



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

**Second Input of Institutions of the Republic of Kosovo to the  
European Commission 2014 Progress Report on Kosovo**

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## Introduction

The Government of the Republic of Kosovo expressed its readiness to submit data for this period to the 2014 Progress Report, expected to be published by autumn. Therefore, the present report contains key developments in Kosovo from 1 May to 31 July 2014 with regard to the EU accession process. The report has been prepared based on the data provided by all the line institutions in charge of the respective areas.

The data contained in this report focus on the progress made during the reporting period in terms of:

- Adoption of legislation and policy documents and their implementation;
- Implementation of institutional reforms;
- Strengthening institutional capacities;
- Measures undertaken to fulfil the 2012 Feasibility Study midterm benchmarks;
- Implementation the 2014 SAA Action Plan; and
- Implementation of conclusion of SAPD meetings held during 2014.

In terms of its structure, the report corresponds to that of the Progress Report. It is divided into three main sections: Political Criteria, Economic Criteria and European Standards. It also contains the following annexes (Annexes 5 to 11 are each provided as separate documents):

- Annex 1: Update on Implementation of the Feasibility Study Midterm Benchmarks;
- Annex 2: List of Laws Adopted by the Assembly of the Republic of Kosovo;
- Annex 3: List of Policy Documents Adopted by Institutions of the Republic of Kosovo;
- Annex 4: List of Subsidiary Legal Acts Adopted by Institutions of the Republic of Kosovo;
- Annex 5: Statistics on Economic Criteria

It is important to note that Annex 1 summarizes the progress achieved during the reporting period in meeting the Feasibility Study midterm benchmarks, broken down into eight (8) areas:

1. Rule of Law;
2. Judiciary;
3. Public Administration;
4. Electoral Reform and the Assembly;
5. Human and Fundamental Rights;
6. Protection of Minorities;
7. Trade and Internal Market Issues; and
8. Phytosanitary and Veterinary Issues.

**1. POLITICAL CRITERIA**  
**1.1. Democracy and the Rule of Law**  
**1.1.1. Legislature and Elections**

Parliamentary elections were held in Kosovo on 8 June 2014, after elections were announced by the incumbent Prime-minister. On 7 May, the Assembly was dissolved after its 4<sup>th</sup> mandate with 90 votes in support, 4 against and 3 abstentions. Immediately after, The President confirmed the election date as 8 June 2014. The elections were held in a democratic fashion and these elections were in fact the first parliamentary elections to be held in the entirety of the country, including the Serbian communities north of the Ibër River. The transparency of the process was praised both by the local and international community. The Central Election Commission officially certified the election results on 4 July 2014. After the President announced the date for the next Parliamentary meeting, on 17 July 2014 the new Kosovo Assembly was constituted, based on the results of 8 June early general elections.

The Speaker of the Assembly was elected the leader of the opposition party (Democratic League of Kosovo), after establishing an after-elections coalition with two other parties, namely AAK and NISMA, and managed to get 65 votes in 120-seated assembly thanks to the support of representatives of minority communities in Kosovo. However, the Democratic Party of Kosovo, as the largest single party that managed to win 30.7% of the votes, is contesting the election of an opposition politician as speaker of the Assembly and asked the Assembly to that decision as unconstitutional. Immediately after, on 18 July 2014 the DPK filed a complaint to the Constitutional Court of Kosovo (CCK) regarding the alleged unconstitutional procedures that took place in the first meeting of the Assembly after the general elections.

On 24 August 2014, the CCK took a decision in favour of the DPK who filed the complaint. It is expected for the President to announce the date for the next Parliamentary meeting where the MPs will endeavour to constitute the Assembly, based on the legislation in force.

**1.1.2. Executive**

On the subject of the *adoption of legislation (legal framework)*, on 23 May 2014, due to the dissolution the Assembly of Kosovo the following three draft laws could not be processed for approval: The draft-law on Government with the protocol no. 1687, the draft law on Kosovo Property Comparison and Verification Agency, with the protocol no. 1687 and the draft-law on Interception of Electronic Communications. Once the Assembly is constituted, the afore-mentioned draft laws will immediately be process for approval.

With regard to activities undertaken for coordination of strategic planning, namely the supervision of the process of drafting the strategies foreseen in the 2014 Annual Plan for Strategic Documents (APSD), the Office of Strategic Planning provided guidance and support with the aim of fulfilling the 2014 APSD. During the reporting period, the Government, in line with the AI No. 02/2012, adopted the following strategic documents (as shown in the Table 1 below).

It should be noted that not all strategic documents adopted so far are in line with the ministries' annual planning. The Government initially had planned to draft and approve 18 strategic documents during the first half of 2014; however, out of seven (7) strategic documents that were adopted during this first half of 2014, four (4) were foreseen and included in the 2014 APSD and only (three) 3 strategic documents were approved during the reporting period. If this trend continues for the rest of 2014, it could be stated that approximately 50% of the total 40 strategic documents could be potentially approved considering the various delays in meeting the proposed deadlines thus far.

With regard to the *policy coordination* process, during the reporting period the Government Coordination Secretariat (GCS) has prepared a detailed analysis on the implementation of activities the coincide with this period, meeting of their deadlines, and the quality of reporting.

Table 1: Strategic documents adopted by the Government of Kosovo during the reporting period, May 1<sup>st</sup> – July 31<sup>st</sup>

Document title	Aim	Date of adoption
Rule of Law Sector Assistance Strategy 2016-2019	Aims to improve the conditions for the rule of law and the promotion of European integration processes, through planning, programming and increase the effectiveness of donor assistance in accordance with national strategic priorities.	16 May 2014
Better Regulation Strategy 2014-2020	Aims to re-define the capacities and the role of the state to meet the country's development needs and requirements. Specifically, the strategy's objective is to lower the government's cost through successful regulative reforms and simplification of existing regulations.	23 May 2014
National Action Plan 2014-2016 in the framework of the 'Open Government Partnership'	Through this Plan, the Government of Kosovo expresses its commitment to the principles of <i>open and accountable government</i> . The 2014-2016 National Action Plan addresses 4 out of 5 challenges of the 'Open Government Partnership', namely: 1) improving of public services; 2) increasing the public integrity; 3) a more effective managing of public resources; and 4) increasing the corporate accountability.	29 April 2014

On 27 July 2014, the EC adopted the second report on the assessment of Kosovo's progress in fulfilling the requirements of the visa roadmap. The report summarizes the most relevant developments concerning the adoption or amendment of legislation and the implementation thereof, with appropriate recommendations for the Government. It is accompanied by a Commission Staff Working Document (CSWD), which elaborates at greater length the developments described in this report. The CSWD also addresses the expected security and migratory impacts of visa liberalization.

The report and the CSWD draw upon the reports submitted by the Kosovo Government, reports drafted by EU Member States' experts participating in assessment missions in December 2013 and March 2014, and information received from the EU Office in Kosovo, and EULEX, as well as statistical data compiled by Eurostat and submitted by Member States. The report and the CSWD formulate recommendations in policy areas where further reforms, both legislative and implementation-related, are required for visa liberalization

On 28 August 2014, The Kosovo Secretariat for Visa Liberalization drafted a plan for addressing the recommendations that derive from the Commission's report. The plan was drafted in cooperation with all implementing institutions involved and it focuses on concrete measures that will be undertaken in the second half of 2014. The plan will focus on a more practical nature of implementation, this way attempting to determine shorter term concrete gains, which would in turn further motivate the relevant institutions in addressing these recommendations. Moreover, a technical meeting with Brussels on the next steps related to Visa Liberalization dialogue was already confirmed to be held in mid-September where the Kosovo delegation will present the afore-mentioned plan to the Commission.

The programming of IPA 2014, already started during the first quarter of 2014, has intensified. By the end of August, the action documents have been prepared for all projects, and work has been initiated to launch a sectoral approach. This would take the form of Sectorial Planning Documents, which are going to be finalised by beginning of October.

MEI has drafted the Regulation on the process of translating the EU *Acquis* in the official languages of the Republic of Kosovo. Through this regulation, MEI envisions to harmonize the process of translating the *acquis*, by unifying all the procedures, the format as well as the legislation terminology. This Regulation is expected to enter into force once the administrative procedures are finalized.

With regard to legal approximation, MEI has assessed in total 25 legal and sublegal acts for compliance with the *acquis* and has in turn provided Legal Opinions in compliance with the legislation in force. Moreover, the group of eighteen participants from different central level institutions that actively participated in (ToT) Training of Trainers on Legal Harmonisation and the use of Tables of Compliance were certified on 14 May 2014. In June 2014, the first training session for officials of relevant public institutions officially commenced.

The twinning project *Support to Kosovo's Policy and Strategic Planning* which commenced on 14 February 2014 continues to run under the leadership of the Strategic Planning Office. The project is helping enhance Kosovo's strategic planning and policy coordination system. Specifically, the project aims to assist the SPO in drafting of the National Strategy for Development, Medium Term Expenditure Framework, annual work plans, and it supports the establishing of an integrated planning system and strengthening of monitoring and reporting mechanisms, including the necessary IT system. In order to strengthen the annual planning process and drafting new policies while targeting the main EU conditionality through the development of concept papers, the Government Coordinating Secretariat has hired three (3) consultants under the project: during the reporting period.

In this light, the OPM in cooperation with the project, during the reporting period organized a workshop for strengthening the teamwork and inter-institutional cooperation. And a study visit to the Baltic countries (Latvia, Lithuania and Estonia) for the members of the Steering Group for Strategic Planning. Through the exchange of experience, the aim of these activities was to assist the respective institutions in drafting of the national strategies for development, and establishing of a policy coordination and strategic planning system.

The OPM in cooperation with SIGMA has organized two workshops held in June and July respectively. These workshops would serve as basis for analyzing and drafting three concept documents, with the main beneficiaries being the Ministry of Labour and Social Welfare, the Ministry for Community and Return, and Ministry of Justice.

Simultaneously, with the support of European Training Foundation (ETF), namely under the FRAME initiative, the SPO has continued to coordinate the process of drafting the strategic document 'Vision for Skills - Kosovo 2020'. The main purpose of this strategy is the linking of skills acquired in the education system in Kosovo with the labour market demands. Currently, OSP is finalizing the draft strategy.

On 5 May 2014, the Office of Strategic Planning has recruited one (1) senior official for policy planning in terms of *strengthening capacities*.

### **Local Governance**

With regard to the legislative framework in the area of local self governance, the Ministry of Local Government Administration (MLGA) during the reporting period has finalized the concept document on the draft-law for the Capital of the Republic of Kosovo. Moreover, MLGA has drafted the Administrative Instruction (MLGA) No. 03/2014, on the Procedure for the Establishment, Composition and Competencies of the Permanent Committees in the Municipality, and the Administrative Instruction (MLGA) No.04/2014 on the Summoning of Meetings of the Municipal Assemblies.

The MLGA, in May 2014 has finalized the Strategy for Local Self-Governance 2015-2025. This document determines the strategic orientations, actions and the access for the development of local government for the next 10 years. The Strategy is focused to establish the preconditions for the development of local democracy and the strengthening of local government as a special value of contemporary democracy.

The MLGA has drafted three (3) analytical documents. The first one pertains to the Background of the Administrative and Territorial Organization of Local Government in Kosovo. This document aims to provide comparative historical data on the administrative and territorial organization of the local self-government in Kosovo, laws and regulations. More importantly, for the first time in the history of local government of Kosovo, this document explains in detail the evolution of local government. The second document is related to the Implementation of the principles of the European Charter in the organization and functioning of local self-government in Kosovo. This analysis aims to describe the harmonization of the legalization regulating local government in Kosovo and the principles of the ECLG. The document describes in a comparative form and in details all the principles of the Charter that were included as constitutional and legal obligations for the forms of organization and functioning of LSG in Kosovo. Although Kosovo is not a signing member of the European Charter on Local Self-Government, in general it aims to implement the principles of the Charter and is in harmony with its principles that are applicable in many European countries.

The third document is a comparative (regional and European) analysis on the competencies of municipalities. This analysis describes in details the types of competencies of municipalities in the Republic of Kosovo, their comparison and evolution through the issuance of the corresponding legislation, as well as their comparison with the competencies of various regional and European countries.

With regard to the previous consultation on the legal acts that affect the competencies of the municipalities, for the period May/July of this year MLGA has issued legal opinions and previous consultations for 31 legal acts, 3 draft laws, 12 draft- administrative instructions, 9 draft - regulations and 7 concept documents.

Whereas, during the reporting period, the municipal assemblies have approved a total of 380 municipal acts, of which 347 were decisions and 33 municipal regulations. MLGA has also closely monitored the activities related to updating of electronic pages of the municipalities. In this regard, MLGA planned and expected the inclusion of 380 approved legal acts of various municipalities in the electronic database; however, approximately just over 70% were published online.

The MLGA based on its legal mandate continuously monitors the work of municipal assemblies. During this reporting period, the Municipal Assemblies of the Republic of Kosovo held a total of 99 meetings, of which 94 regular and 5 extra-ordinary. The latter were not monitored by MLGA. During these meetings, MLGA has assessed the legality of 197 acts approved in this period; however, 13 acts pertaining to municipalities were assessed and found not to be in line with the legislation in force, whereas the legality of 184 acts was indeed confirmed.

The coordination of activities during this period was focused in particular in the work for the functionalizing of municipal authorities of four municipalities: Zubin Potok, Zveçan, Leposaviq and Mitrovica North. MLGA has held regular consultative meetings and has provided instructions and legal advice for the implementation of the legal framework for local government. With the purpose of inter-institutional coordination regarding the obligations for the implementation of the Brussels Agreement, the assemblies of Leposaviq, Zveçan, Zubin Potok and Mitrovica North re-assessed the Statutes of their respective and ensured that the Statues are harmonized and in line with the legislation in force.



The MLGA has established an electronic and physical database. The library and the database are already functional and are a source of information not only for public servants but for all interested researchers dealing with the area of local self governance. Moreover, the MLGA in July 2014 has drafted the Dictionary of fundamental terminology related to the process of European integrations” and the document on “Harmonization of Kosovo’s legislation with the EU legislation”.

In order to advance the communication and transparency with the civil society, in April 2014 MLGA established the Municipal Civil Society Network. During the reporting period, the MLGA has functionalized the network of civil society organizations of municipalities and in cooperation with GIZ has organized three regional training sessions on the *European Integration Process*.

On the topic of transparency of municipal representative bodies, MLGA has drafted the criteria for the electronic platform that monitors hearings of the Municipal Assemblies. This platform would enable online access of citizens during the sessions of municipal assemblies. Moreover, MLGA has held five (5) regional workshops for all municipalities of Kosovo with a total of 120 representatives including representatives from social society and local media. Whereas, in order to inform the citizens of the right to information, from 20 march until 15 June the Radio Television of Kosovo has transmitted a video clip regarding the right of the citizen on access to information in municipalities and the obligation of institutions to implement the Law on Access to Public Documents.

Also, the MLGA, in cooperation with KIPA and the donor community has drafted and implemented the program for the development of capacities of municipalities. MLGA, with the assistance of KIPA and the Ministry of Finances has organized and held trainings in the field of procurement with officers of the municipalities Mitrovica North, Zveçan, Zubin Potok and Leposaviq.

### **1.1.3. Public Administration**

During the reporting period, the Ministry of Public Administration (MPA) has finalized the draft of the Law on Civil Service; completed the initial drafting of the Draft-Law on the Salaries of Public Servants not part of the Civil Service; completed the final draft Law on Administrative Procedures; and, processed for approval to the Legal Office (OPM) the draft-law on the Salaries of Senior Public Officers.

With regards to secondary legislation, MPA approved four (4) regulations on internal organization and in the meantime MPA has also prepared a draft of the catalogue on job titles and positions and send it for Government approval.

In terms of IPA II programming in the area of public administration, MEI in cooperation with the MPA and the OPM have drafted an action document consisting of five (5) different components in the area of Governance in this way attempting to take a more strategic approach with regard to public administration reform. This action document will contribute towards establishing a sound policy framework for the implementation of the SAA, and it will ensure the harmonization of key policy documents with the SAA Action Plan. Additionally, the Action will contribute in strengthening of the capacities of public administration for implementation of the obligations deriving from the SAA and will establish a sound system for management of human capacities in MPA and all line institutions, in line with the obligations deriving from the SAA, this way ensuring the sustainability of reforms.

Furthermore, the Action will also contribute towards strengthening administrative justice system in terms of policy framework and its implementation, which is one of the cornerstones in the area of public administration reform. Finally, an important aspect of the Action will cover the promotion and visibility of the EU integration agenda in Kosovo ensuring public support for reforms and for EU accession process amongst Kosovo citizens. The contract is planned to be signed by the end of 2014.

Due to the dissolution of the Assembly and the fact that after the elections were held the Assembly has still not been constituted, it should be noted that the Human Rights Legislative Package, which includes amendments on the Law on Ombudsman in accordance to recommendations from the Venice Commission, the Law against Discrimination and the Law for Gender Equality, is still pending and has not yet been approved.

On the issue of the new premises, the IAP is still located and operates from the private premises which are deemed as unsuitable for work. It was expected, based on a decision issued by the MPA, for the whole IAP staff to be relocated in the new premises, where the Constitutional Court of Kosovo is still operating.

With regard to capacity-building, MPA organized 30 training courses for 462 civil servants, during a period of 109 days. The trainings consisted of five (5) organizational fields, namely: administration and legislation; budget and finance; information technology (IT); local governance matters and European Union matters.

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

No developments to report.

#### **1.1.5. Civil Society**

OPM/OGG along with CiviKos have drafted the terms of reference for the work of the Council for the implementation of the governing Strategy for cooperation with civil society. In harmony with the Regulation on the Work of the Government, these draft terms have been published for consultation with the public. Moreover, OGG and CiviKos have finalized the criteria and all procedures for selection of representatives of civil society in the Council for the Implementation of the Government Strategy on Cooperation with Civil Society. The Council will be comprise of 15 elected members/representatives of the civil society (one member nominated by the CiviKos platform while the 14 remaining members will be elected by CSOs) and 14 members/Secretary Generals of the relevant institutions of the Republic of Kosovo. The announcement for the nomination of the 14 representatives of the civil society shall be open until 25 August 2014.

#### **1.1.6. Judicial System**

As far as advancement of the *legal framework* in the area of judiciary is concerned, the Law amending the Law on Courts and the Law on State Prosecutor have been finalized and are expected to proceed to the Government for approval. To this end, KJC has compiled a document with recommendations for MoJ. On the other hand, the Law No. 03/L-052 on Special Prosecution of the Republic of Kosovo has not yet been amended, due to the overall political circumstances. Lastly, the Law on Minor Offences is also to be adopted, which is important as it will dismiss the volume of court cases by installing review mechanisms within institutions that initiate misdemeanour proceedings in court.

With regard to subsidiary legislation, a draft regulation for certification of court interpreters in criminal proceedings has been prepared and is expected to be finalized soon after harmonizing the positions between relevant actors.

Furthermore, during this reporting period, the KJC has adopted the following internal bylaws and procedural acts:

- Regulation for completing the Regulation on the internal organization of the courts (16 July 2014);
- Regulation for disciplinary procedure of KJC members; (21 May 2014);

- AI for Compensation and allowances to the staff of the Secretariat of the Judicial Council and the Courts; (07 May 2014);
- AI for official travels (21 May 2014);
- AI for official vehicles (21 May 2014);
- AI to access the online system of CBK (21 May 2014);
- AI on court revenues (4 June 2014);
- AI on judicial deposits(4 June 2014);
- AI on rules of use of petty cash fund by the courts (4 June 2014);
- AI on rules of use of petty cash fund units of the Kosovo Judicial Council (4 June 2014);
- AI on compensating procedures of the defence with public expenses (4 June 2014).

