendation No.8
8.	Potential reduction of administrative fees for obtaining permissions in the oil field DRRTN-1 through DRRTN-20 after assessment pursuant to the principle of covering administrative expenses	20 Permissions Simplified (19 Yes) DRRTN-1 through 10 and 12 through 20. (1 No) DRRTN-11	1. Assessing the fees pursuant to the principle of covering administrative expenses 2. Amending and supplementing AI (MTI) No. 16/2010 on the Determination of the Amount of Tax on the Licensing of the Petroleum and Petroleum Products Sector	AI (MTI) No. 16/2010 on the Determination of the Amount of Tax on the Licensing of the Petroleum and Petroleum Products Sector https://gzk.rks.gov.net/ActDetail.aspx?ActID=7936	Mid term (by 31 st December 2019)	This recommendation can be implemented individually or together with recommendation No.7
9.	Reviewing the number of permissions for the	20 Permissions Simplified	1. Reviewing the option of merging application	AI 07/2018 on Determination of the Licensing Procedures for Entities Dealing in Petroleum Sector Activities	Mid term (by 31 st	This recommendation can be

	oil sector with the aim of potential merging of application procedures for these permits	(20 Yes) DRRTN-1 through 20	procedures for permissions in the oil sector from DROM 2. Amending and supplementing AI (MTI) No. 07/2018 on Determination of the Licensing Procedures for Entities Dealing in Petroleum Sector Activities	https://gzk.rks.gov.net/ActDetail.aspx?ActID=17763	December 2019)	implemented individually or together with recommendations No. 10 and 11
10.	Explain work competencies and procedures of the Technical Conditions Verification Committee and potentially complete elimination of this committee so that duties are exercised within the DROM	20 Permissions Simplified (19 Yes) DRRTN-1 through 10 and 12 through 20. (1 No) DRRTN-11	1. Amending and supplementing AI (MTI) No. 07/2018 on Determination of the Licensing Procedures for Entities Dealing in Petroleum Sector Activities	1. AI (MTI) No. 07/2018 on Determination of the Licensing Procedures for Entities Dealing in Petroleum Sector Activities https://gzk.rks.gov.net/ActDetail.aspx?ActID=17763	Mid term (by 31 st December 2019)	This recommendation can be implemented individually or together with recommendations 9 and 11.
11.	Eliminating the requirement to notarize documents issued by state authorities for obtaining license in oil field	20 Permissions Simplified (19 Yes) DRRTN-1 through 10 and 12 through 20.	1. Verify the claim that the requirement to fully “verify” the documents has been interpreted as “notarization” also for the documents issued by state authorities through the review of	1. Amending and supplementing AI (MTI) No. 07/2018 on Determination of the Licensing Procedures for Entities Dealing in Petroleum Sector Activities (https://gzk.rks.gov.net/ActDetail.aspx?ActID=17763)	Mid term (by 31 st December 2019)	This recommendation can be implemented individually or together with recommendations 9 and 10.

		(1 No) DRRTN-11	<p>applications issued during 2018/2019.</p> <p>2. Amending and supplementing AI (MTI) No. 07/2018 on Determination of the Licensing Procedures for Entities Dealing in Petroleum Sector Activities</p>		
12.	Review the Draft Law on Trade with Oil Products and Renewable Fuels in Kosovo to incorporate the principles set forth by the applicable law on permit and license system	Not applicable	<p>1. Review of the Draft Law on Trade with Oil Products and Renewable Fuels in Kosovo for:</p> <p>(I) Under Article 5, paragraph 1, individual identification and not according to the type of all licenses that are planned to be issued by the Department on Regulation of the Oil Market, reducing their number and/or merging the application procedure;</p> <p>(li) Under Article 5, paragraph 4,</p>	1. Draft Law on Trade with Oil Products and Renewable Fuels in Kosovo	<p>Short term</p> <p>(by 30th June 2019)</p> <p>Draft Law on Trade with Oil Products and Renewable Fuels in Kosovo is currently in the final stages of review within the MTI, therefore the provided recommendation should be reviewed in short term.</p> <p>Item (ii) of this recommendation is partly included in the draft law published by MTI for public consultation, but the proposal is to</p>

		<p>obligation of proposer of administrative instruction for fees to submit together with the AI on fees also the assessment pursuant to the principle of covering administrative expenses to the Minister of the MTI;</p> <p>(iii) Under Article 5, paragraph 5 review the possibility for a validity period longer than 5 years for licenses;</p> <p>(iv) Review Article 5, paragraph 7 pertaining to the Technical Conditions Verification Committee and the need for this committee. What are the correct competencies and why can't these competencies be exercised by the DROM.</p>		<p>make mandatory the submission of this assessment to the Minister of MTI together with the respective AI.</p> <p>Item (vi) is also included in the draft law published for public consultation and it is very important to be kept in the final draft law that shall be submitted to the Assembly for adoption.</p>
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			<p>(v) Under Article specify that verification of documents required to get equipped with the license and which are issued by state authorities shall be done only for documents issued by persons or authorities out of state administration.</p> <p>(vi) Under Article 7, specification so that in the bylaw for licensing procedure there is no need to resubmit all the documents for licensing when renewing the license;</p>			
DEPARTMENT OF STRATEGIC GOODS TRADE CONTROL						
13.	Eliminate the fee for Registration in the Registry of Strategic Goods Trade (DKTMS-1)	1 Permission Simplified (1 No) DKTMS 1	<p>1. Confirming information pertaining to MTI's total income from this fee in 2018.</p> <p>2. Analyzing this information from DSGTC and discussing</p>	Decision No. 12 of 9 January 2018 of the Minister of MTI.	Short term (by 30 th June 2019)	Current fee is 5 EUR. In 2018, 7 registration have been completed.