On the *policy framework* relevant for this area, the Government adopted the Strategy on Assistance in the Rule of Law Sector on 16 May 2014. The general objective of this strategy is to improve the conditions for sustainable rule of law and, hence, the advancement in the process of European integration through planning, programming and improving the effectiveness of aid donors in accordance with national strategic priorities.

Moreover, KJC has also adopted the Strategic Plan for public communication on 9 August 2014.

KJC has signed two agreements with the EULEX Mission on 18 July and 12 August 2014 in function of law enforcement to the new mandate of EULEX. Also, KJC has signed a memorandum of understanding with MIA on May 2014 for access to civil registry for obtaining identification numbers to citizens of Kosovo for the purpose of collecting the debt through execution of court decisions.

There has also been progress in terms of *institutional development*. In this regard, the second phase of the process of reviewing the functionality of the Criminal Justice System (CJS) is under way. Furthermore, the unification of criteria for the selection of judges and prosecutors and the exams for judges and prosecutors, as part of the eligibility criteria for candidates for judges and prosecutors, remain dependent on the process of alignment amongst the four core judicial system laws (Law on Courts, Law on State Prosecutor, Law on KJC and Law on KPC), the latter currently under way.

The Kosovo Prosecutorial Council has adopted the 6 months report on tracking mechanisms on 28 August 2014. The report reflects harmonized statistics between institutions involved in tracking mechanism for characteristic offenses. It should be noted that in this report, for the first time, offenses against the economy are included. Furthermore, KPC has completed the process of recruitment of new prosecutors and sent to the President of the Republic a list of 17 prosecutors for enactment. The President has enacted the 17 new prosecutors on 22 August. At the next regular meeting of the KPC, a decision will be taken on the announcement of the new recruitment of 17 prosecutors. On the other hand, Commission for the evaluation of the performance, within the KPC, has conducted an assessment of the performance of 24 prosecutors with initial mandate (3 years), which will be reviewed at the next meeting of the Council.

On the other hand, KJC has appointed two (2) judges for the Special Chamber of the Kosovo Supreme Court on 3 July 2014. All this is done under the EULEX monitoring and it will continue to be the same even in the recruitment processes in the future to ensure the objectivity in the recruitment of new judges. Regarding the appointment of judges from minority communities, with emphasis on the Serb minority, the KJC has suspended activities in this direction in anticipation of reaching agreement between Kosovo and Serbia.

An ongoing challenge concerns non-functionality of the KJC due to the lack of quorum. It is urgent that the Assembly appoints new members of the KJC in order to make the KJC functional due to the essential

role that it has in the administration and management of the Kosovo judiciary. Also, the Budgetary and financial independence of the judiciary in Kosovo and the need for passing the Law on Judicial Administration remains a challenge.

KJC has also issued its internal open call for one Supreme Court judge and eight (8) judges in the Court of Appeal on 24 July 2014. At the same time, the call for application is open to 45 judges of basic level courts. Their appointment is expected to become by the last quarter of this year. Moreover, in the wake of the expiration of the term of three years after submission of the evaluation process, the KJC has proposed to the Kosovo President the appointment of two judges of the Supreme Court with permanent mandate on 16 July 2014.

Also, the accountable mechanism in relation to KJC - Court and the composition of the membership of the KJC remain a challenge since, according to the European standards, KJC is recommended to consist of a majority of judges elected by their peers, or at least no less than 50% of members to be judges elected by their peers from all levels of the judiciary, which in return, will ensure pluralism inside the judiciary.

Regarding the reduction of backlog case, until June 30, 2014, 10,196 criminal cases and 2,390 civil cases by the General Department and 9,517 cases by serious crime Department were conducted which in total makes 22,103 cases conducted in the category of civil and criminal cases. Data from other categories are being processed.

With respect to the number of cases processed and treated in matters of international judicial cooperation, MoJ/Department of International Legal Cooperation (DILC) has received and processed 2,245 requests and answers for the following new and open cases:

- Extradition;
- International Child Abduction;
- Transfer of sentenced persons;
- Transfer of proceedings;
- Mutual legal assistance in criminal and civil matters;
- Service of documents;
- Recognition and enforcement of judgments;
- Legal Opinions.

Regarding the plan of specialized joint trainings between law enforcement institutions, DILC staff has participated in workshops on international judicial cooperation in civil matters on 19 and 20 June 2014, held in the Basic Court of Pristina, Mitrovica, Prizren and Gjakove. Also, in June DILC staff benefited from attending a study visit to Germany and the Netherlands.

MoJ has approved the Administrative Instruction 09/2014 for disciplinary proceedings of the private enforcement agents on 13 May 2014. The table below refers to the number of cases resolved through mediation, during the period of May-July 2014:

*Table 2: Statistics on mediation (May – July 2014)*

Referred to mediation	Solved	Unsolved	In the process
628	201	41	214

With the view to *strengthening capacities* of the judiciary, KJI has continued with provision of training sessions during the reporting period (see Tables 3 and 4 below)

Table 3: Statistics on training in the area of mediation (May – July 2014)

Training topics	Dates	No. of participants	Judges	Prosecutors	Others <sup>1</sup>
Writing and Judicial Reasoning	20 May 2014	12	12	0	0
Flexible Leadership (ToT)	26-28 May 2014	25	12	5	8
Case Management	12 June 2014	9	4	3	2
Judicial Ethics and Independence (ToT)	16 June 2014	5	2	2	1
Training for judicial ethics	17 June 2014	10	7	3	0

Table 4: Statistics on trainings organized by KJI

Module Title	Dates	No. of participants	Candidates for Judges	Candidates for Prosecutors
Role of the Prosecutor in Judicial Review	20 – 27 May 2014 03,09,10,17 June 2014	11	0	11
Compilation of remedies by the prosecutor	20,23,30 May 2014 13,20,27 June 2014	11	0	11
State Prosecutor according to KPCC	23,30 May 2014 06 June 2014	11	0	11
Court verdicts and remedies	11 July 2014	29	18	11
Legal writing and reasoning	05 May 2014	29	18	11

Furthermore, on May 21 to 22 a Mediation Conference is held with the theme "*Strengthening mediation-challenges and perspectives*", which was also an activity supported by the UNDP. From this Mediation Conference, 50 mediators, trained by the USAID/CLE, are certified for the region of Peja, Gjilan and Prizren. They are now in the procedure of being licensed. Also, during May, the Twinning Project supporting the DILC/ MoJ has offered training on "*International Child Abduction*", where 10 mediators have attended this training in which two of them were selected for the study visit in Germany and the Netherlands.

Moreover, database for mediation services, with the support provided by UNDP, is installed in May. In June, the German CSSP organization provided refresher trainings for 8 mediators of Mediation Centre of Mitrovica. Furthermore, in July, the Mediation Conference and the German CSSP organization have announced a competition for 15 mediators for the Mitrovica region. Also, one training session was held during 4 – 8 August on *Development of Enforcement Agents professional skills*. Even though during this reporting period there has been no private enforcement agents appointed, 22 agents have completed the written and oral exam and 19 are expected to be licensed. Furthermore, the 13 private enforcement offices are functional.

### 1.1.7. Anticorruption Policy

With regard to subsidiary legislation, KACA has adopted a regulation no. 01/2014 on the Rules of Procedure of the Anti-Corruption Agency. This regulation meets provisions of the following laws:

- Law no. 03/L-159 on KACA;
- Law no. 04/L-050 on Declaration, Origin and Control of the Property of Senior Public Officials and Declaration, Origin and Control of Gifts for all Official Persons;

<sup>1</sup>Customs, police investigators, probation officers, the Guardianship (Organi i Kujdestarisë), lawyers, mediators, professional associates and bailiff officials in the court and prosecutor, officials from the Office of the Disciplinary Commission of the KJC, FIU, officials from the Ministry of Justice, Victim Advocates

- Law no. 04/1-228 for amending the Law no. 04/L-050 on Declaration, Origin and Control of the Property of Senior Public Officials and Declaration, Origin and Control of Gifts for all Official Persons;
- Law no. 04/L-051 on Prevention of Conflict of Interest in the Exercise of Public Functions.

It also determines the KACA way of work, rules for the organization and functioning of the Agency.

With regard to the implementation of legal and policy frameworks to combat corruption in municipalities, the actual condition appears to be stable with no reported cases of conflict of interest (holding dual positions) or corruption.

Regarding the implementation of the strategy and action plan against corruption, a considerable number of municipalities have mechanisms for identifying cases of corruption. Therefore, there are municipalities that have one officer who maintains contact between the Municipality and the Kosovo Anti-Corruption Agency.

According to the 6 months report of the tracking mechanism, Prosecutors during the first half (January 1 to June 30, 2014) worked on 753 cases with 2,044 persons concerning offenses relating to corruption and specified criminal charges. Of the total number of these cases, at the end of the reporting period (30 June 2014), the data show that 207 cases were solved with 556 persons, while 546 remained unsolved cases with 1,488 people.

In order to prevent and fight corruption and fraud in the Correctional Service institutions, a number of measures have been undertaken during the reporting period. More specifically, the Kosovo Correctional Service Inspectorate has identified and prevented 44 cases of smuggling of mobile phones and narcotics into the correctional facilities. It has also identified a number of points in such facilities (external fence perimeter, lightening, surveillance rooms and checkpoints and relevant equipment, radio-link communication, handover of duties amongst working shifts, and convicts' visiting rooms) that were used as routes for smuggling into them, and has therefore conducted a total of 64 detailed inspections.

These have resulted in 26 recommendations to tackle this issue, which have, in turn, led to significant improvements on security and control in the visiting rooms. Some of the recommendations are as follows:

- To Undertake an analysis of family ties to the employees of uniformed and civilian staff and their possible impact on the introduction of contraband;
- To improve the handover of duty and all changes must be recorded in the book of custody;
- To ensure disciplinary measures against the staff who may be linked to smuggling;
- To equip correctional institutions and detention with Protocol Books for registering complaints and requests of prisoners;
- To provide prisoners with security conditions so that their complaints are confidential in accordance with Law on Execution of Penal Sanctions, Article 91 paragraph 10;
- To improve the control system of prisoners after their visit;
- To ensure a more female staff on duty to check female visitors.

Furthermore, three disciplinary measures were imposed: two written warnings and a transfer to another facility. Overall, no criminal offences or other prohibited activities occurred in correctional facilities during the reporting period.

Regarding the *institutional capacity building*, a network of prosecutors dealing with corruption cases in seven prosecutorial offices continue to intensely dwell on corruption cases under the supervision of a national coordinator for the implementation of the plan with the aim of increasing the efficiency of the

prosecutorial system in fighting corruption. In this regard, National Coordinator informs the public on a monthly basis with the achievements in the implementation of this action plan.

During the reporting period, KJI provided training session for judges and prosecutors on anticorruption (see Table 5 below).

*Table 5: Statistics on trainings in the area of anti-corruption organized by KJI*

<b>Training title</b>	<b>Date</b>	<b>Total</b>	<b>Judges</b>	<b>Prosecutors</b>	<b>Others</b>
The training program in the field of combating corruption by prosecutors and other officials from relevant institutions - First Phase	16-20 June 2014	19	0	5	14

On the other hand, KACA has also provided training to its staff (see Table 6 below).

*Table 6: Statistics on trainings in the area of anti-corruption organized by KACA*

<b>Training title</b>	<b>Provided by</b>	<b>Venue</b>	<b>Dates</b>	<b>No. of participants</b>
Analysis of current forms of corruption within the Kosovo Police and the development of proposals for crime prevention	Kosovo Police	Prishtinë	06-07 May 2014	1
Integrity Management and Integrity Planning - Training of Trainers Module II	UNDP	Prishtinë	21 May 2014	3
Workshop "Establishing cooperation mechanisms against corruption"	KACA-UNDP	Ohër, Macedonia	23-25 May 2014	4
Integrity Management and Integrity Planning - Training of Trainers Module III	UNDP	Prishtinë	19-20 June 2014	3
Investigation of Money Laundering, Asset Tracking and International Legal Joint Support	Kosovo Institute of Economic Crime in KP	Prishtinë	23-27 June 2014	1

## **1.2. Human Rights and Protection of Minorities**

### **Civil, Political, Economic and Social Rights**

Kosovo institutions have continued their efforts to protect and endorse enforcement of human rights in the Republic of Kosovo. The draft law on protection from discrimination was approved by the Government on 05.05.2014, however considering that it was not approved by the Assembly, with the formation of the new institutional structures, will return to the Government for approval with the Law on Ombudsperson and Law on Gender Equality, as a single legislative package.

With respect to gender equality, the AGE in cooperation with the EU Office and UN Woman has launched on 14 May 2014 the Kosovo Country Gender Profile. This document aims to analyze gender differences related to the national legal framework, rule of law, justice, human rights, politics, the socio-economic situation and gender based violence. During 2014 the AGE has subsidized 13 projects that promote gender equality, participation of woman on decision making processes and their economic empowerment. In addition, according to statistics from the MLGA, on the period January - June 2014 the representation of women in managerial positions in municipalities in total is 189 (27-30%).

The Advisory and Coordination Group for the rights of the LGBT community has continued to hold regular meetings in accordance with its mandate. On 15 May, the EU twinning project "Fight against

homophobia and transphobia" was officially launched. The aim of the project is to tackle homophobia and transphobia and to enhance the capacities of the Kosovo authorities, especially the police, judiciary, educators and media. The launching of the project preceded this year's marking of the International Day against Homophobia on 17 May 2014. On this occasion, the Kosovo Government raised the rainbow flag as a symbol of tolerance, diversity and respect for human rights.

In order to review the legal framework on children rights, the Terre des Homes foundation has prepared a legal review report of the existing legislation referring child protection mechanisms and is expected to be published in September. In addition, the Guidelines for filling the database of the Indicators of Justice for Children have been drafted with aim to present the situation of juvenile justice and to contribute to the protection of children in conflict with the law.

As regards protection of children rights, on 14 July 2014 was launched the fourth Report on monitoring the implementation of the Strategy and Action Plan on Children Rights for 2013. The report covered seven priority areas: governance, budgeting, education, health, social welfare and juvenile justice. The total budget allocated for the implementation of the Strategy in 2013 was 1.632, 898,125.00 EUR or 13.2% of the total Kosovo budget. The main progressive findings from the report show that contrary to the previous year on the area of education, during 2013 in the examination conducted for the 5th grades, there has been an increase on the percentage trend of passing of the exams by the 9th graders and 5th graders from 57% to 61% and 54% to 77%. In addition, there is a slight trend of increase in registration of children with disabilities in education, from 1,221 (2012) to 1,240 (2013). An important achievement is the increased number of schools that meet the standards for inclusion from 6 (2012) to 44 (2013). Meanwhile, as regards the inclusion of children in hard labour, based on the available data there is a slight decrease from 168 (2012) down to 80 (2013) children involved. Furthermore, contrary to 2012, there is a also a decrease in number of children without parental care from 1,310 to 1,285, and all of them have been given a caretaker by the custodian body. Opposing to last year there is a slight drop in number of children in conflict with the law, from 1,772 in 2012 to 1,690 in 2013, while there was an increase in imposing diversion measures and alternative punishments, as well as their successful execution from 780 (2012) to 971 (2013) respectively from 476 to 623.

The number of complaints received by the Ombudsperson on cases of violations of human rights by public authorities has been slightly decreased. Comparing to the period of January – May where 794 complaints were received, during the reporting period the Ombudsperson has received 586 complaints. Out of these cases 135 are open for investigations (the Ombudsperson per se conducts these investigations), 2 are open *ex officio* cases and 159 cases have been closed. 451 cases of complaints have been declared as inadmissible and the Ombudsperson has advised the filing parties on the further steps of addressing the complaints. Referring these cases, 2 reports were drafted, 1 to the Assembly and 1 to the MLSW, and 3 recommendations were addressed to each respective institution based on these reports.

With the purpose of ensuring safety in the community through a close co-operation between the police and citizens, the Directory of Community Policing and Prevention (DCPP) has established 3 further Local Public Safety Committees (LPSC), reaching in total 40 LPSCs established throughout Kosovo.

Based on the monitoring of the case files received by the Centers for Social Work, during the reporting period three (3) domestic minor victims of human trafficking have been assisted. Meanwhile the KP has reported 42 cases of human trafficking that have been opened for investigation and (7) seven victims of human trafficking were identified.

With regard to cases of domestic violence during the period of May-July 2014, 29 victims and 6 cases of minors have been treated by the Centres for Social Work. The KP has reported 229 cases of domestic violence with 191 female and 55 male victims involved, out of which 33 are under investigation and 196



have proceeded to the Basic Prosecution Office<sup>2</sup>. Meanwhile for the period of 1 January 2014 – 30 June 2014 the following data on cases of domestic violence have been provided by the KJC (Table 7):

*Table 7: Statistics on fighting domestic violence during the reporting period*

Status of cases	No. of cases
Inherited	133
Received	37
Solved	39
Unsolved	131

*Source: Kosovo Judicial Council*

Referring to protection of vulnerable groups, during the reporting period the KP has reported (4) four cases against members of the LGBTI community. All four cases have proceeded to the Basic Prosecution Office in Prishtina.

A decreased number of physical attacks against journalists has been noticed. During the reporting period the KP has reported seven (7) cases of attack against journalists, involving four (4) cases of threat, two (2) cases of body injury and one (1) case of damaging of private property. Six (6) out of these cases have proceeded to the Basic Prosecution Office of the respective municipality, meanwhile (1) one is still under investigation.

In order to create the right conditions for prisoners that require health treatment, a maximum security special compartment has been constructed within the Kosovo University Clinical Center and will be functionalized by the end of August 2014. The categorization of the prisoners within the KCS is in continuance, thus a number of prisoners from Dubrava are expected to be transferred to the High Security Prison.

With regard to disciplinary measures towards the correctional service staff, the KCS has taken measures of warnings in two (2) cases and reassignment on another institution in one (1) case. In the meantime, the MoJ Inspectorate has reported 44 cases of smuggling (mobile phones, narcotics) in correctional service facilities. In order to tackle these issues, the Inspectorate has carried 64 regular inspections and various *ad hoc* ones in the most problematic areas of correctional institutes. As a result, 26 recommendations were issued and significant improvements have been noticed such as in the security and lighting of the external perimeter and improved level of security and control in visiting rooms. In order to improve the complaints system within correctional facilities, complaint boxes have been placed in all correctional institutions.

With attention to property rights, by the 31 July 2014, the Property Claims Commission (KPCC) adjudicated in total 41.327 property claims; meanwhile during the reporting period 318 claims were adjudicated. So far a total of 42.486 decisions were distributed to the parties, whereas during the reporting period, 1,624 claims were distributed out of which 1,387 to the claimants, while 237 to responding parties and current users. The number of implemented decisions in total is 29,871. During the period May-July 2,976 decisions were implemented.

From 1 May 2014 - 31 July 2014, there were 680 evictions assigned. Out of these evictions 262 were physical eviction: 29 evictions for repossession of the property, and 233 due to non-payment of rent. 261 evictions were cancelled after the current occupant has paid the rent before the day on which was assigned the eviction, while 44 evictions were cancelled for other reasons.

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<sup>2</sup> There is no data provided by the KPC because of the timeframe that the KPC generates statistics on cases of domestic violence, attacks against cultural and religious buildings, allegedly ethnically motivated crimes.

As regards rented properties by the end of July, the KPA has issued through Voluntary Rental Scheme in total 1,150 rental properties, out of which 491 are available. During the period May-July 2014 were leased 96 properties (26 agricultural, 70 residential). There are in total 143 decisions to be implemented through compensation on the amount of 3.2 million EUR and despite its efforts, the Agency was unable to provide these means.

In order to monitor the protection of workers' rights, during the reporting period, the Labour Inspectorate has conducted 2,325 inspections, out of which 1,504 were regular inspections, 634 were repetitive inspections, 138 inspections with the request of the parties, and 49 inspections in cooperation with other law supervising bodies. The Inspectorate has pronounced 316 written warnings to entities where violations were found, and 52 fines were imposed.

As part of the IPA project on support to the Labour Inspectorate, the system of training labour inspectors is planned to begin on the third quarter of 2014. Also the IT system of the Inspectorate is being developed as part of the project. In addition, the Strategy and Action Plan for developing the Labour Inspectorate is being prepared. The Concept document for the reorganization and functioning of the Labour Inspectorate has been drafted and submitted to the MoF. A six (6) month report has been drafted by the Inspectorate covering the period of January-June 2014.

With regard to trainings organized on the area of human rights, the OGG/OPM has organized a two day training (27, 28 May 2014) on Indicators for Children Justice as part of the third phase of project "Reform of Justice for Children in Kosovo".

The Agency for Gender Equality has organized trainings as part of the Action Plan against Domestic Violence 2011-2014:

- Municipal Coordinating Mechanisms against domestic violence (29 April 2014 - 06 June 2014) held in Gjilan, Gjakova and Dragash, and followed by 111 participants;
- Trainings on the SOP for protection against domestic violence (June 2014) held in Podujeva and Prizren, and followed by 90 participants whom at the end of the training were certified by the AGE.

Meanwhile the following trainings were organized by the KJI:

- The importance of the ECHR in the Kosovo judiciary - "*Ne bis in idem*" principle (13.05.2014) with the participation of 5 judges and 2 prosecutors;
- Criminal offences against human rights (21.05.2014) with 28 participants.

### **1.2.1. Protection of and Respect for Minorities and Cultural Heritage**

Protection of cultural heritage remains a priority for Kosovo institutions. The Law on Cultural Heritage is being amended and the Council Regulation 116/2009 on the export of the cultural goods and Council Directive 93/7 on the return of the cultural objects unlawfully removed from the territory of a Member State have been transposed into the draft. Six municipalities with a majority of communities have drafted the Local Heritage Plan 2012-2015. This plan aims to strengthen the role of municipalities, NGOs and communities in the revitalization of local cultural and natural heritage.

In July of 2014, the MCYS has established a cultural heritage online database which provides information on monuments, archeological sites, spiritual or movable heritage. Meanwhile, the IMC continues its work as foreseen with the AI on force, the 14th meeting of the Council was held on 15 July 2014 where mainly issues of illegal constructions and property disputes within orthodox religious sites were addressed.

The special unit of the Kosovo Police tasked with protection of cultural heritage is obliged to secure 24 objects through the territory of Kosovo. This unit is working with a full capacity and has 203 police

officers. During the period of January- July 2014, the unit has reported two (2) incidents in Churches of Obiliq and Gjakova. On the other hand the number of reports of attacks against cultural and religious building for this reporting period has evidently decreased. Comparing to the period January- March 2014 where twenty-six (26) cases were reported, during the reporting period the KP has reported eleven (11) cases of acts of theft and vandalism against cemeteries and religious buildings, out of which six (6) cases have proceeded to the respective Basic Prosecution Offices and five (5) are still under investigation. In addition, see Table 8 below on KJC data covering 1 January – 30 June 2014:

*Table 8: Statistics on protection of cultural heritage seats during the reporting period*

<b>Status of cases</b>	<b>No. of cases</b>
Inherited	8
Received	2
Solved	3
Unsolved	7

*Source: Kosovo Judicial Council*

The Office of the Language Commissioner on 27 June 2014 in collaboration with the European Centre for Minority Issues (ECMI), has launched the Guidelines for implementation of the Law on the use of languages, which aims to help civil servants to fully implement the law, to clarify the right on language and cases of violation.

During the reporting period the OLC has received in total 6 complaints; out of which 3 have been solved through mediation and 3 are being reviewed. The number of released recommendations during the reporting period is 3 and they have been addressed to CEC, RTK2 and the Municipality of Kllokoq. In June, a two-day workshop was held in Peja with the members of the Network for Language Policy to explain the role, duties and responsibilities of its members. In addition, in July the OLC in collaboration with the ECMI has started a project aiming to measure the indicators and monitoring the implementation of the Law on Use of Languages in the Municipalities of the Republic of Kosovo. Questionnaires were distributed and visits were made in different municipalities (excluding the four northern municipalities) to give the necessary explanations concerning the completion of these questionnaires.

The joint project of the OCL and ECMI on learning of the official languages on a local level has continued its implementation, where courses on Albanian and Serbian language have been held on the majority of municipalities in Kosovo.

During the period May - July 2014, the OCL has employed one (1) Senior Officer for Capacity Building. Likewise, the Office has also engaged with a short term contract of 6 months two (2) translators and one (1) lecturer who will contribute to improve the quality of the translation of documents issued by the OPM into the official languages of the Republic of Kosovo.

The MCR has continued its efforts to improve the conditions for the returnees and support their integration. During the reporting period the following projects were developed:

- Building of houses for 10 returned families;
- Pavement of the road in Bllagaj, Municipality of Peja;
- Reparation of the water supply system in the parish house in Vushtrri;
- Supported 17 NGOs projects (92,599.00 EUR);
- Supported 390 families with construction materials;
- Provided 23 families with household furniture (27,755.00 EUR).

In addition 62 food packages have been distributed on the amount of 5,580.00 EUR and 75 food-hygienic packages on the amount of 6,600.00 EUR to families with difficult social conditions. Meanwhile 9 infrastructural projects are continuing to be implemented.

As part of the project *“Return and reintegration in Kosovo III”*, seven (7) houses have been built for the returnees in 5 municipalities: Prizren, Suharekë, Shtërpçë, Partesh and Novobërda. Also the renovation of the schools in Novoberde and Partesh is completed. Food and hygienic packages have been delivered to (7) seven families; meanwhile (8) eight beneficiaries have received grants through partaking in this project.

As part of the *“Program for the support in the stabilization for the returnees from the camps in FYROM and the Republic of Montenegro,”* 4 houses have been constructed for returned families, while 15 are under construction in the region of Gjilan, Peja and Prishtina. On the other hand, the *“Program of the European Commission for the Stabilization of Communities II”* has implemented 22 projects which aim to create employment opportunities and generate income among the minority communities throughout Kosovo.

Referring to the implementation of *the Strategy and Action Plan on the integration of RAE communities*, five municipalities with the majority of communities have drafted a local Action Plan on the implementation of the strategy. In addition, the KP in July 2014 has launched the project on *“Support to employment of RAE communities on Kosovo Police”*. The aim of this project is to encourage the inclusion of members of these communities within the KP. 90 applications from members of RAE communities were received, out of which 32 have passed successfully the written exam and after passing the physical abilities test will be employed as police officers. Meanwhile by September 2014, will be finalized the Report on monitoring the implementation of the Strategy for the integration of the RAE communities.

Also it is important to note that out of 7,057 children from the RAE communities registered on the academic year 2013/2014, the number of drop outs by the second semester of the year was 57.

On the other hand as part of its endeavours to advance the inclusion of the returnees, the OCA through May-July, has opened a call for proposals to support multi media and media production associations belonging to non-majority communities. Grants on the amount of 200,000 EUR were submitted to 24 media associations throughout Kosovo. The OCA has also opened a call for proposals to support small businesses belonging to non-majority communities. The budget available for this project is 100,000 EUR and grants were awarded to seven (7) small businesses.

The first meeting of the Group of Community Affairs was held this year with representatives of public institutions, international organizations and embassies.

In order to implement the employment initiative that was initiated by the OCA, a task force has started working on the recognition of diplomas issued by the University of North Mitrovica. In addition, a 6 months internship program (on the amount 90,000 EUR) for students of non-majority communities was developed by the OCA, with the aim of enabling students from the non-majority communities to work as interns in public institutions in Kosovo. A total number of 100 students will have the opportunity to benefit from this program and the remuneration for each student will be 150 EUR per month. Additionally, the OCC/OPM has appointed two new officials, a senior officer for Policy and a senior officer for coordination and providing grants.

With respect to addressing allegedly ethnically motivated crimes, during the reporting period the KP has reported three (3) cases, one (1) case of causing general danger, one (1) case of incitement of hate and one (1) case of damage of property. Out of them two (2) have proceeded to the prosecutor office and one (1) is still under investigation. Meanwhile as regards judicial decisions taken on the criminal offence of inciting

national, racial, religious or ethnic hatred, discord or intolerance, the KJC provided the following data covering 1 January – 30 June 2014 (Table 9):

*Table 9: Statistics on alleged interethnic crimes during the reporting period*

<b>Status of cases</b>	<b>No. of cases</b>
Backlog	3
Received	1
Solved	1
Unsolved	3

*Source: Kosovo Judicial Council*

In order to enhance the capacities of police officer dealing with hate crimes during the reporting period the KP has organized the following trainings:

- Data collection for hate crimes ( 05.19.2014 and 05.20.2014) with 20 participants
- Training on Hate Crimes Investigation (27.5.2014 and 28.5.2014) with 18 participants

Meanwhile as part of the implementation of the Strategy and Action Plan, the OGG has organized four trainings for Municipal Officers for return, communities and reintegration in the Municipalities of Ferizaj, Peja, Fushe Kosova and Vushtrri.

### **1.3. Regional Issues and International Obligations**

On 2 May 2014 the Republic of Kosovo and the Republic of Turkey signed a bilateral agreement on Gainful Occupation of Members of Diplomatic missions and Consular Posts. This agreement aims to further strengthen the relations and exchanges between the two countries. Moreover, on 8 June 2014, Kosovo became a member of South East European Cooperation Process (SEEC) and Migration, Asylum, Refugees Regional Initiative (MARRI) and in August 2014 has finalized the membership application for RACVIAC – the Centre for Security Cooperation.

## 2. ECONOMIC CRITERIA

### 2.1. Existence of a Functional Market Economy

#### 2.1.1. Economic Policy Essentials

Latest data signal an increased economic activity compared to the previous year. In part this is related to the positive developments of the euro zone economies. The pickup is in turn reflected on the growth of remittances and additional credit activity which ultimately have yielded higher tax revenues. Inflationary pressure remains limited due to the downward tendency of international prices. In summary, the Kosovo government has continued implementation of prudent policies which ensure the macro-financial stability. The fiscal rule has been introduced to the 2014 budget and is being implemented. It aims to anchor the sustainability of public finances. Work on the preparation of the Economic and Fiscal Program has commenced with the assistance of the EU-funded project in support of the Ministry of Finance.

#### 2.1.2. Macroeconomic Stability

The overall macroeconomic framework is expected to remain stable in 2014. Inflation rate is estimated to stand at around 0.8%. Growth of consumption, exports, private investments coupled with a credit expansion, increase of remittances and a slowdown of imports are estimated to contribute to an accelerated economic activity. The fiscal stimulus stemming from the change of budget structure in favour of current expenditures should also contribute positively to the growth prospects.

The nominal GDP for 2013 is estimated to have been EUR 5, 125 million or EUR 2, 757 per capita. Estimates show that real GDP growth stood at 3.2% in 2013. Nominal GDP is forecasted to reach EUR 5, 446 million in 2014 (or EUR 2, 884 in per capita terms). Per capita GDP is expected to exceed EUR 3, 000 after 2015.

In 2014, real GDP growth is projected to accelerate to 4.1%. Consumption, exports, to a lesser extent investments, and a slowed import growth rate are expected to be the main contributors to the increased economic activity in 2014. The modest rise of the domestic production (food products) of previous year is expected to continue in 2014. It may result in some import substitution, albeit of a very limited scale.

Table 10: Nominal GDP and its real growth

Description	2010	2011	2012	2013	2014
<i>In EUR million</i>					
Consumption	4,557	5,020	5,256	5,390	5,675
Investment	1,342	1,531	1,387	1,427	1,467
Export of goods and services	835	959	922	927	997
Import of goods and services	2,443	2,737	2,649	2,619	2,693
Nominal GDP	4,291.2	4,772.9	4,916.4	5,124.7	5,446.2
Real GDP growth, in%	3.2%	4.8%	2.5%	3.2%	4.1%
CPI, in%	3.5%	7.4%	2.4%	1.8%	0.8%

Source: KAS and Macroeconomic Unit estimates (MoF)

Note: The Kosovo Agency of Statistics publishes the national account statistics for previous year at end of September of current year. Statistics for year 2013 are an estimate of the Department for Economic and Public Policies in the Ministry of Finance.

Export of goods and services are projected to rise by 7.5% and 3.4% respectively in real terms in the year 2014. In the same timeframe, the imports of goods and services are projected to grow by 3.2% and 3.4% respectively. Hence, the net exports will improve by 1.8%. The current account balance is estimated to have reached EUR (-) 350 million (or 7.1% of GDP) in 2013. In 2014, this balance is projected to continue

the positive performance to reach to EUR (-) 263 million (or 5.1% of GDP). Remittances are expected to grow by an annual 3.3% to reach EUR 570 million in 2014 due to the positive effects of the economic recovery in the euro zone countries.

Five years after the financial crisis and global recession, during 2013 Euro-zone economy has shown signs of recovery from the recession, growing by 0.4%. Kosovo's economy has managed to limit the effects of this crisis through expansionary fiscal policies. In general, the recovery of the world economy coupled with favourable policies that encourage economic activity in Kosovo mean that in the medium term we foresee a stable economic environment. Based on the estimates for the euro zone recovery, in the medium term we anticipate an accelerated growth of the economy. More precisely, economic growth for the period 2015-2017 is expected to be 4.4% on average, driven mainly by private investment and exports. Imports of goods are expected to continue to contribute negatively, although to a lesser extent. The rate of import substitution with local products is expected to continue to grow. As a result, net exports are expected to contribute an average of 0.5% in GDP growth. Based on international forecasts of price developments, the drop in oil and food products is expected to contribute to a somewhat stable inflation of an average rate of 1.1%.

**Balance of Payments.** The current account balance in the first quarter of 2014 was EUR (-) 36.8 million. Compared to the same period of 2013, deficit increased for EUR (-) 23.4 million. It was mainly financed by current transfers, which amounted to EUR 259.7 million, trade balance of services EUR 63.2 million and income EUR 32.4 million. On the current transfers in the first quarter of 2014, remittances reached a level of EUR 130 million - an increase by 2.9% compared to the same period of the previous year. Compensation of employees (residing for less than 12 months abroad) had a balance from EUR 46.1 million presenting a decrease by 16.7% compared to the same period of the previous year.

Export of goods in first half of 2014 decreased by 5.1% in nominal terms, while the import of goods has increased by 0.72%. In real terms, trade balance (which continues to be negative) has increased by 1.59%. Exports of goods decreased mainly as a result of lower re-export where the bulk of the export consists of metals linked to the falling international prices of metals. However, regular exports, which mean exports of products manufactured entirely in Kosovo, have increased by 9%, which shows a gradual and sustainable increase and diversification of exported goods. Regarding imports, the overall low growth is partially attributed to the drop of international prices of some items (mainly food and construction materials), which constitute the largest bulk in the Kosovo imports. The increase was mainly recorded in the import of food, oil and construction materials (an indication of the growth of private investment). In part, the imports have risen due to the changing the way textile imports are taxed, a switch from taxing it by kilograms to taxing by value.

According to the data for the first quarter of 2014, net balance of services increased by 6.1%. The exports of services have contributed by 32.7% to the net balance while the contribution of imports of services was -26.6%. As in previous years, net travel services provided the largest contribution to the improvement of the services balance mainly influenced by visits from Diaspora in the country.

Regarding **External Debt**, as of 31 July 2014, it stood at EUR 320.5 million, a slight decrease of 1% compared to the end of 2013 (EUR 323.8 million).

Table 11: Foreign Debt (million Euros and year on year% change)

2010	%	2011	%	2012	%	2013	%	June 2014
259.4	-2.2%	253.7	32.7%	336.6	-3.8%	323.8	-1.0	320.5

**Trends in unemployment and employment.** Kosovo Agency of Statistic (KAS) has published in July its results of the Labour Force Survey for year 2013. According to the survey, the number of unemployed (age 15-64) stood at 144, 829 or 30.0% (male 95, 942; female: 48, 887). Among male unemployment rate is

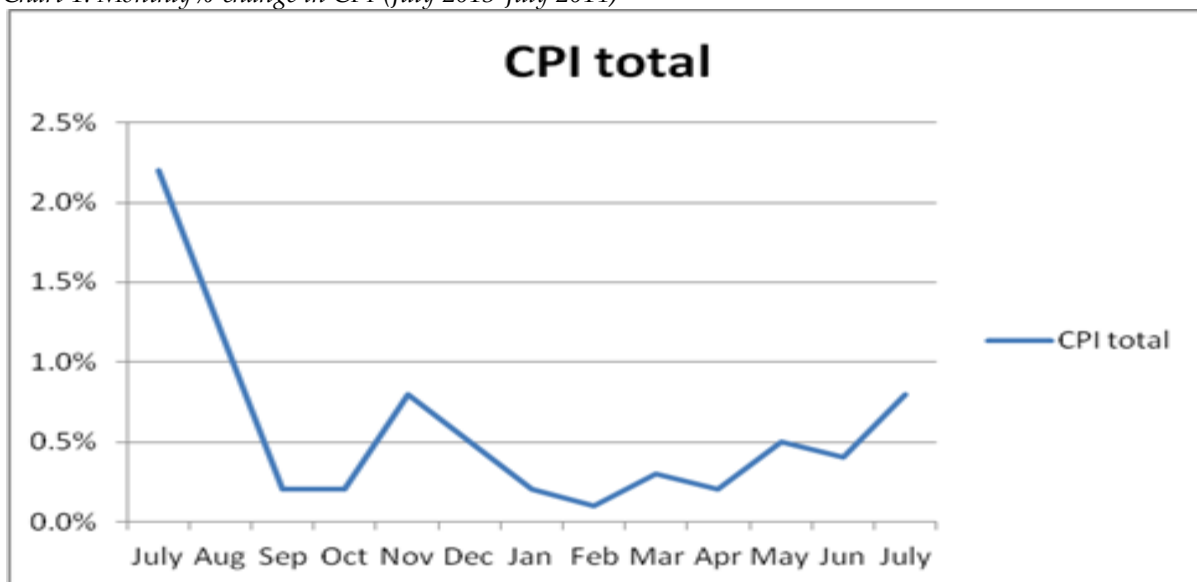
26.9%, whereas among female it is 38.8%. Unemployment among young people (age 15-24) was 55.9% or a total of 44,922 persons (male 28, 137; female: 16, 785). Compared to the 2012, we see a slight decrease of unemployment from 30.9 to 30.0, whereas unemployment for young people has increased slightly from 55.3% to 55.9%.