			with the MTI cabinet to eliminate this fee. 3. Amending and supplementing Decision No. 12 of 9 January 2018 of the Minister of MTI			
14.	Starting to issue general licenses with the aim of reducing the administrative barrier to private businesses that obtain individual licenses for each transaction	Not applicable	1. Assessing obstacles for issuing general licenses.	1. Law No. 04/L-198 on Strategic Goods Trade (https://gzk.rks.gov.net/ActDetail.aspx?ActID=8860) 2. AI (MTI) No. 14/2013 on Registering, Licensing and Implementing Administrative Procedures (https://gzk.rks.gov.net/ActDetail.aspx?ActID=9971).	Longterm (after 31 st December 2019)	Starting to issue general licenses has been a request of private sector representatives, however, this issue should be further researched and reasons why general licenses have not been issued until now should be found.
INDUSTRIAL PROPERTY AGENCY						
15.	Reducing application, registration, renewal fees for the registration and change of data in the Registry of	1 Permission Simplified (1 No) API-1	1. Confirming information pertaining to MTI's total income from this fee in 2018. 2. Analyze this	Amending and supplementing AI (MTI) No. 06/2018 on Authorized Representatives in the Field of Industrial Property (https://kipa.rks.gov.net/desk/inc/media/19BC701B-0CDA-4030-A904-67142A27EA18.pdf).	Mid term (by 31 st December 2019)	Although the proposal for the level of reduction should come from the IPA after a brief analysis, there is potential

	Authorized Representatives in the field of Industrial Property (API-1) and extending the registration validity to at least three (3) years until the testing starts.		information from the IPA and discuss with the MTI cabinet for the reduction of these fees and extending the registration validity to three (3) years. 3. Amending and supplementing AI (MTI) No. 06/2018 on Authorized Representatives in the Field of Industrial Property			here to half the fees.
KOSOVO BUSINESS REGISTRATION AGENCY						
16.	Review the requirement for mandatory registration of all NACE codes and their changing in case the activity of the business organization changes, because these codes pursuant to the new law may be considered as voluntary	10 Permissions Simplified (6 Yes) ARBK-1 through 6 (20 Yes) ARBK-7 through 10	1. Reviewing new registration forms for the 10 KBRA permissions which explain the voluntary nature of NCE codes pursuant to Article 9, paragraphs 2 and 5 of the Law on Business Organizations. 2. Adoption of forms by the General Director of KBRA	1. Reviewing new registration forms for the 10 KBRA permissions which explain the voluntary nature of NCE codes.	Short term (by 30 th June 2019)	Drafting and adopting new forms is a quite urgent activity to implement the Law on Business Organizations

	information submitted by the business registration applicants.					
17.	Potential reduction of fees for the services provided by the Kosovo Business Registration Agency pursuant to the principle of covering administrative expenses.	10 Permissions Simplified (6 Yes) ARBK-1 through 6 (4 Yes) ARBK-7 through 10	1. Assessing fees for KBRA services pursuant to the principle of covering administrative expenses 2. Amending and supplementing AI No.11/2018 for Determining the Fees for Services Provided by Business Registration Agency	Amending and supplementing AI (MTI) No.11/2018 for Determining the Fees for Services Provided by Business Registration Agency (https://gzk.rks-gov.net/ActDetail.aspx?ActID=16426)	Mid term (by 31 st December 2019)	Fees for KBRA services are currently relatively low but the registrations volume is very high. It is worth making a brief assessment pursuant to the principle of covering administrative expenses to review the possibility for further reduction.
KOSOVO METEOROLOGY AGENCY						
18.	Potential reduction of administrative fees for obtaining permissions issued by the KMA (AMK-1 through AMK-6) after an assessment pursuant to the principle of covering	4 Permissions Simplified (3 Yes) AMK-1, AMK-2, AMK-3 (1 No) AMK-4	1. Assessing fees pursuant to the principle of covering administrative expenses 2. Review the possible conflict pertaining to the administrative	AI (MTI) No. 05/2018 on the Amount and Procedure of Payment for Meteorological Services (https://gzk.rks-gov.net/ActDetail.aspx?ActID=16522)	Mid term (by 31 st December 2019)	