According to the Ministry of Labour and Social Welfare unemployment data, during the period January-June 2014, the number of jobseekers has increased by 8,000, which marks an increase of 2.5%, compared to the same period from the last year. The cumulative number of registered unemployed at the end of June 2014 was 272,096. This represents an increase of 0.014% compared to the number of unemployed at the end of 2013. Approximately 90% of the unemployed are long-term unemployed. Unemployment rate amongst young people aged 15-24 amounts to 35.8%, whereas 50% of them are women. Unemployment rate amongst women in the total number of unemployed equals to 46.45%.

**Trend indices on inflation.** Based on data published by KAS, general domestic prices began to decline gradually from the second half of 2013, up to the end of the first half of 2014. According to data for the first half of 2014 prices increased by about 0.3%.

**Trend indices on inflation.** After a significant increase in prices and specifically food prices in the previous periods, price indicators began their declining trend from the first half of 2013. Based on data published by KAS, the trend of price increases declined significantly from the second half of 2013, up to the end of the first quarter of 2014. This decline reflects changes in food prices from the imported goods, as a result of stabilization of food prices in international markets after periods of years that were characterized by relatively high prices. Data for the period January-July 2014, show that prices increased by 0.3% (for details refer to the graph below).

Chart 1: Monthly% change in CPI (July 2013-July 2014)



Source: Kosovo Agency of Statistics

Forecasts of price levels for 2014 shows an increase of 0.8% of CPI. Given that the price level in Kosovo is largely dependent on the movement of international prices, the forecast for 2014 is based on forecasts of international institutions of price movement of food and oil products that constitute the bulk of consumer basket. Therefore, based on the fact that international prices are expected to fall over the medium term period, the price level in Kosovo is expected to follow the same trend where the average price is expected to increase by 1% on average.



**Reporting on monetary and fiscal policies.** Total revenues planned to be collected in 2014 amount to EUR 1,458 million of which over 85% will consist of tax revenues<sup>3</sup>. In the first half of 2014, revenues collected at the border reached 41% of planned revenues, or a nominal value of EUR 362 million, while local revenues are collected a rate of 39% amounting to EUR 145 million. Noteworthy that local projected revenue include revenues planned by the Privatization Agency of Kosovo (PAK). On the other hand, despite the increase in property tax rate, municipalities have managed to collect 43% of the planned revenue for this year. The same level of collection was also for own income of the central level, while non-tax revenues have been collected at a rate of 48% of the planned revenue for 2014.

Contrary to last year, border revenues increased by 5.7%. Though, domestic revenues declined slightly by 2% compared to the first half of 2013. This decline may be due to non-completion of many capital projects planned for this year including M6 highway, which is reflected in the collection of revenues from VAT. Revenues collected from VAT have decreased for 6.7% compared to the same period of 2013. In contrast to the first half of the previous year when Kosovo's government has received about EUR 30 million dividends, in the first half of 2014 the Government of Kosovo has not received income in the form of dividends. As a result, total revenues during the first half of the year were 0.3% lower compared to the same period of the previous year.

The fiscal rule limiting the budget deficit at 2% of GDP has been observed successfully in the first part of this year. Income levels by the end of June amounted to EUR 602.7 million, while the level of total spending (including interest payments) amounted to EUR 641.8 million. As a result, the overall deficit has reached EUR 31.2 million compared to EUR 111 million (2% of GDP) which is the limit for this year.

For the first half of the year, budget expenditures have been executed at a rate of 40%. Capital expenditures have contributed the most, whose value has reached EUR 137 million or 25% of the planned expenditures. Low execution of capital expenditures is partly due to the political situation where many projects planned to be financed by foreign borrowing have stagnated as a result of the inability of loan ratification by the Parliament of the Republic of Kosovo.

New spending initiatives introduced recently by the Government in increases such as salaries for civil servants, pensioners and other beneficiaries (by about 25% since April 2014) have contributed largely to the high expenditures in the category of wages and subsidies. More precisely, wage spending has been carried out at the rate of 48%, while the subsidies and transfers have reached execution rate of 52%. *For the detailed table of revenues and expenditures please see Table 5.1 under Annex 5.*

During the reporting period, **Government Debt** has increased by 5.27%, from EUR 514.2 million or 9.33% of GDP in the beginning of May to EUR 541.3 million or 9.83% at the end of July. The main reason for that is the issuance of domestic debt, which is carried out based on the calendar of the annual budget Law 2014.

*Table 12: Government debt over years (2010 – 2013)*

	2010	2011	2012	2013	July 2014
Total debt	259	254	411	475.7	541.3**
GDP	4,291	4,776	4,944	5,125	
Total debt as a share of GDP	6.04%	5.32%	8.31%	9.10%	9.83

*\*Total debt defined as central plus local government debt*

<sup>3</sup> Year 2014 was characterized by unexpected political developments which have indirectly affected the execution of the budget and therefore domestic demand and revenue collection.

For details on the developments of the real effective exchange rates between 2008 – June 2014, please refer to Table 5.2 under Annex 5.

### 2.1.3. Interplay of Market Forces

**Size of the private sector.** The table below shows the private sector as a share of the GDP, more specifically data on private consumption and private investment. As indicated, the size of the private sector as a share of GDP has varied between 85 and 90 percentage points in the period 2009-2013. Regarding year 2014, it is projected that the level of private consumption will reach 87.4% of GDP, whereas private investment 17.9% of GDP.

Table 13: Private sector as a share of GDP

	2010	2011	2012	2013 est.	2014 proj.
<b>Private consumption</b>	89.1	88.4	90.5	88.2	87.4
<b>Private investment</b>	20.7	21.0	17.0	17.5	17.9

**Privatization.** From the overall portfolio of Privatization Agency of Kosovo (PAK), since the start of the sale of assets through liquidation, 1179 assets out of 2, 725 have been sold or 43%. The remaining 1,546 assets or 57% are to be sold. During the reporting period Liquidation Authorities reviewed requests and have sent 6,317 decisions to the respective parties. The number of submitted appeals was 512.

Out of 445 SOEs of the Liquidation Authority, none of the procedures for liquidation have been concluded, whereas of those from the Unit of Liquidation of PAK, 7 SOEs have finished the process of liquidation. With regards to revenues collected for the reporting period (May-July) they have reached the amount of: EUR 9,998.11.

### 2.1.4. Market Entry and Exit

According to the data provided by Kosovo Business Registration Agency (KBRA), 2, 653 new businesses were registered during the reporting period May - July 2014. As the Table 14 shows, most of the new businesses registered are individual businesses, followed by Limited Liability Companies. The same is valid for businesses that have closed during the reporting period.

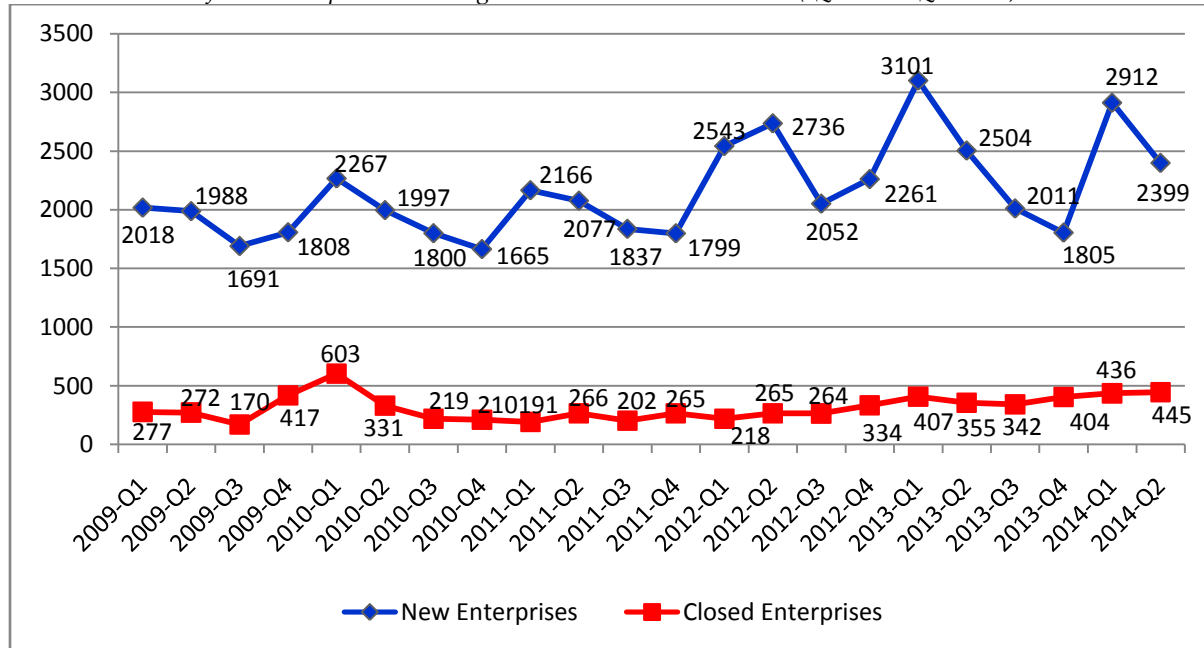
Table 14: Businesses started and closed by type of ownership

Type of Ownership	Newly Registered	Closed
Individual Business	2007	395
Foreign Companies	21	7
Agricultural Cooperatives	2	None
Social Enterprises	24	None
General Partnership		15
Joint Stock Companies	12	1
Limited Liability Companies	586	15
<b>Total</b>	<b>2,653</b>	<b>433</b>

The trend in the registration and re-registration of companies over the period of eight years has been shown in the graph below (blue line). Also it shows the companies that have closed over the same period (red line).

Regarding the structure of the business (data for April-June 2014), 31.2% (31.0% previous reporting period) of them were registered under the wholesale and retail trade and repair of motor vehicles, motorcycles and personal and household goods sector. On the other hand, hotels and restaurants as well as real estate, renting and business activities sectors account for around 21.3% of the new registered companies (20.0% previous reporting period). For a detailed list of new registered companies by sector, please refer to Table 3 in Annex XX.

Chart 2: Number of new enterprises or re-registered and those that closed ( Q1 2006-Q2 2014)



Some 445 companies were closed during the reporting period April 2014 - June 2014 (roughly same number as the previous reporting period). For a detailed list of closed companies by sector, please refer to Table 4 under Annex 5.

### 2.1.5. Business Environment, Legal System and Administrative Capacity

An array of measures is underway in areas of property, mediation services and law enforcement procedures to strengthen the legal system and facilitate a more favourable business environment.

As regards the latest developments of **property** disputes at the Kosovo Property Agency (KPA), to date the Property Claims Commission (KPCC) has processed a total of 41, 327 property claims. More specifically, for the period May-July, 318 claims were decided.

So far a total of 42, 486 decisions were distributed to the parties. While during the period May-July 2014, some 1,624 were distributed, of which 1,387 to the claimants, 237 to responding parties and current users. The number of implemented decisions in total is 29,871, of those 2,976 were implemented during May-July.

During the May - July 2014 period, there were 680 evictions assigned, of which 262 were accomplished through physical eviction, 29 evictions for repossession of the property, and 233 due to non-payment of rent. During this period 261 evictions were cancelled after the current occupant paid the rent before eviction, while 44 evictions were cancelled for other reasons.

On the properties under the administration of KPA, through Voluntary Rental Scheme, KPA has issued a total 1,150 rental properties, of which 491 are active. During May-July 2014 alone, 96 properties were leased (26 agricultural, 0 commercial, 70 residential).

There are in total 143 decisions to be implemented through compensation. The amount necessary to compensate for these properties is EUR 3.2 million. Despite great efforts, the Agency was unable to provide such money without which decisions cannot be implemented.

Government of Kosovo with assistance of a World Bank project is developing the systematic registration of property in 23 Cadastral zones in four cities, and the registration of collective buildings, apartments and business premises in 15 cities. By law there is a 30 day period for registering the rights to a property. However, in practice the registration is done on average in 10 days. For detailed statistics on property registrations, please refer to the table below.

*Table 15: Statistics of property registrations for the period January-June 2014*

No.	Month	Number of mortgages registered	Transactions/ Inheritance	Number of buildings registered	Number of parts of buildings registered
1	January	285	3677	18	84
2	February	280	3471	11	60
3	March	349	3146	11	111
4	April	370	3331	16	84
5	May	354	2703	12	117
6	June	253	1629	8	45
	Total (Jan-Jun 14)	1891	17957	76	501

For a gender breakdown of statistics on the number of owners for the period January-June 2014, please refer to [Table 5 under Annex 5](#).

As regards dispute resolution mechanisms, the **mediation** services are being consolidated in recent months for legal-assets matters, commercial, family, labour, and other civil and administrative matters for both legal and natural persons. Nearly 280 cases have been referred to mediation by courts, prosecutorial services and individuals throughout the 6 regions. Approximately 60% of them have already been solved. For detailed mediation statistics, please refer to the Table 16 below.

*Table 16: Statistics on cases referred to mediation services, April-June 2014*

	Prishtina	Ferizaj	Gjakova	Peja	Gjilan	Mitrovica	Total
<b>Cases referred by the Court</b>	90	12	22	20	21	33	198
<b>Cases referred by Prosecution</b>	27	32	11	\	\	\	70
<b>Cases of Self-referral</b>	5	2	1	\	\	3	11
<b>Total of referred cases</b>	122	46	34	20	21	36	279
<b>Solved cases</b>	61	24	21	7	22	27	162
<b>Unsolved cases</b>	3	2	2	13	6	14	40
<b>Cases being processed*</b>	\	2	11	136	74	11	234

*Source: Ministry of Justice*

*Note: Total amounts vary*

In efforts to strengthen the legal enforcement procedures, the Minister of Justice in May 2014 has appointed an additional 12 (twelve) private enforcement agents who will operate under the jurisdiction of the Basic Court of Pristina region. Pursuant to the law on enforcement procedure, they are competent to undertake actions for implementing court decisions.

In efforts to develop alternative dispute resolution mechanisms, **arbitration services** have been developed within the structures of chambers of commerce. To date, The Permanent Tribunal of Arbitration (PTA) has recorded seven arbitration cases. Total value of cases during the period 2013 – August 2014 amounts to around EUR 3 million.

PTA is actively engaged in strengthening regional cooperation. So far it has reached agreements with several arbitration services including the Arbitration Center within the Istanbul Chamber of Commerce, German Institution of Arbitration, the Court of Arbitration in Poland, and Arbitration Institutions in Albania, Bosnia and Herzegovina, Croatia, Macedonia, and Montenegro. All these agreements aim to develop cooperation between institutions in arbitration matters, exchange of information and experiences, and exchange of arbitrators between institutions.

### **2.1.6. Developments in the Financial Sector**

Kosovo's financial system continued to expand its activities during first half of 2014. Total assets of the financial system, excluding CBK assets, marked an annual growth of 12.2%, standing at EUR 4.3 billion (79.8% of GDP in 2014)<sup>4</sup> in June 2014. Banks remain the dominant sector with 70.8% of the total financial sector assets, followed by Pension Funds and Insurance companies with 23.2% and 3.1%, respectively.

Banking sector is mainly foreign owned (90.5 of banking assets) and has a high degree of market concentration. Nevertheless, the degree of market concentration has continued to decline slowly. In June 2014, the market share of the three largest banks stood at 67.2% compared to 67.8% in June 2013. The decline in the degree of market concentration is expressed also by the Herfindahl-Hirschman Index (HHI) for assets which dropped to 1,847 points in June 2014, compared to 1,891 points in June 2013.

Lending activity in the first half of 2014 improved compared to the same period of previous year. In June 2014, total loans amounted to EUR 1.89 billion, which represents an annual increase of 3.5% (2.8% in June 2013). The accelerated growth of total loans reflects the considerable growth of new loans during the first half of 2014, which reached the amount of EUR 512.2 million that is by 39.4 percent higher than the amount of new loans issued during the first half of 2013. Until June 2014, loans to enterprises continued to dominate the loan portfolio with a share of 67.3% (67.7% in June 2013), whereas loans to households represented 31.4% (30.8% in June 2013).

Deposits in June 2014 reached the value of EUR 2.42 billion (EUR 2.20 billion in June 2013) which represents an annual increase of 10% (4.4% in June 2013). The increase of total deposits is mainly attributed to the household deposits which represent 74.2% of total deposits.

The liquidity position of the banking sector until June 2014 continued to be satisfactory. The liquid assets to total assets ratio in June 2014 stood at 32.4% (29.3% June 2013). The loans to deposit ratio decreased to 78.1% in June 2014 from 82.9% in June 2013. Non-performing loans in June 2014 increased at 8.2% from 7.8% in June 2013, but they remain well covered by loan-loss provisions (116.4% in June 2014). In spite of the increase compared to the previous years, it is worth emphasizing that during the first half of 2014 non-performing loans have followed a declining trend. More precisely, the NPL ratio in June 2014 stood at 8.2% compared to the peak of 8.8% that was recorded in February 2014. The banking sector remains well capitalized with a capital adequacy ratio of 17.4% that is well above the minimum regulatory requirement of 12%.

The average interest rates on loans decreased to 10.6% in June 2014 from 12.0 in June 2013. The average interest rates on deposit in June 2014 decreased to 0.6% from 3.5% in June 2013. The interest rate spread between loans and deposits, on average, stood at 10.0 percentage points, compared to the average of

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<sup>4</sup> Forecasted GDP for 2014, CBK

8.5pp in June 2013. The banking system of Kosovo has reported a positive profit of EUR 26.9 million in the first half of 2014, which represents an increase of 77.1 percent compared to the same period of last year.

Until June 2014, the number of Insurance Companies was 13, of which 4 domestically owned and 9 foreign owned. Ten companies provide non-life insurance products and 3 companies provide life insurance products. Insurance sector marked annual assets growth of 4.2%. The value of gross written premiums reached EUR 40.3 million, an annual decrease by 0.5%. Out of total gross premiums, around 96.8% of premiums consisted of non-life insurance, while only 3.2% of premiums consisted of life insurance. Insurance market growth during first half of 2014 was mainly triggered by the growth of non-life insurance products. In the first half of 2014 the insurance industry in Kosovo paid EUR 17.1 million in gross claims, which is a decrease of 19.3% from the previous year. Out of total of gross claims paid, 1.9 million was paid by the Kosovo Insurance Bureau.

Kosovo Pension Savings Fund (KPSF) continued to mark a growth in assets and have positive net return on investments until June 2014. The assets under KPSF management amounted EUR 996.9 million, annual growth of 24%, whereas gross return on investments amounted at EUR 32 million for the first half of 2014.

The number of other financial institutions operating in Kosovo is 59, of which: 14 microfinance institutions, 4 non-bank financial institutions, 6 Money transfer and Payments offices and 35 Exchange Bureaus.

Central Bank of the Republic of Kosovo has successfully completed six auctions of Government Securities from May 2014 to August 2014. One auction for treasury bills with a maturity of 91 days, two auctions for treasury bills with maturities 182 days, two with auction for treasury bills with maturity of 364 days and one auction for government bonds with maturity of two years.

In March 2014, for the first time took place the auction for government bonds as a new financial instrument with a maturity of two years. This new financial instrument represents a step forward in the development of Securities Market of the Government, especially the development of the Secondary Market. On 21 May 2014 the first secondary market transaction occurred between Primary Dealer (commercial bank) and its client. Also, on 12 and 14 August 2014 another Primary Dealer (commercial bank) conducted transactions in secondary market with its client.

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

### **2.2.1. Human and Physical Capital**

The total number of students in the pre-university education was 408, 146 for the academic year 2013-2014 (male: 213, 419, female: 194, 727). Table 5.6 under Annex 5 shows the level of student attendance broken down based on the age of students. Additionally, Table 5.7 under Annex 5 shows the attendance of students based on their ethnicity. Regarding the number of students that have dropped out of school, data from end of June 2014 show that the total number of drop outs was 1, 816. Table 8 in Annex XX, shows the number of drop-out students based on their ethnicity (Grades 1-13).

On **vocational training and education**, 357 job seekers interested to work for companies and institutions have completed their training. In the second quarter of this year 1, 160 job seekers have attended the training programs of Vocational Training Centres. During the same period, 859 candidates have been certified. The accreditation process has finished for the Centre for Professional Training in Gjakova on Electric Installation. The decision to validate such a profession has been issued by the National Authority of Qualifications.

In continuation of support for scientific activities, during this period, there has been a call for applications regarding science grants such as short-term mobility, financing of academic works, financing of small scale science projects, and the innovations voucher scheme. For the short – term mobility category, 20 scientist have been supported for scientific research in the amount of EUR 5, 500 each.

On the **physical capital**, private investments have continued the upward trend from 2010 onwards. Regarding public investments, a decrease is expected for year 2014. Private investments are dominated by construction while a significant proportion of public investment is dedicated to the construction of highways.

Table 17: Private and Public investments, 2010-2014

Description	2010	2011	2012	2013	2014
Private investment	887	1,003	837	898	973
Public investment	455	528	550	529	494

Note: Data for 2013 are an estimate for private investments, for 2014 a 96% execution rate is assumed for public capital expenditure

The trend of private investment has shown variable movement mainly affected by the Euro zone crisis and the movement of price of investment products. For 2014, EUR 85 million have been allocated for the construction of the highway Pristina-Skopje, which has just started to be constructed.

Table 18: Foreign Direct Investments (FDI) as% of GDP and its stock from 2010

Description	2010	2011	2012	2013 proj.	2014 proj.
FDI as% of GDP	7.7	7.9	4.3	4.7	4.9
FDI Stock, in EUR million	1,824	2,202	2,416	2,657	2,921

In the first quarter of 2014 annual FDI declined by 40.2%. The stock value for the first quarter of 2014 was EUR 2,807.8 millions, a 1.2% increase, compared to the same quarter of 2013. However, usually during the first quarter of the year the level of investment is generally low and therefore investments in this period cannot be a good indicator of the level of foreign investments for the whole year. Foreign investments are oriented primarily in real estate (a large part of the purchase of real property constituting Kosovans living abroad), transport and telecommunications, and construction, which together constitute about 65% of foreign investment during the year.

In the energy sector, negotiations on the World Bank Project ‘Kosovo Energy Efficiency and Renewable Energy’ finished in May 2014, between World Bank, Ministry of Finance, Ministry of Economic Development and Kosovo Agency for Energy Efficiency, which has to do with the loan in the amount of 31.5 million dollars. The implementing team has been established and the company for designing the five first buildings has been selected.

On improvements of electricity transmission infrastructure, KOSTT has initiated the implementation of the project on supplying and installing the protected optic cable in the interconnectivity line Kosovo-Montenegro and Kosovo-Serbia. These projects enable KOSTT access in the EHW, fulfilling one of the conditions of ENTSO of data exchange.

With regards to road infrastructure, the contract for building the R6 highway has been signed. As for other developments during reporting period, 27 other contracts have been signed such as:

- 2 contracts for national highways – 10.70 km
- 5 contracts for regional roads – 15.24 Km
- 13 contracts for local roads – 53.69 Km
- 5 contracts for construction/re-construction of bridges

- 2 contracts for project preparations.

**Reform and liberalisation of network industries.** As to the developments in the **telecommunications sector**, in the first half of the year 2014, the fixed telephony segment has continued its decline trend with another drop of 900 fixed lines in compare with the 1<sup>st</sup> quarter of 2014. Subsequently, the total number of fixed lines in the end of 2<sup>nd</sup> quarter comprise of 76,458 accounts for a penetration level of 4.21%, while the revenues of the fixed telephony of the two active operators for the first half of the year 2014 were EUR 8.15 million. Regarding mobile services, the penetration of mobile telephony was 88.05% and the number of active mobile subscribers by the end of 2<sup>nd</sup> quarter of 2014 was 1,598,652:

- The incumbent operator comprised 53.34% of the market share in terms of subscribers;
- The alternative operator comprised 33.71% of the market share in terms of subscribers;
- The Mobile Virtual Network Operator in commercial agreement with incumbent MNO comprised 10.89% of the market share in terms of subscribers;
- The Mobile Virtual Network Operators (MVNO) in commercial agreement with alternative MNO comprised 0.01% of the market share in terms of subscribers.

The revenues of the mobile telephony as declared with the quarterly reports submitted to the Regulator of the two Mobile Network Operators (MNO) and two MVNO`s until the end of 2<sup>nd</sup> quarter were EUR 67.271 million. Regarding to internet services, the penetration of internet services per household was around 60.71% while internet penetration per population was around 10% and the number of active ISP was 48 (national and local/regional) by the end of 2<sup>nd</sup> quarter of 2014.

In addition, in terms of the number of subscribers and the usage level of the electronic communications services, the current market trends reveal that the total number of internet users is experiencing a staggering increase. Only in 2<sup>nd</sup> quarter of 2014, the total number of internet users was 180, 355 users, which accounts for an increase of a considerable 6.66% compared with 1<sup>st</sup> quarter 2014. The internet access services penetration level has experienced a significant increase from 9.31% to 9.93%, too. Likewise, the total number of mobile telephony subscribers in 2014 has turned to the 1,598,652 subscriber, which represents a slight increases compared to the 1<sup>st</sup> quarter official statistics (1,582,042 subscribers).

The mobile broadband statistics are available only for the alternative operator which has launched the services from the 1<sup>st</sup> of December, 2013. The mobile broadband users for the 2<sup>nd</sup> quarter of 2014 were 174902, and compared with the 1<sup>st</sup> quarter has experienced increase for around 18%.

Regarding developments in the **water and sewage** services, the tariff rates for wholesale and retail water adopted by the Water Regulatory Office in December 2013 are in effect in the 2014. The coverage rate<sup>5</sup> of water services stood at 81.2% at the end of June 2014. Similarly, the coverage ratio for the sewage sector stood at 60% in the same month. For additional information for coverage rates of water and sewage services at regional levels see the Table 9 under Annex 5.

The regulation on the Licensing of Water Service Supplies, sewage and wholesale water supply (R-01/U&K) has been amended on the 17th of June. The *table 9 under Annex 5* shows the coverage rate with water and sewage services based on the regional level as well as the overall rate.

Billing for the period April-June 2014 has decreased 0.23% when compared to the period January-March 2014. When we compare the reporting period April-June 2014 with the same period of 2013 we see a decrease in billing for 4.87%. Overall in this sector the WWRO has billed 75% of its planned billing for the period April-June 2014 (6,994,875.00 out of 9, 310,387.00). The level of actual billing out of planned billing broke down by customers stood at: Households: 76%, Commercial Customers: 75%, Institutional Customers: 68%.

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<sup>5</sup> Coverage defined as the percentage of population supplied with water within the zone the service is provided



Collection of bills for the period April-June 2014 has decreased 2.0% when compared to the period January-March 2014. When we compare the reporting period April-June 2014 with the same period of 2013 we see a decrease in collection of bills for 3.0%. Overall in this sector the WWRO has collected 67% of its bills for the period April-June 2014. The level of collected bills, broken down by customers stood at: Households: 62%, Commercial Customers: 76%, Institutional Customers: 79%.

Capital investments in the water services for the first half of the year include own investments in the current network in the amount of EUR 363, 003, in expanding the network investments amounted to EUR 118,430. Additionally there were investments in the current network by donors which amounted to EUR 164,384

### 2.2.2. Sectorial and Enterprise Structure

Small and micro-enterprises account for over 98.38% of all enterprises. Based on the latest data (See table below), firms with less than 250 employees account for approximately 82.97% (or 279,295 out of the total of 336,619 employed in SMEs) of employment within SMEs in Kosovo. Below is the classification of enterprises by size and by number of people they employ, please see Table 19 below.

Table 19: Enterprises and employment classified based on their size up to 30.06.2014

Enterprise and employment classification	No. of Enterprises	%	No. of Employees	%
Micro Enterprises (1-9 employees)	132, 499	98.38	224, 076	66.57
Small Enterprises (10-49, employees)	1, 835	1.36	29, 302	8.70
Medium Enterprises (50-249, employees)	279	0.21	25, 917	7.70
Large Enterprises (over 250 employees)	61	0.05	57, 324	17.03
<b>Total</b>	<b>134, 674</b>	<b>100</b>	<b>336, 619</b>	<b>100</b>

### 2.2.3. State Influence on Competitiveness

A total of 12 central and local public enterprises have been subsidized from Government during 2013. Those subsidies have been used for capital investments and cost coverage for better services for citizens (such as energy import, crude oil purchases for heating, free train circulation and water supply). In 2014, EUR 9.7 million have been allocated for subsidies to public enterprises, of these 600,000 for water and waste services, EUR 3.5 million for central heating and a very marginal share for railways.

### 2.2.4. Economic Integration with the EU

Trade exchange in Kosovo with EU countries during the first six months of the year reached the level of EUR 534.9 million, or 42% of total trade. Regarding exports, EUR 56.8 million or 40% of total exports went to EU. Goods were mainly exported to Italy (24% of Kosovo's total exports) and Germany, consisting of 68% of total exports to EU.

Imports from the EU reached EUR 478 million or 42% of total imports. Main trade partners remain Germany (10% of total imports) and Italy (7% of total imports).

**3. EUROPEAN STANDARDS**  
**3.1. Internal Market**  
**3.1.1. Free Movement of Goods**

**Standardization**

As regards the adoption of new standards, a total of 512 standards have been adopted as Kosovo standards for the reporting period, as elaborated in Table 20 below.

*Table 20: Statistics on standards adopted during May – July 2014*

<b>Fields</b>	<b>No. of standards adopted</b>
Transport and postal services	230
Wood Processing	141
Environment	67
Quality Management Systems	49
Machinery	25
<b>Total</b>	<b>512</b>

The Technical Committees on Metrology and Construction in July 2014 has announced 449 standards for public discussion, of which 180 on metrology, 160 on construction and 109 on personal protective tools.

On international cooperation, Kosovo Standardization Agency (KSA) participated at the General Assembly of European Committee for Standardization (CEN) on 10-13 June, 2014. During this event, achievements of the European standardization and future plans have been presented. Besides, cooperation with the Standardization General Directorate of Tirana has been further fostered. Hence, an agreement has been reached between the two parties on 12 May 2014, so that 30% of sales of standards S SH EN ISO approved as Kosovo Standards shall not be paid.

Regarding public awareness-raising for implementation of standards, three round tables were carried out with the business community in Mitrovicë, Prishtinë and Ferizaj. These meetings took place in May and June 2014 and were attended by representatives of business community, NGOs and municipality.

**Accreditation and Conformity Assessment**

To date, the Kosovo Accreditation Directorate has 30 accredited Conformity Assessment Bodies (CABs), of which 26 testing laboratories and 4 inspection bodies.

On the **implementing legislation** in the area of **conformity assessment**, Regulation No. 03/2014 on Aerosol Dispenser has been approved on 4 July 2014, based on Directive 2007/47/EC. The core objective of this regulation is to define the requirements on aerosol dispensers.

Pursuant to Law No.04/L-039 on Technical Requirements for Products and Conformity Assessment the following Conformity Assessment Bodies (CABs) have been authorized in this reporting period:

- In accordance with Regulation No. 05/2013 on Safety of Toys, after the evaluation and recommendation by the professional committee on 15 May, 2014, MTI has authorized “Royal Cert” as a CAB;
- In line with A.I. No. 07/2012 on the Quality of Petroleum-Derived Liquid Fuels and A.I. No.16/2011 for the Authorization Procedure of CABs, two Inspection Bodies (as defined by SK EN ISO/IEC 17020) have been authorized as CABs on the 5<sup>th</sup> of May after the assessment and recommendation of the professional committee. The two IBs granted authorizations are “Adria Inspekt” and “Euro Inspekt”.

- In accordance with Regulation No.09/2012 for Lifts and Safety Components, MTI has authorized "Technical-technological Institute" as a CAB for assessment of lifts and their security components upon evaluation and recommendation by the professional committee (22 August 2014)

In addition, the Accreditation Council has evaluated files of 2 CABs and it gave its recommendation for accrediting the two bodies (Eurolab L.L.C. and P.C.E. Petrol Balkans) on the 5<sup>th</sup> of June 2014. It also extended the scope of accreditation to the following:

- "Eskavatori" L.L.C., laboratory for aggregates, bitumen and bitumen mixture analysis (23 May 2014);
- National Institute of Public Health of Kosovo – Center of Testing Laboratories (Laboratory for Analysis of Drinking Water and Recreational Waters, Laboratory for Food Quality Control, Microbiological Laboratory for Food and Water, Inorganic Analytical Laboratory, Organic Analytical Laboratory), 10-11 June 2014.

The Accreditation Directorate has conducted an assessment for granting authorization for the condition of lifts and safety components of the following CABs:

- P.U. Technical –Technological Institute "ITEK" (authorization assessment visit done on 30 July 2014)
- Enterprise/Commercial Services "EALGA" (authorization assessment visit done on 31 July 2014)

Another 3 new applications for accreditation from a regional water company, a bacteriological lab and a lab for testing construction materials.

As regards **capacities** of the accreditation department, an official for accreditation of inspection bodies and certification was promoted from an observer to an assessor, based on the procedure DAK-PM-002. The Accreditation Department currently has five assessors and 4 lead assessors. An official from the Division of Quality Infrastructure participated in the workshop organized by the Quality Infrastructure Project in Western Balkans and Turkey on "Energy Efficiency and Eco-design" held in London during May 2014.

Authorities have continued with public awareness-raising on the role of quality Infrastructure. Four sessions were held with business community in four regions (Ferizaj, Prizren, Mitrovica and Prishtina). An average of 30 participants attended each session. In efforts to deepen the cooperation with business community and contribute to the implementation of the regulation on safety of toys, authorities have organized an activity with importers of toys. Some 20 people took part in the activity.

### **Metrology**

As regards the development of technical capacities, a Laboratory of Flow was inaugurated on 20 May 2014, which will verify water meters. Tender evaluation committee for supply with etalon for mass laboratory has completed the assessment process on 24 July 2014. Such etalons will be used for calibration of various types of scales. In terms of new calibrations, etalons of flow have been calibrated, who serve as a verification tool to measure instruments of petrol in all points of sale. Additionally, one hundred pieces of etalons with nominal mass 20kg class M1 have also been calibrated.

As regards the institutional developments, four officials have been recruited for the mass, volume and flow laboratory at the Kosovo Metrology Agency (1 in May and 3 in July 2014).

### **Market Surveillance**

With regard to supervision of implementation of legislation in force, market inspectorate conducted 287 inspections of economic operators in private sector in areas such as: general product safety, consumer protection, and domestic trade, the trading of oil and oil derivatives, metrology, precious metal, tourism and tourist services.

As a result of these inspections the following measures have been taken:

- 13 requests for initiation of offense proceedings are sent to the competent basic courts against economic operators for violation of provisions of applicable law, while exercising their commercial activities;
- 5 resolutions to impose fines;
- 6 decisions after reviewing complaints of economic operators;
- 20 complaints received by consumers have been reviewed;
- 2,772 pairs of socks and informative labels and 400 pairs of sports shoes with the inscription "ADIDAS", "PUMA" and "NIKE", were seized by the Market Inspectorate, since placement of these products on the market was done in violation of consumer protection law and other applicable laws in Kosovo.

In terms of administrative capacities, on 25 June 2014 the Chief Inspector of the Market Inspectorate has been appointed and an administrative officer was recruited (31 July 2014) within the same office. Eight (8) inspectors from the market inspectorate participated in an activity organized by GIZ on "Regional Cooperation for Market Surveillance" and "Regional Coordination for Market Surveillance". These events were held in Bosnia and Belgrade during May and June 2014.

### **Consumer Protection**

A total of 40 complaints were submitted to the Consumer Protection Department, out of which 22 complaints have been reviewed and the remaining 20 are under the review process. From the reviewed complaints, 18 went in favour of consumers and the remaining 4 had no sufficient arguments to support the claims. Majority of complaints had to do with noncompliance of prices shelf –cashier, disregard of warranties for electronic devices, expiration date of food products, suspicious quality of food products, low quality of internet and cable TV services, and electricity and water supply bills.

The Consumer Protection Council has held its next meeting where matters related to products entering Kosovo were discussed. It also discussed the Six Month Report of Activities of the Consumer Protection Department.

Regarding financial services offered in Kosovo, Department of Consumer Protection signed a Memorandum of Cooperation with the Kosovo Banking Association on 8 July, 2014. The objective of this MoU is to create three TV commercials for financial education from the Kosovo Banking Association, while the Department for Consumer Protection is obliged to broadcast these commercials on public television, RTK.

In terms of awareness raising activities, four roundtables have been held with the business community in Ferizaj (50 participants), Prizren (28 participants), Prishtina (13 participants) and Mitrovica (50 participants) during May – June 2014. These activities were held in cooperation with the quality infrastructure to further improve consumer services.

### **3.1.2. Movement of Persons, Services and the Right to Establishment**

On *movement of persons*, Law No. 04/L-131 on Pension Schemes Funded by the State was adopted on 6 May 2014. This Law among other things, aims to regulate and determine basic age pensions, age contribution-payer pensions, disability pensions, early pensions, family pensions and work disability pensions, as pensions of the Pillar I financed by the state.

With regard to employment of foreigners, the MLSW Labour and Employment Department on 22 July 2014 started to issue certificate for employment notification of work based on the Law on Foreigners No. 04/-L-219 and AI No.01/2014 on the Procedure of Issuance of Residence Permit for Foreigners and the

Certificate for Notification of Work. During the reporting period a total of 7 certificates for notification of work have been issued.

#### **Movement of Services**

No developments to report

#### **Right to Establishment**

No developments to report

### **3.1.3. Free Movement of Capital**

On legislative developments, Regulation on reports and information required from the Kosovo Pension Savings Fund has been approved on 29 May 2014. On the same date, the Internal Audit Statue of the Central Bank of Kosovo (CBK) and the Code of Ethics for the Internal Audit of CBK were approved.

With regards to *licensing*, on 5 June 2014 the CBK granted the preliminary license for the establishment of the foreign branch bank "T.C ZIRAAT Bankasi A.S". Three additional licenses have been granted, out of which two for non-bank financial institutions and one for an insurance intermediary.

On the *payment system*, the CBK has received the confirmation of the registration of IBAN format for accounts held in Kosovo banks. Since the formalization of SWIFT BIC codes of Kosovo banks in 2013, CBK and commercial banks have been engaged in making possible the introduction of the IBAN format of bank accounts in order to further advance the conduct of international payments. Initially, the IBAN format will be optional for use in international payments and will not be reflected in domestic payments. The IBAN format of bank accounts will be effective on 1 February 2015. Until then the banking community will carry out necessary technical preparations and customer notifications. Using IBAN format for accounts held in Kosovo will complement the SWIFT system functionality associated with international payments citizens and other subjects of our country.

As for international cooperation, CBK has signed a MoU with the Central Bank of Montenegro on 13 June 2014, which aims to strengthen bilateral cooperation between the two institutions and relates to bilateral issues that deal with the exchange of information, licensing and banking supervision. It also seeks to strengthen the fight against money laundering and financial support of terrorism, management of crisis situations and other technical arrangements.