	administrative expenses and explanation of the conflict between AI (MTI) No. 05/2018 and AI (QRK) 12/2018 pertaining to administrative fees for designating conformity assessment bodies		fees for the designation of conformity assessment bodies between AI (MTI) No. 05/2018 and AI (QRK) No. 12/2018 2. Amending and supplementing AI (MTI) No. 05/2018 on the Amount and Procedure of Payment for Meteorological Services			
19.	Review draft AI on Authorization of Legal Entities to Repair and Prepare Measuring Tools for Verification pursuant to Article 36 of the new law on meteorology after analyzing the inclusion of principles and requirements of the applicable law on permit and license system	1 Permission Simplified (1 Yes) AMK-1	1. Review Draft AI on Authorization of Legal Entities to Repair and Prepare Measuring Tools for Verification	Draft AI on Authorization of Legal Entities to Repair and Prepare Measuring Tools for Verification	Mid term (by 31 st December 2019)	The initial draft/drafts are ready but should be reviewed in relation to the requirements of the law on permit and license system.
20.	Review draft AI on Authorization of Legal Entities to	1 Permission Simplified	1. Review Draft AI on Authorization of Legal Entities to Repair and	Draft AI on Authorization of Legal Entities to Repair and Prepare Measuring Tools for Verification	Mid term (by 31 st	The initial draft is ready but should be reviewed in

	Repair and Prepare Measuring Tools for Verification pursuant to Article 17 of the new law on meteorology after analyzing the inclusion of principles and requirements of the applicable law on permit and license system	(1 Yes) AMK-2	Prepare Measuring Tools for Verification		December 2019)	relation to the requirements of the law on permit and license system.
21.	Consolidation of administrative fees for applying and designation of conformity assessment bodies in one single fee, meeting deadlines for decision by assessment committee and deadline for signature by the minister and appeal procedure for designation of conformity assessment bodies	1 Permission Simplified (1 No) AMK-3	1. Amending and supplementing AI (QRK) No. 12/2018 on the Manner of Designation of Conformity Assessment Bodies	AI (QRK) No. 12/2018 on the Manner of Designation of Conformity Assessment Bodies (http://gzk.rks.gov.net/ActDetail.aspx?ActID=16388)	Mid term (by 31 st December 2019)	This recommendation can be implemented at the same time with recommendation No.5 in this table because they cover the same field and and have impact on the same acts. Consolidation implies the merging of two (2) current fees for application and designation

						into one single fee. This cannot be done with a decision pursuant to recommendation 1 above because AI (QRK) No.12/2018 requires the submission of the application fee payment slip upon the designation application.
22.	Prepare draft AI on Manner and Registration Procedures of Measuring Tools Producers and Importers pursuant to Article 32 of the new law on meteorology after analyzing the inclusion of principles and requirements of the applicable law on permit and license system	1 Permission Simplified (1 No) AMK-4	1. Drafting and/or reviewing Draft AI on Manner and Registration Procedures of Measuring Tools Producers and Importers	Draft AI on Manner and Registration Procedures of Measuring Tools Producers and Importers	Mid term (by 31 st December 2019)	Currently MTI has still not initiated the drafting of this AI
23.	Review AI (MTI) No.	2 Permissions	1. Review AI (MTI) No.	AI (MTI) No. 12/2013 on the Form of	Mid term	During the

	12/2013 on the Form of Purity Sign, Examination of Precious Metal Products and Form of Harmonization Sign to explain all documents that need to be submitted together with the requests for examination, maximum deadlines to perform analysis (if possible), and for the complete regulation of procedures, deadlines, requests and forms for issuing decision on producer brand, importer or authorized representative of precious metal works	Simplified (2 No) AMK-5 and AMK-6	12/2013	Purity Sign, Examination of Precious Metal Products and Form of Harmonization Sign (https://gzk.rks-gov.net/ActDetail.aspx?ActID=2869)	(by 31 st December 2019)	possible review of AI (MTI) No.12/2013 it must be clear that the Law on Precious Metal Works, Article 21, paragraph 2 authorizes the issuing of decision on producer brand, importer or authorized representative of precious metal works and doesn't speak for issuing of any decision to give the right to sell.
KOSOVO INVESTMENT AND ENTERPRISE SUPPORT AGENCY IN KOSOVO						
24.	Drafting bylaws to implement the new law on economic zones (after its	2 Permissions Simplified (2 Yes) AIPNK-	1. Drafting bylaws to implement the new law on economic zones (after its	1. Bylaws for implementing the new law on economic zones (after approval by the Assembly)	Longterm (after 31 st December	

	adoption by the Assembly) in compliance with the principles and requirements of the law permit and licenses system	1 and AIPNK-2	adoption by the Assembly) in compliance with the principles and requirements of the law permit and licenses system		2019)	
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Colophon

This Concept Document has been drafted by the Government Coordination Secretariat within the Office of the Prime Minister with the support from the 'Project to Support Policy Development' that is funded by the Swedish International Development Cooperation Agency (SIDA) and implemented by the GCS.