### **3.1.4. Customs and Taxation**

#### **Customs**

As regards the *legislative* developments, the following secondary legislation has been adopted during the reporting period:

- AI No. 08/2014 for Adjustment on Procedure of Excise Tax Returns for Production Entities who have Paid Excise Duty when Excise Goods were used for other Purposes rather than those for which Excise Duty is charged
- AI No. 07/2014 Amending the AI No. 83/2010 on Rules for Equipment and Possession of Firearms
- AI No. 06/2014 on Standard Content and Format Forms and Certifications Specified in Article 29 of the Law on the Prevention of Money Laundering and Terrorist Financing (20 May 2014)

As regards the *operational activities*, Kosovo Customs has managed to automate some operations and procedures by creating the following applications:

- The application to operate customs warehouse, which serves for a more efficient management of customs warehouses. This application is online allowing companies to register the unloading from the warehouse.
- Conventions/Norms application, which enables a more efficient management and supervision of internal processing by comparing the norms in the customs declaration.
- Debts application, which serves for bank guarantees and customs offenses, provides oversight and management of guarantees, customs debts, internal decisions and processes of customs offenses.

Kosovo Customs has managed to collect €499,917million as of 13 August 2014. During 2014 there was a decline of 6.24% in the quantity of goods yet Kosovo customs managed to collect 4% more revenues compared to the revenues of the previous year.

As to the *measures against the informal economy*, during the reporting period anti-smuggling units conducted 28 regular activities pursuant annual plan on the border between Kosovo and Serbia (May-July 2014), and these activities have been mainly concentrated in the region of Gjilan, Kamenica, Podujeve and Mitrovica. Six (6) joint operations have been carried out on the border between Kosovo and Serbia five (5) of them being successful.

During the reporting period, the Customs Investigation Division has initiated 22 new cases for investigation, mainly dealing with avoidance worth over EUR5,000. Moreover, it has filed criminal charges for 21 cases for current and the previous period. The value of tax avoidance identified for the reporting period is EUR1,115,422.60. Furthermore, the application of complex investigations started, after investigations of avoidance the dubious wealth was identified; thus by orders of the relevant prosecutor of state measures have been taken by freezing the assets. During the reporting period Customs initiated 581 customs offenses (customs offenses in total from January are 1,114). This figure is 20.4% higher compared with total offenses initiated during 2013.

A number of activities have taken place for the implementation of the Anti-Corruption Strategy during the reporting period such as:

- 9 disciplinary cases were initiated, a total of 16 official;
- 12 written information through the "hot line" have been received
- 35 disciplinary administrative measures were taken (dismissal, written warning, promotion bans etc.)
- Exchange of data
- 11 pieces of information were exchanged with other agencies of law enforcement (police, Anti Corruption Agency, Kosovo Police Inspectorate and prosecutor) which resulted in initiation of disciplinary cases and criminal charges by the state prosecutor.

On the *cooperation and mutual assistance* in customs matters, during the reporting period a Joint Operational Planning Declaration between Kosovo Customs and Customs of Albania on the facilitation of transit between the two countries was signed (20 June 2014). This new procedure allows businesses to execute the commercial transaction at a shorter time and less expensive, enabling commercial loads from the Port of Durres to pass directly into the territory of Kosovo, then from Kosovo to close the transit, and conversely from Kosovo to Albania.

A joint Memorandum of Understanding was signed between Kosovo Customs and Post Telecommunications of Kosovo regarding the bilateral cooperation procedures for postal items clearance and exchange of information, techniques, equipment and other necessary measures to increase the efficiency of customs control on postal items (21 May 2014).

Kosovo Customs has exchanged information on technical assistance with the Customs administrations of the countries of the region and other countries as follows:

- Received: eight (8) requests for assistance from other countries, and 4 (four) responses to requests addressed by Kosovo customs (AL, BiH, TR, GR);
- Sent: KC responded to 11 (eleven) requirements and addressed three (3) requests for assistance in other countries (AL, IT, MNG)

On *capacity development*, during the reporting period Kosovo Customs has established the Task Force on the Quality Management Assurance to provide Kosovo customs with tools to meet international standards (26 June 2014), it has also established the Risk Management Committee (24 June 2014). Also, a total of 156 customs officials have attended a total of 31 trainings between May 2014 and July 2014. Regarding the cooperation with other countries, 7 different activities were conducted abroad with a total of 10 participants, with the aim of increasing and enhancing the administrative capacity of KC. Training topics include trade related money laundering, secret operations, asset seizure, prevention of weapons of mass destruction, integrated risk planning and management, COGNOS, customs measures for IPR protection, Tariff modules I and II, etc.

### **Taxation**

As regards the efficiency of the Investigation and Intelligence Tax Unit (IITU) to fight the informal economy, 179 operational activities were organized. It has initiated 28 cases, including cases brought forward from previous periods, of which 6 cases were closed with a final investigative report, 7 reports have been filed for initial suspicion (criminal charges). Another 22 cases remain to be initiated. As a result of these activities, there is an additional tax collected in the amount EUR 351,354.10. Also, some 35 intelligence information notifications including requests for information and answers on demand were prepared and exchanged.

As regards *performance* for the reporting period, the total revenues of TAK amounted to EUR 69,640,565.00 or 85.35% of the projected amount. The revenues collected at the same period of the year 2013 were EUR 73,388,773.00 or 5.11% more compared to 2014. Direct taxes were in the amount of EUR 40,785,774 and indirect taxes (VAT) in the amount of EUR 28,854,790. Direct taxes account for 58.57% of total revenues whereas the indirect taxes account for 41.43%.

On *capacity development*, four working groups have been setup to fulfil the technical requirements for the replacement of the existing SIGTAS IT system. This is a complex multi-annual project planned to start in the third quarter 2014.

The Tax Administration has conducted and provided technical support and trainings for staff in the areas of tax legislation and control (6 trainings), code of conduct and anti corruption (7 trainings), financial investigation, misuse of official duty and fight against corruption (4 trainings), international legislation (2 trainings), human resources and civil servants legislation (1 training), information technology (1 training), public relations (1 training), office activities management (1 training). The total number of trainings in this reporting period is 23 with an attendance of 252 officials. Also, 34 officials have attended 6 workshops and study visits home and abroad. Division of taxpayer service and education at the centre have developed a range of activities aimed at strengthening the implementation of tax legislation such as:

- 1,029 responses for tax issues,
- 1 seminar,
- 16 brochures and introductory material,
- 132 meetings with representatives from various institutions and companies and
- 426 activities, mainly training and services to taxpayers.

The *Independent Review Board* has commenced with the review of tax claims and will continue to do so until the end of 2014. In total, 327 sessions were held during the period 1 May 2014 – 31 July 2014 such as:

- 82 hearings in the area of taxation
- 225 hearings in the area of customs
- 20 hearings related to the Supreme Court

### **3.1.5. Competition**

Competition Authority has undertaken several actions within its mandate to protect the competition and consumers. In this regard, Competition Authority has reviewed a number of cases listed below.

#### **Recommendations /Opinions:**

- The case of “CMS Adonnino Ascoli & Cavasola Scamoni”. The Competition Authority received a request for interpretation of the article 15, paragraph 1.1 & 1.2 of the Law on Protection of Competition related to the actual revenues and total revenues.
- The case of PTK regarding the clarification of exclusive rights to audio and audiovisual TV channels.
- The case of “Boga & Associates - Information Notice on Agreement for Distribution” submitted the request to the Competition Authority for granting the concentrations. The CAA gave an opinion on the interpretation of the Article 15, paragraph 1.2 in regard to the concentrations and realization of concentrations.

#### **Case related to prohibited agreements:**

- Cases related to the “prohibited agreements” and “coordinated practice” for the fiscal cash sale between two companies “Dukagjini SH.P.K” and “GEKOS SH.P.K.” From these two cases the Competition Authority has completed one and “GEKOS” case is in the process.
- Cases related to prohibited agreements of the insurance companies that are operating in the Kosovo’s market.

The Competition Authority has represented the cases in the basic court. Four of the ten cases have been reviewed and the remaining six are in the revision process.

For details on staff trainings and other *capacity building* of the Competition Authority, see the Table 21 below.



Table 21: Statistics on training and other capacity-building provided to the Competition Authority staff (May 2014 –July 2014)

Type and topic	Date & venue	No. of participants
Seminar on Railway Market Liberalization organized by SEETO	06 May 2014, Montenegro	2
Workshop in the Competition Authority of Slovenia 7 <sup>th</sup> Annual FTC Eastern European Workshop on Economic Issues in Competition Law	12 – 15 May 2014, Slovenia	2
Sofia Competition Forum with the participation of the Western Balkan Countries organized by Bulgarian Competition Authority financed by UNCTAD	15-16 May 2014 , Bulgaria	2
Study visit in the Macedonian State Aid Office State Aid and the role and functioning of State Aid	21 May 2014, Macedonia	2
Seminar organized by the RCC Training Center in Budapest on the topic : Procurement on Competition	28 May 2014, Macedonia	1
Study visit on the Competition Law and the treatment of cases in Courts Competition Authority of Albania	18-19 June , Albania	6
Participation in the UNCTAD conference Attended by inter ministerial expert group for the Law and Competition Policies	07-11 July 2014, Geneva Switzerland	2

### 3.1.6. Public Procurement

Public Procurement Regulatory Commission (PPRC) has in the reporting period approved four (4) guidelines on the Notification for contracting authorities, contract awards, cancellation procedures and indicative notice. The PPRC 2013 Annual Report was approved by the Assembly on 3<sup>rd</sup> of April 2014. According to 2013 evidence, there are 173 contracting authorities in Kosovo.

PPRC has issued 1,473 contract notices and 1,748 notifications for award of contracts in the period May – July 2014. A total of 5517 notifications for award of contracts were published for the period 01 October 2013 - 22 August 2014. The signature of contracts is the next step after the notification for award of contracts (provided there are no complaints from parties). PPRC has monitored 72 procurement activities in 10 contracting authorities. Its department for monitoring and oversight also monitors the management of public contracts. In the reporting period, it has monitored the management of 27 public contracts.

The Regulatory Department within PPRC has continued its advice and assistance to contracting authorities, economic operators and other stakeholders in relation to implementation of primary and secondary legislation. It has issued the following:

- 18 written explanatory letters;
- 258 interpretations via electronic means of communication;
- 252 interpretations and advice via help desk service.

Procurement Review Body (PRB) has received a total of 166 complaints from economic operators during the reporting period. Such complaints concern objections to contract award decisions of contracting authorities or during the tendering procedure (contract award notice). Out of 166 complains from economic operators, 137 have met the legal requirements for review according to the legislation in effect and have been reviewed by the Procurement Review Body (PRB). Some 29 are being reviewed. In 47% of

complaints it was decided in favour of economic operators and 36% in favour of contracting authorities, while 17% of complaints are being reviewed.

*On capacity development in the area of procurement*, the Executive Director of CPA has been appointed on 16 June 2014. Public Procurement Review Body has recruited two (2) officers, one (1) legal officer and one (1) review officer (04 of August 2014). A basic training and certification program was conducted in this reporting period for the public procurement. A total of 111 persons participated, nine (9) of which from the minority community. The training lasted 45 days and the certification is valid thru 2016.

### **3.1.7. Intellectual Property Rights**

Industrial Property Agency (IPA) has entered some 8,169 objects in IPAS database amounting to EUR 73,277 revenue collected for the reporting period. The number of processed industrial property objects is as follows: 343 trademarks, 25 patents and one (1) industrial design. For the reporting period, IPA as part of examination procedures has issued 237 decisions on registration of trademark applications and patents. There were 36 trademark applications with deficiencies for which the IPA issued notifications to the applicants. Some 513 applications were published after the re-examination. As part of the examination procedures, 101 decisions were issued on the changes of information (address, right holder, and name). Two Official Bulletins were published consisting of 962 industrial property objects.

The State Intellectual Property Council has in its meeting held on 22 July 2014 reviewed the report on the implementation of the Strategy on Intellectual Property Rights 2010-2014 and actions to be taken in the rest of 2014. In addition, the drafting of the new Strategy for Intellectual Property in Kosovo 2015-2018 was discussed in the meeting.

On the enforcement activities in the area of copyrights, implementation of the strategy against piracy and counterfeit has continued. So far, the Task Force against piracy has undertaken several actions and over 40,000 piracy copies have been seized by the market inspectorate. Fight against piracy is ongoing based on results the level of the piracy up to now is decreasing. In this regard, Kosovo Customs has contributed with enforcement activities to raise awareness of the business community by publishing data on seizures of false or pirated goods.

Kosovo Customs has continued to fight counterfeit goods and piracy. During the reporting period, Kosovo Customs have carried out 86 cases in the amount of goods of 1,602, 122 pieces worth over EUR 3.7 million. Moreover, 20 new risk profiles were created in relation to goods that infringe intellectual property rights and nine (9) ex-officio cases have been identified in quantity of 2,449 pieces (or EUR 47,050). Compared to the same period of last year, Kosovo Customs has increased interventions for 6(six) cases according to the ex-officio procedure.

As regards the strengthening of capacities in the area of IPR and Copyrights, IPA has recruited 8 temporary (for 6 months) trademark officers in July 2014. The Copyrights and Related Rights Office has recruited one officer for promotion activities.

On 01 May 2014 the official web page on Copyright and Related Rights (<http://autori-ks.com/>) has been launched containing information on copyright and related rights. The web page has been promoted in several electronic information portals and on the Face book page of the Office for Copyright and Related Rights (OCRR). For other activities related to capacity development, please see Table 22 below.

Table 22: Statistics on training and other capacity-building provided in area of Intellectual Property Rights (May 2014 – July 2014)

Type and topic	Date & venue	No. of participants
<b>Copyright and Related Rights Office</b>		
Study visit in the Bulgarian Office for Copyright and Related Rights - Management of Collective Associations	18 – 21 May 2014, Bulgaria	3
Training seminar on Implementation of Intellectual Property Rights organized by TAIEX , Albanian Intellectual Property Office and Interpol	24-26 June 2014, Tirana, Albania	5
Training on electronic programme of the Interpol, College on Investigation of Crimes on Intellectual Property Rights	June, France	2
<b>Kosovo Customs IPR Unit</b>		
Counterfeit of Pharmaceutical Products	22 May 2014 Prishtinë	5
<b>Industrial Property Rights Agency</b>		
Presentation of Intellectual Property Rights and the role of Industrial Property Agency	20 May 2014 Prishtinë	40
Visit of students from Law Faculty -University of Pristina to the Industrial Property Agency	21 May 2014 Prishtinë	9
Seminar on the role of IPR Institutions dedicated to the business community and students of Economic Faculty-University of Pristina	27 May 2014 Gjakovë	22
Training of Trainers on Strengthening the Intellectual Property Rights System	7 – 11 July 2014 Prishtinë	10 (IP Agency, Customs, OCCR, Police)
Training on organisation of awareness activities on Intellectual Property Rights	7 – 11 July 2014 Prishtinë	3
Training on fees in the Industrial Property Agency	30-31 July 2014 Skopje, Macedonia	1

On awareness raising activities, the three-month awareness campaign for copyrights and related rights has ended in June 10, 2014. It targeted universities, libraries and end users of copied materials that violate the copyrights. The campaign involved distribution of leaflets and brochures on the pirated materials, copyrights violations and their negative effects.

### 3.1.8. Employment, Social and Public Health Policies

As regards the *legislative developments* in the area of **employment and social policies**, the following legislation has been adopted:

- Law No. 04 / L-131 on Pension Schemes Funded by State, was adopted by the Assembly of the Republic of Kosovo on 06 May 2014;
- AI No. 04/2014 on Procedures for Institutional Support for Rehabilitation and Suitable Vocational Training for Persons with Disabilities on 27 May 2014;
- Regulation No. 02/2014 Defining the Conditions and Criteria for Certification and Licensing of Persons and Institutions who Perform the Safety and Health at Work, Method, and Program Requirements for Professional Examinations;
- Regulation No. 03/2014 on Preparation of Risk Documents Assessment, its Content, the Data on which to Base Risk Assessment and Record Keeping of Safety and Health at Work.

On the *social dialogue*, during the reporting period Economic Social Council has held two (2) regular meetings. The implementation of IPA II project "Support for Social Partners" has already begun, which amongst other things will also develop the database for membership of trade unions and members. This database will help simplify and organize the SEC's responsibilities.

On the *active labour market measures*, various projects have started implementation during this reporting period:

- The Program for Labour Market Employment Generation supported by UNDP started to be implemented initially with the component of the analysis of the existing training profile and proposing a cost-effective model for the development of a sustainable system. The following components will include job trainings and entrepreneurship. These components will be training around 200 jobseekers;
- The project Kosvet VI supported by the European Commission has provided job trainings for 1800 candidates;
- In June started the implementation of the project "Resolving the status of forest fires, and silvicultural activities marking of timber volume" in collaboration of MAFRD-MLSW for the period June-August. This project employed 650 jobseekers and was extended to 43 locations including all regions. Another project "The hiring seasonal workers, stamping out fires, silvicultural activities", under the umbrella of MAFRD-MLSW started in July and employed 120 jobseekers;
- In June, the project "Seasonal employment of workers in well opening and water meter assembly" employed 50 jobseekers in the Malisheva municipality for the period June-August;
- The project "Promoting employment and growth opportunities for youth" began in May. The goal of this project is to increase sustainable employment opportunities and youth engagement in practical work in various businesses. The project will train and certify 350 young participants of age 18-35. After training 222 participants will engage in internships, where MPMS will pay salaries for six months.

For the implementation of the Law on Labour and fighting informal employment, the Labour Inspectorate has undertaken a number of measures. During the period May-August 2014, the Labour Inspectorate has inspected 2,325 businesses out of which 1504 cases were regular inspections, 634 repeated inspections, 138 cases at the request of (third) parties and 49 cases in collaboration with other institutions. As a result of these inspections:

- 54 economic subjects were legalized;
- 717 employees were legalized;
- 316 warning notices were issued;
- 52 fines were issued;
- The total number of workers inspected during the period is 8,905.

As regards **the public health policy**, an Administrative Instruction No 01/2014 on the Tariffs of Services Offered by Kosovo Agency for Medicinal Products and Equipment has been approved on the 16.05.2014. It aims to regulate the tariff setting in line with real costs of services and works. The AI covers the following areas: licensing, authorisation of marketing services, Pharmaceutical Inspectorate for Medicinal Products and Equipment, Official Laboratory for Control of Medical Products. Inter alia, the AI aims to prevent the possibility for misuse of medicinal products in the pharmaceutical sector.

Provision of health services has continued for persons with disabilities where only in the reporting period, Ministry of Health has provided health services to 47 persons. Such health services are offered to sensitive groups of society as provided by the applicable legislation. The expenses are covered by the government budget. In the framework of implementing the National Strategy against Narcotics 2012-

2016, the methadone therapy program has continued implementation in five health institutions across the country. A total of 94 persons (90 male and 4 female) have benefited from the program in the reporting period.

On the *communicable diseases*, efforts for integrating the Roma, Ashkali and Egyptian (RAE) communities in the public health system have continued with the immunization program. Some 68 children of RAE community have been vaccinated in the reporting period. Also, 65 samples were examined to determine the level of lead contamination in the RAE community. The results showed that none of the persons had levels above the value of 45mcg / dl which would have required specific treatment.

Monitoring of the implementation of legislation on tobacco has continued. Protection of public health and exposure to smoking has been a priority for institutions. In the first year of the law in effect, some 3,000 compliance inspections were carried out by the sanitary inspectorate. Some positive effects can already be noticed. For instance, The World Health Organization in a study published in June 2014 shows a very low prevalence of smoking of adolescents in Kosovo of only 4.7% of active smokers<sup>6</sup>.

On the *institutional capacity development* of the public health sector, the Chamber of Health Professionals has continued its development with the establishment of its Pharmaceutical Chamber. The Institute for Forensic Psychiatry was inaugurated in May 2014. This is of particular importance in addressing some of the forensic-related issues of the judicial system.

On the awareness-raising for health protection and prevention, the following activities took place:

- 27 health professionals have been trained for prenatal effective care
- Awareness campaign against drugs, smoking and unplanned pregnancies held in the schools where 249 students participated;
- Reproductive health introductory courses held for youth/adolescents (528 participants);
- 31 educational courses on topics of family, mother and child health care held (453 participants).

In part, these activities tend to contribute to better preparation and prevention of the prenatal mortality rate.

### **3.1.9. Education and Research**

As regards the legislative developments, a total of 17 AI-s have been adopted between May - July 2014 for the implementation of education and research legislation. More precisely, the adopted implementing legislation consists of:

- AI No. 10/2014, For Pedagogical Institute of Kosovo, this AI repeals AI no. 08/2011, date 14.01.2011.
- AI No. 11/2014, The Contract Content for Organising of AET for Candidates and Employers;
- AI No. 12/2014, Age Exceptions in Case of Enrolment in Education and Training for Adults;
- AI No. 13/2014, Annual Work Plan and Development Plan for Providers of Formal Adult Education, this AI repeals AI no. 12/2011, date: 30.11.2011;
- AI No. 14/2014, Agency for Vocational Education and Training and Adult Education and Training (AVETAE);
- AI No. 15/2014, Students Categories With Priority of Accommodation in Student Centre;
- AI No. 16/2014, Qualifications and Postsecondary Education Modules – their Appointment and Function;
- AI No. 17/2014, Application of Payments for Students in Public University;
- AI No. 18/2014, Extracurricular Activities;

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<sup>6</sup> <http://www.unfpakos.org/wp-content/uploads/2014/06/Final-report-english-IBSC.pdf>

- AI No. 19/2014, For repeal of AI No.11/2013 of the date 04/03/2013 for Verification of Diplomas and Documents Issued by PPHE;
- AI No. 20/2014, Matrix Book of Students of Higher Education Institutions;
- AI No. 21/2014, Completion of Education for Students of the Final Year of Lower Secondary Education (9<sup>th</sup> grade) and Higher Secondary Education (grades 12/13) and/or diploma;
- AI No. 22/2014, On the Activity of Scientific-research Institutions in State of Emergency;
- AI No. 23/2014, Piloting of the Curriculum Framework of Pre-university Education of the Republic of Kosova and Core Curriculum 2014/2015;
- AI No. 24/2014, The Conversion of Attached Classes in Resource Rooms;
- AI No. 25/2014, Licensing of Teachers;
- AI No. 26/2014, On Verification of School Documents (public and private) for the Needs of Candidates Being Educated Abroad.

On *Pre-university Education*, the core curriculum for pre-school education (3-6 years) has been drafted, and is now ready for implementation, while 90 educators have been trained to pilot the new curriculum. 240 educators have been trained on the Document Implementation of Development Standards and Learning in Early Childhood. These trainings have been organized in cooperation with Pedagogic Institute of Kosovo (PIK) and supported by UNICEF. In the reporting period 750 teachers have been licensed. Regarding the school infrastructure, 8 primary schools have been equipped with new inventory.

As for the international cooperation, progress has been made through the establishment of the National Contact Point System for Horizon 2020 through the appointment of persons/thematic areas.

**Vocational Education and Training.** For the improvement of quality and relevance of vocational education and training several steps have been taken, 50 trainers have been trained on advanced VAT programs. Regarding new curricula according to labour market requirements, 3 new curricula have been drafted, one for mechanical sciences and two for health management according to labour market requirements.

Regarding *Inclusive education*, in order to ensure comprehensive and equal access to quality education for all children, 18 teachers have been trained for Individual Education Plan. Assessment teams for special needs have been established in four municipalities: Pristina, Ferizaj, Prizren and Gjakova. 15 new training programs have been developed and accredited, and 2300 teachers have been trained on implementation of Kosovo Curricula Framework. 58 school children from RAE community have been readmitted in the school system, while a total number of 311 repatriated children have been included in the school system; whereas in 12 schools (Pristina, Mitrovica, Vushtrri, Obiliq, Plementin, Gjakova, Fushe Kosove, Istog, Prizren, Suhareka, Lubizhde e Hasit) language training courses are organized for the readmitted pupils.

### 3.1.10. World Trade Organisation (WTO) Matters

No developments to report.

## 3.2. Sectorial Policies

### 3.2.1. Industry and SMEs

Regulation No. 02/2014 for Basic Requirements for Construction Works has been adopted (28.05.2014). This regulation defines the basic requirements for construction works which are based on technical characteristics of construction products according to defined standards. Construction works as a whole or specific part thereof shall be suitable for their intended use, taking into account the preservation of the health and safety of persons throughout the work cycle.

As for the policy framework, a National Plan for Economic Zone and its Action plan on Developing Economic Zones in Kosovo have been finalized and expected to be approved by the Government by the end of 2014. Moreover, an Economic Zone (industrial park) of 44 hectares has been established in Mitrovica on 22 May 2014. On the same day, a co-financing agreement has been signed for this zone and as a result the government has allocated a co-financing amount of EUR 200, 000. In August, MTI in cooperation with IOM have prepared the Feasibility study for the Economic zone in Gjakova. The purpose of this feasibility study is to carry an inspection in the premises provided for free economic zones, respectively an assessment of the industrial area "Metaliku" as a new industrial zone in the city of Gjakova. Three contracts were signed on 21 July 2014 with foreign businesses (Italian, Norwegian and Slovenian) to be located in the Business Park in Drenas.

The Grant Schemes Program for Small and Medium Enterprise was launched on 30 May 2014. The application phase is already completed and so far 700 applications have been received. Currently, evaluation is taking place. Implementation of the first stage of counselling voucher scheme has started. In the timeframe April-August 2014, some 30 businesses are benefiting from the implementation of counselling activities.

According to the Law No. 04/L-176 on Tourism and AI No. 19/2013 on Regulation and Development of Evaluation System, 16 entities (hotel accommodations) have been certified from 6 May 2014 to 8 July 2014.

On institutional capacities, the recruitment of the CEO of the new Investment and Enterprise Support Agency was completed and the agency now is fully operational. In the field of Industry, the following activities were carried out:

- Participation in the workshop of OECD regarding Industrial Policy for the Western Balkans and Turkey held from 17-20 June 2014 in Turkey and was attended by three officers from the Industry Department;
- Study Visit in Latvia from 19-23 May 2014, attended by 6 officers from the Industry Department. The visit was undertaken as a result of commitments of MTI for determining and designing more favorable policies for the private sector development, industrial development, respectively. The purpose of this visit was to be informed about the process, challenges and successes of the preparation, implementation, monitoring and evaluation of the National Strategy for Industry of Latvia;
- Participation at the seventh Conference "An Odyssey of Entrepreneurship: "Leadership, Innovation and Development for a Competent Economy". The conference took place in Zadar and was organized by the University of Zagreb (2 participants from MTI).

On awareness raising, a round table was organized on the 16<sup>th</sup> of June 2014 on the "Challenges of Tourism Sector in Kosovo". Such event was attended by 20 participants from Kosovo public institutions, private sector, and civil society.

### **3.2.2. Agriculture and Fisheries**

Regarding legislation in the field of agriculture, the Law No. 04/L-127 on Agricultural Census was adopted on 15<sup>th</sup> May, 2014. As regards *subsidiary legislation*, the following acts have been adopted during the reporting period:

- AI No. 12/2014 on Prevention, Combating and Elimination of Fire Blight (*Erwinia amylovora*), (16 May 2014);
- AI No. 13/2014 on Procedures of Control and Inspection, (22 May 2014);
- AI No. 14/2014 on Live Animals Movement within the Territory of Kosovo, (22 May 2014);
- AI No. 15/2014 on Placing Living Animals in Quarantine, (22 May 2014);

- AI No. 16/2014 on Criteria for support of the Local Development Strategies - LEADER approach, (28 May 2014); and
- AI No. 17/2014 on Classification, Packaging, Labeling and Accompany of Plant Protection Products, (24 June 2014).

In terms of *implementation of legislation*, the MAFRD Commission has reviewed the Municipal Development Plan for Prishtina (2013-2022) and Municipal Development Plan for Gračanica (2013-2028) for the expansion of the urban zone into farmland, as per Law on Agricultural Land, No. 02/L-26. In addition, based on the Pedological Atlas of Kosovo, the Commission rejected a part of this plan as a substantial area of the urban zone can be used for agricultural production.

As far as implementation of the Law on Forestry is concerned, the municipal authorities have issued 1,083 warnings against illegal logging (823 minor offences and 260 criminal offences) involving 2,812.58/ m<sup>3</sup> of timber. In addition, the Central Inspectorate of KFA issued 51 warnings (46 minor offences and five criminal offences). Moreover, municipal authorities confiscated 717.74/m<sup>3</sup> of timber, whereas the Central Inspectorate of Forestry confiscated another 171.95/m<sup>3</sup>.

In the context of implementation of Land Consolidation Strategy (2010-2020) for which MAFRD has allocated an annual amount of EUR 750,000, a total of 5,265 ha of land was consolidated in Municipality of Drenas.

The Strategy on Agricultural Advisory Services 2012-2016 was further implemented through informational media campaigns on livestock, orchards and drafting of business plans. Additionally, 41 agricultural consultations were organized in 33 municipalities with the participation of 346 farmers.

As regards implementation of Strategy for Development of Forestry 2010-2020, KFA started the implementation of the Annual Plan on the Use of Public and Private Forests by cutting 3,153.89/m<sup>3</sup> of timber in public sector and marking 45,267.44/m<sup>3</sup> in the private sector.

Regarding capacity building in MAFRD, during the reporting period, three officials were employed in the following positions: Head of Training and Information and two finance management officers. In addition, three officials were trained in Kosovo Institute for Public Administration on approximation of legislation with *acquis*.

As far as strengthening capacities on agricultural advisory services, MAFRD and WB organized 27 training days (10 June- 4 July, 2014) for municipal advisors, MAFRD officials and private sector in these areas:

- Plant and livestock production;
- Farm planning, administration/management and analysis; and
- Agricultural processing and rural diversity.

In addition, to improve the application process for grants on agriculture and rural development, 8 training days (7-15 July, 2014) were organized for trainers, who support farmers in filling the application forms for grants in the following areas:

- Investments in farm/livestock production;
- Investments in farm, fruit and vegetable production; and
- Application for grants.

Furthermore, MAFRD trained 80 farmers and agro-processors on various areas (grant beneficiaries of 2014 program) in procurement procedures. With a view to exchanging best practices in agriculture, 16 officials conducted study visit in Italy (on 15-19 June 2014). Moreover, 38 farmers were trained on best



livestock practices and vineyards disease management. Meanwhile, MAFRD in cooperation with Advance Technology International (ATI) GmbH Company, organized trainings in Lipjan and Rahovec for 40 farmer leaders and municipal advisors.

As regards forestry, in order to exchange research results in prevention of diseases and pests, Kosovo Forestry Agency started the cooperation with Forestry Faculty of Tirana, Budapest, Zagreb, and Sarajevo.

Moreover, 22 officials benefited from TAIEX expert missions in the areas of:

- Agriculture export - import data (12-16 May 2014 and 9-13 June, 2014);
- Drafting of the secondary legislation for implementation of Law on Organic Agriculture (26 May-6 June, 2014 and 7-11 July, 2014); and
- Drafting of the secondary legislation on Plant Protection (21-25 May, 2014).

During the reporting period, three study visits for 9 officials also took place in Brussels as part of TAIEX support, as follows:

- Determination of organochlorinated pesticide residues and some organic pollutants in fruit, vegetable, soil and water, (19-24 May 2014);
- Enological Practices, (9-13 June 2014); and
- Experiences in Packaging, Classification and Labeling of Plant Protection Products, (16-20 June 2014).

### Food Safety

With a view to implementing the policies in place and meeting the obligations stemming from the SAA Action Plan, the KFVA undertook several activities during the reporting period. Thus, animal health authorities burned a total of 13 beehives tested positive for American foulbrood (AFB). Another 48 small animals and four (4) heads of cattle that were tested positive for anthrax were destroyed. Furthermore, as part of the continued implementation of the National Plan for Monitoring of Diseases and Control, a considerable number of blood samples was collected in different municipalities and those tested positive for *Brucella bovis* were destroyed accordingly, as shown in the Table 23 below:

Table 23: Blood samples taken 1 May - 31 July 2014

	Municipality	No. of samples tested for <i>Brucella bovis</i>	Negative	Positive	Awaiting results
1.	Vushtrri	178	178	-	
2.	Ranillug	53	-	-	53
3.	Partesh	47	-	-	47
4.	Klina	194	194	-	-
5.	Rahovec	187	185	2	-

As far as implementation of policies on food safety, plant and animal health is concerned, significant progress was achieved in data reporting into the I&R database, particularly as regards animal movement and slaughtering (refer to Tables 24 and 25 for comparison between the same reporting periods in 2014 and 2013).

Table 24: Data reported into the I&R database from 1 May - 31 July, 2014

Animal type	Categories of registration				
	Births	Movements	Slaughters	Imports	Exports
Cattle	11005	3528	3669	2566	N/A
Sheep	38634	2217	N/A	N/A	N/A
Goats	6002	521	N/A	N/A	N/A
Pigs	6395	276	N/A	N/A	N/A

Table 25: Data reported into the I&R database 1 May - 31 July, 2013

Animal type	Categories of registration				
	Births	Movements	Slaughters	Imports	Exports
Cattle	10934	3071	1452	2606	N/A
Sheep	46912	710	N/A	N/A	N/A
Goats	5631	247	N/A	N/A	N/A
Pigs	3540	103	N/A	N/A	N/A

The reporting period was marked also with extensive activities in veterinary and sanitary controls, as shown in Table 26 below.

Table 26: Inspectorate Directorate's activities carried out 1 May - 31 July, 2014

	Inspections	Export certificates	Slaughters	Analyses	Swabs	Destroyed Products (kg)	Confiscated animals		
							Cattle	Pigs	Chickens
Sanitary	353			154	212	39475			
Veterinary	344	292	1146	98		13878 (17 cows, 277 goats, 6197 chickens, 18 beehives)	17	15	6197
Phytosanitary (internal)	522	462		323					
Veterinary (border)	3326			132					
Phytosanitary (border)	10063			187					
<b>TOTAL</b>	<b>14608</b>	<b>754</b>	<b>1146</b>	<b>894</b>	<b>212</b>	<b>53353</b>	<b>17</b>	<b>15</b>	<b>6197</b>

As far as cattle, pigs and chicken figures shown in the table above, they were confiscated by border police and destroyed accordingly. The 17 cattle were destroyed after they resulted positive for Brucellosis. Furthermore, a total of 2024 samples were tested for animal disease and another 6747 for food safety and quality.

As regards institutional and human capacities, the Food and Veterinary Laboratory conditions were enhanced by optimising ventilation and air conditioning within the laboratory premises. Several dairy instruments were also calibrated with respective reference materials for calibration.

In addition, the Agency recruited three new staff during the reporting period, namely an Officer for Emergencies and Management of Crises in Cases of Outbreaks; a Legal Officer; and an Officer for Finance Management.

Human capacities were further enhanced by staff participation in several trainings, as follows:

- Good practices in protection of forest health and implementation of international phyto-sanitary standards in forestry – held at KFVA in June, attended by ten (10) phyto-sanitary inspectors;
- ANSES Proficiency Testing exercise on Rabies – held at KFVA in June, attended by all FVL staff;
- Kosovo’s Trade in Services (CEFTA)-Launching of an Online Database for Trade in Services – sponsored by the Kosovo Ministry of Trade and Industry, held in June and attended by two KFVA legal officers.
- A five-day study visit on good laboratory practices – held in Turkey in June, attended by six (6) officials.
- WHO training on Salmonella – held in Tirana (Albania) in July, attended by six (6) officials;
- A two-week study visit on Classical Swine Fever and Quality Management – held in the UK in July, attended by one (1) laboratory official.

### **3.2.3. Environment and Climate Change**

As far as the completion of the secondary legislation in the area of environment is concerned, the Ministry of Environment and Spatial Planning (MESP) has adopted the following Administrative Instructions (AI):

- AI No. 14/2014 on Determining the Conditions and Criteria for the provision of Housing for Families of Martyrs, KLA veterans, Civilian War Invalids, Civilian War Victims, Victims of Sexual Violence and their Families (2 June 2014);
- AI No. 15/2014 for the Prevention and Compensation of Damages caused by Strictly Protected Wild Animals (2 June 2014);
- AI No. 16/2014 on Establishing procedures for Submitting and Reviewing Applications for Construction and Permit Conditions for the Construction Projects of third Category (1 July 2014);
- AI No. 17/2014 for the Classification, Labelling and Packaging of Hazardous Chemicals (1 July 2014);
- AI No. 18/2014 for the Basic Requirements for Health and Safety regarding the Treatment of Illegal Constructions (1 July 2014);
- AI No. 19/2014 on Documentation Supporting the Application for Legalization for the completed Construction of the third Category (29 July 2014); and
- AI No. 20/2014 on Biodegradable Waste Management (29 July 2014).

Furthermore, Water and Waste Regulatory Office (WWRO) approved the Amendment to the Regulation for Licensing Services Providers for Water, Wastewater and Bulk Water Supply (R-01/U&K) on 17 June 2014.

Regarding the institutional reform, and in line with the new regulation of internal organization and job systematization (adopted by MESP on 22 July 2014), two previous departments for Spatial Planning and Housing and Construction were merged into one, respectively the Department for Spatial Planning, Housing and Construction (with a total of 16 officials and a budget of € 3.799.870.00 for 2014).

With regard to implementation of environmental legislation and improving state of the environment, MESP issued six (6) decisions on protection of the following areas for drinking water:

- Orchard neighbourhood and Topallnica in Suhareka, on 18 June 2014;
- Fathers Well in Suhareka, on 18 June 2014;
- Wells in Baja in Malisheva, on 25 June 2014;

- Radesha River in Dragash, on 25 June 2014;
- Bunarlluk-Gallery and Three New Wells in Prizren, on 25 June 2014; and
- Forty Wells in Prizren, on 25 June 2014.

Moreover, during this period the following reports have been prepared:

- Report on the State of the Environment, on 31 July 2014;
- Draft- report on the State of Water and on State of Nature, on 1 July 2014;
- Report on the State of Waste and Chemicals in Kosovo, published on 15 June 2014, which can be found at: [http://www.ammk-rks.net/repository/docs/Raport\\_Waste\\_and\\_Chemicals\\_2014.pdf](http://www.ammk-rks.net/repository/docs/Raport_Waste_and_Chemicals_2014.pdf);
- Report on the State of the Rivers, on 25 May 2014.

During the reporting period, MESP issued the first Integrated Environment Permit (IEP) to Sharrcem Company, on May 15 2014. In the sector of EIA and SEA, during the reporting period the following activities were undertaken: 54 applications for environmental consent accepted, of which 27 were reviewed, and 27 are in the reviewing procedure.

After the review procedure, 20 environmental consents were issued, 7 requests were rejected and 27 are subject to further review. In addition, two requests for SEA for Municipal Development Plan and Urban Development Plan have been approved.

Regarding the chemicals, waste and water sector the following license and permits were issued: six licenses for waste management; ten permits for importing bags without biodegradable additive; six permits for the import of biocidal products; two permits for waste export and one permit for import of industrial chemicals.

Additionally, two construction permits were issued for the following projects:

- "Rehabilitation of the District Heating System in Pristina" issued on 13 May 2014; and
- "TL 400 kV Kosovo-Albania", issued on 6 June 2014.

During the reporting period, Environmental Inspectorate has conducted 172 inspections, which have resulted with the following: ten (10) initiations offenses; seven (7) decisions and 172 warnings, orders, recommendations, and other responses to complaints. In regard to implementing the AI No. 19/2012 on Vehicle Waste Management the inspectorate has visited 78 operators. Additionally, as a result of previous visits, 47 operators were equipped with environmental permits. Moreover, pursuant to the Law on the National Park "Sharr", the boom gate at Brezovica touristic area was removed.

Regarding billing data of water and wastewater for the period April -June 2014 billing targets are achieved by 75% (from € 9 310 387.00 approved was achieved € 6 994 875.00), respectively:

- For household customers, the billing is achieved by 76%;
- For commercial customers, the billing is achieved by 75%;
- For institutional customers, the billing is achieved for 68%;

In addition, billing has a decrease of 4.87% compared to the same period of previous year.

As for the collection data for the period April-June 2014, collection targets are achieved by 67% (from 76% approved), respectively:

- For household customers, collection is achieved by 63.42%;
- For commercial customers, collection is achieved by 76% ; and
- For institutional customers, collection is achieved by 79%.

Additionally, collection has an increase of 3% compared to same period of previous year.

Considering the investments on water and wastewater sector for the reporting period is as follows:

a) Investments from regional water companies:

- Capital investments in existing water supply network (€ 363,003);
- Capital investments in expanding the water supply network (€ 118,430).

b) Investments from Donors:

- Capital investments in existing water supply network (€ 164,384).

As far as human and institutional capacity building is concerned, three new staff members have been recruited by MESP in the following positions:

- Head of the Department for Spatial Planning, Housing and Construction (2 May 2014);
- Internal Auditor (2 June 2014); and
- Senior officer for Information System and Water Book Database (11 July 2014).

Within the activities of ECRAN network, climate change and other activities, officials from MESP, KEPA, and municipalities have participated in training, workshops and conferences as follows:

- Regional Workshop for “Substances that Damage the Ozone Layer and F-gases” (27-28 May 2014), in Tirana, Albania, attended by five officials;
- Regional Workshop on "Climate Change and Adaptation" (2-3 July 2014), in Skopje, Macedonia, attended by 12 officials;
- Regional workshop on "National System Inventory of Greenhouse Gases and EU Regulation Monitoring Mechanism" (8-9 July 2014), in Podgorica, Montenegro, attended by four officials;
- Regional workshop for IED/ Chemicals (13-15 May 2014) Montenegro, attended by three officials;
- Study visit on “Strategy for Climate Change” in Bulgaria (12-14 May), and Austria (12-16 May), attended by six officials;
- Training on IPA 2 (5-6 June), in Brussels, attended by three officials;
- Study visit on "Cultural Itineraries" held in Nevsehir-Turkey (8-12 June 2014), attended by five officials;
- Workshop on “Waste management” (June- July 2014) attended by 46 participants;
- Training on "Planning for waste management” in Prizren (15 July 2014), attended by 12 participants;
- Regional training on IPA 2, held in Brussels (10-11 June 2014), attended by one official; and
- General Assembly of IMPEL Network held in Brussels (7 to 8 May 2014) resulting with Kosovo’s acceptance as a regular member, attended by one official.

During this reporting period, organized by the European Environment Agency and attended by officials from Kosovo Environmental Protection Agency (KEPA) the following trainings/workshops/meetings were held:

- Regional Workshop on “Corine Land Cover”, attended by four officials (Tirana, 2-5 June 2014);
- Workshop on “Freshwaters” attended by two officials, (Copenhagen, June 21-22, 2014);
- Workshop on “7<sup>th</sup> Environmental Action Programme”, attended by two officials (Luxembourg, 18 June 2014);
- Training on Emission from Transport-COPERT, attended by one official (Copenhagen, June 4, 2014);
- Reference Center for Information and Forecasting the Environmental Scenarios, one official (FLIS Services Meeting, Copenhagen 3-4 June 2014) and for National Focal Center for Transport and Environment, attended by one official (Copenhagen, June 12, 2014);

- Training on monitoring, collecting and reporting data on air quality in the context of the Environmental Information System, attended by four officials from Kosovo Hydro-meteorological Institute (KHI);
- Workshop on “Air Quality” held in Ghent, Belgium, attended by one official from KHI (May 2014);
- Study visit in the framework of the project “Transfer of Czech Experience: Activating Kosovo Greenhouse Gas (GHG) Inventory Monitoring System” attended by six officials (28-30 April 2014 in Prague, Czech Republic);
- Workshop on “Implementation of the Law on Illegal Construction along with the AI-s arising from it” organized by MESP in cooperation with the OSCE and USAID, attended by 105 officials (15 July 2014);
- Conference “Climate Change”, held in Skopje (2-3 July 2014), attended by one official;
- Training on TFS “Transport Waste Inspection” held in Vukovar, Croatia (2-3 July 2014), attended by three officials;
- Conference organized by IMPEL-TFS-Transfrontier Shipment of Waste held in Oslo, (11-13 June 2014), attended by one official;
- Training on “Human Capacity Building in accordance with Environmental Legislation” held in Zagreb, Croatia (20-22 May 2014), attended by two officials; and
- Training on “Chemical Management” held in Bijela, Montenegro (13-15 May), attended by one official.

#### **3.2.4. Transport Policy**

In the area of road infrastructure, Ministry of Infrastructure (MI) has signed a contract with Bechtel-Enka Company for construction of highway R6 (Prishtina - Hani Elezit). Construction of the 60 km – length motorway is foreseen to be completed within 42 months. Additionally, road rehabilitation works on the expansion of the national road N2 (Prishtina - Mitrovica) and N9 (Prishtina - Peja) have continued, while 50.5 km of local roads have been completed as well. As for summer road maintenance, main road and regional ones were maintained about 90%.

In the context of awareness-raising and road traffic safety improvement, the project "Children Safety in Road Traffic" has been completed. As a result, 123 meetings took place in primary schools as well as 22,925 brochures and 103,567 leaflets were distributed.

As for regional and international cooperation on road transport, MI signed an agreement with Italy in the area of goods and passengers transportation on 24 July 2013, and an annex agreement with Bulgaria on 8 May 2014.

Regarding developments in the field of railways, on 10 June 2014, the EBRD in cooperation with Infrakos has announced its interest for selecting the company which will design the 10th southern railway line (Fushe Kosova - Hani i Elezit). Meanwhile, the Railway Regulatory Authority (RRA) has received the annual Infrakos and Trainkos safety reports (June-July 2014).

In the context of developments in the field of civil aviation, the Civil Aviation Authority hosted a High-Level Meeting, discussing the Implementation of the Single European Sky in South East Europe (ISIS) Programme.

In terms of deepening regional and international cooperation on aviation, a meeting of the CAAs and providers of Air Navigation Services from the regional member states of the JSPA Initiative (Joint Service Area Provision) was held in Albania, on 24 April 2014. As a result, the framework document of the initiative was approved and will be the base document for all future actions and projects. In addition,

subsequent to the opening of the Kosovo's upper airspace (April 3), a Balkan Airspace Normalization Meeting (BANM) was held in Brussels on 15 July 2014, wherein the participants discussed the process of normalization of the lower airspace. Kosovo authorities argued and insisted on the necessity of full normalization of low air space, as an opportunity to open new air routes for flights to Prishtina.

On the other hand, the Ministry of Internal Affairs adopted airline security programs for charter flights and other decisions related to the security of international airport "Adem Jashari" LIMAK as follows:

- Adoption of "ONUR AIR" Airline Security Program for charter flights (16 May 2014);
- Adoption of "Denim AIR ACMI" Airline Security Program for charter flights (2 July 2014);
- Adoption of "TUIfly GmbH" Airline Security Program for charter flights (3 July 2014);
- Adoption of equipments for providing security measures in PIA "Adem Jashari" LIMAK Kosovo (29 July 2014);
- Adoption of PIA Safety Program "Adem Jashari" (1 August 2014); and
- Adoption of the business entity LLC "Catering Pristina" request for in-flight supplier of airplanes (26 May 2014).

As far as institutional and professional capacity building is concerned, 13 drivers were trained and certified for transportation of goods; 82 others for passenger transport; as well as 42 drivers trained and certified for ADR. In addition, 299 driving instructors attended ECO driving seminars, while a total of 1004 driving instructors partook in various seminars.

Furthermore, during the reporting period, officials of MI, RRA and MIA have attended the following training sessions, study visits, workshops and conferences:

- Methodology for the Analysis of Road Accidents (7-10 April), held at "Federal Highway Research Institute" in Germany, attended by 4 MI officials;
- The 46th CIECA Congress, International Driver's License Commission (4-7 July) held in Dublin, attended by 2 MI officials;
- Road traffic participants education (27 June) held in Brussels, attended by 2 MI officials;
- SEETO's Steering Committee (1 and 2 July) held in Pristina, attended by 2 MI officials;
- The 20th meeting of the working group on railways within SEETO (22-23 May), held in Montenegro, attended by 2 MI officials and 2 RRA officials;
- The plenary meeting of the IRG-Rail (9 May 2014), held in Luxembourg, attended by 2 RRA officials;
- Study visit on Rail Market Regulation (16-18 June), held in Slovenia and Croatia, attended by 3 RRA officials; and
- Basic test for Scanning Operators and Security of International Airport "Adem Jashari" (17 July), held in Pristina, whereby five candidates of MIA passed the test.

### **3.2.5. Energy**

In order to ensure the implementation of legislation concerning energy sector, Energy Efficiency Municipal Plans 2014-2020 were adopted by eight municipalities: Dragash (25 June 2014), Novobërda (2 July 2014), Glogoc (30 May 2014), Gjakova (7 July 2014), Lipjan (11 June 2014), Mitrovica (30 June 2014), Podujeva (2 July 2014) and Vushtrri (31 July 2014). Furthermore, Dragash Municipality has started the implementation of the project for construction of Hydropower plant "Restelicë I and II" with a capacity of 28.2 MW, as of 31 July 2014. Regarding the decommissioning process of the power plant "Kosovo A", the document that lists all the facilities that will be subject to the decommissioning process in accordance with Governmental Decision (No. 04/156) was completed.

As regards electricity distribution infrastructure, the Table 27 below shows the comparison between the same reporting periods in 2013-2014.

Table 27: Figures relating to electricity

	<i>Electricity intake in KEDS Load</i>	<i>Realization Billed electricity</i>	<i>Total losses</i>		<i>Billed electricity vs. Electricity intake in Distribution System</i>
	<i>MWh</i>	<i>MWh</i>	<i>MWh</i>	<i>%</i>	<i>%</i>
1 March 2013-31 May 2013	1,178,948	747,443	425,968	36.14	64.86
1 March 2014 -31 May 2014	1,118,116	753,076	365,040	32.65	67.35
	<b>Load is lowered by 60 832 MWh</b>	<b>Realization is higher by 5,633MWh</b>	<b>Losses reduced 60,928MWh</b>	<b>Billin g is higher for 3.73%</b>	<b>Losses are reduced by 3.49%</b>

Furthermore, KEDS collected 99.20% of its billed electricity on 1 March-31 May 2014, as compared to 90.85% during the same reporting period 2013, showing an increase of 8,35%. In relation to the electricity transmission, interconnections and security of supply, during the reporting period several activities have been implemented by KOSTT.

The Contract for the project “Installation of the second transformer at SS Skenderaj 110/10 kV and SS Burim 110/10 kV” as well as for the project “Installation of the third transformer at SS Prishtina 2 110/10 kV” was signed.

In order for Kosovo to start operating as a regulatory area by 2015 in accordance with the framework agreement between KOSTT-ENS (Electricity Network of Serbia) and ECS (Energy Community Secretariat), project contract was signed for the supply and installation of Optical Ground Wire for interconnection with Montenegro TL 400 kV (SS Peja 3-SS Ribarevina) and Serbia TL 220kV (SS Podujevë-SS Krushevac).

Additionally, these projects provide access to electronic communications network (electronic highway-EHW) and meet one of the conditions of the exchange data between TSOs as requested by ENTSO-E. In the area of nuclear safety and radiation protection, the Kosovo Agency for Radiation Protection and Nuclear Safety (KARPNS) has received 15 applications for licence and authorization and issued positive recommendations for 11 of them, as shown in the Table 28 below.



Table 28: KARPNS issued licences and authorization

Company name	Subject	Protocol no.	Date	Licence for:
Era Med	Two Molybdenum generators - 99MTc and one (1) SODIUM IODIDE Na 131	1494/2	08.05.2014	Import/transport
Era Med	Two Molybdenum generators - 99MTc and one (1) SODIUM IODIDE Na 131	1658/2	23.05.2014	Import/transport
Era Med	Two Molybdenum generators - 99MTc	1780/2	06.06.2014	Import/transport
Era Med	Two Molybdenum generators - 99MTc	1845/2	20.06.2014	Import/transport
InterSoft	Licence for mobile phone	491/2	02.06.2014	Import
Era Med	Two Molybdenum generators - 99MTc and one SODIUM IODIDE Na 131	1933/2	04.07.2014	Import/transport
Era Med	Two Molybdenum generators - 99MTc	2043/2	17.07.2014	Import/transport
APAVE Kosovo L.L.C.	Portable X-ray device	2042/2	17.07.2014	'Industrial radiography of X rays
Mobile Group SHPK	Licence for mobile phone	1823/2	24.07.2014	Import
Era Med	Two Molybdenum generators - 99MTc	2113/2	31.07.2014	Import/transport
Institute for non-ionized radiation INIS, Slovenia	For measurement of electromagnetic fields and evaluation of health risks	1600/2	03.06.2014	Authorization for work

Furthermore, during the reporting period eight (8) inspections were conducted:

- One inspection at the Oncology and Radiotherapy Institute;
- One inspection at the private radiotherapy clinic "Rezonanca";
- One inspection for industrial radiography with generator of X-rays; and
- Five inspections in the temporary location of the radioactive waste (KEK, "Trepça" and Youth Palace).

As far as institutional and human capacities are concerned, two new staff members have been recruited by the Energy Regulatory Office (ERO) in the following positions:

- Analyst for Energy Supply and Market Structure (2 May 2014); and
- Analyst for the Tariff Structure (15 July 2014).

In addition, KARPNS employees have attended the following trainings and workshops:

- Training on "Radiation protection" held in Macedonia (May 2014) attended by three officials; and
- Two workshops on "Protection from Radiation and Nuclear Safety" supported by ITER Consult experts, held in Prishtina (1-3 May and 3-6 June 2014), attended by five officials.

Moreover, regarding human capacity building, KOSTT employees attended the following activities:

- Training on "Installing the Signalling System for Fire Protection, Maintenance and Testing of Existing Systems" held in Prishtina (3 June 2014), attended by 27 employees;
- Training on "Operation and Manipulation with Current Technology" held in Prishtina, attended by 139 operators; and
- Workshop on certification "Integral Management System"- ISO 9001, ISO 14001, OHSAS 18001 and ISO 50001 held in Tirana (28-31 May 2014), attended by 12 employees.

### **3.2.6. Information Society and Media**

Regarding the legislative developments in the area of electronic communication during the reporting period, the Regulatory Authority of Electronic and Postal Communications (RAEPC) adopted one regulation and the following decisions:

- Regulation No. 023/B/14 on National Numbering Plan for Electronic Communications Network (11 August 2014);
- Decision No. 026/B/14 on reservation and allocation of non-geographic numbering blocks for operator IPKO Telecommunications LLC (12 August 2014);
- Decision No. 027/B/14 on allocation of geographic numbering blocks for PTK SH.A., Fix telephony Unit (12 August 2014);
- Decision No. 028/B/14 on allocation of geographic numbering blocks for Kujtesa.net for offering fix telephony services (12 August 2014);
- 21 confirmations for entry into the electronic communications activities;
- 25 decisions on assigning/reserving numbering;
- 67 individual authorizations on the use of frequencies; and
- 5 amateur radio licenses.

On the other hand, in the field of audiovisual policy the IMC has adopted the sublegal framework as follows:

- Adoption of the Rules of Procedure of the IMC (23 May 2014); and
- Adoption of IMC Guideline for media on monitoring of the electoral campaign in national elections (23 May 2014).

In the context of professional capacity building in the field of electronic communications and audiovisual policies, RAPEC and IMC have attended the following training sessions, study visits, and workshops:

- Health Insurance, Safety and Health (8-11 May 2014), held in Albania, attended by 3 RAEPC officials;
- 9th International Electronic Communications Regulators Conference (29-30 May 2014), held in Turkey, attended by 2 RAEPC officials;
- Mastering European telecommunications regulation, (17-19 June 2014), held in Brussels, attended by 2 RAEPC officials;
- Public Relations Management, (26-27 June 2014) in Albania, attended by 3 RAEPC officials;
- International Children's Safety Service (23-26 June 2014), held in Budapest, attended by 2 RAEPC officials;
- 19<sup>th</sup> LStelcom Summit (30 June-2 July 2014), held in Germany, attended by 3 RAEPC officials;
- Introduction to the International Standards on Internal Auditing (27-31 May 2014), held in Ljubljana, attended by 1 IMC official;

Regarding developments in the field of emergency services, the RAEPC Board defined the number 112 for emergency services in the National Numbering Plan on Electronic Communications Networks (Ref. No. 26, Protocol No. 023/B/14), on 11 August 2014.

### **3.2.7. Financial Control**

Financial Management and Control (FMC) annual report 2013 was approved by the Government in May 2014. Three pilot projects have been completed on implementation of FMC in Pristina Municipality, Ministry of Education, Science and Technology and the Ministry of Culture, Youth and Sports. Results are used as a model for other budget organizations as well.

During the reporting period 105 internal audits were conducted whereas in total 205 internal audits were conducted for the period January to July 2014. During the reporting period the Internal Audit Unit gave 486 recommendations, while during January to July 2014 it gave a total of 983 recommendations.

Monitoring the implementation of public internal financial control (PIFC) is done through self-assessment lists and their verification in budgetary organizations. The FMC self-assessment lists have been updated.

On *capacity development* for financial management control and internal audit, in the second certification stage 76 internal auditors have been trained. Final results are expected to be known in September, after the completion of testing deadlines. Some 79 participants attended training on the topic "Accounting and Financial Reporting in the Public Sector". The curricula for specific trainings and certification rules have been revised. Also the procedures for certification of internal auditors were reviewed.

As regards the **external audit**, Office of the General Auditor (OAG) has published its performance report for 2013. The preparation of mandatory regularity audits for the year 2013 has been finalized. In total, during the reporting period 90 statutory regularity audits have been prepared and published on OAG website. Those audits include 3 central authorities, 19 Ministries and 2 agencies (Customs and Tax administration), 26 independent institutions, 38 Municipalities, 1 audit report on the financial statements of the DANIDA programme and 1 audit report on the financial statements of office Technical Assistance for the Ministry of Agriculture Development (TAMAD).

The OAG has also published 15 non-statutory audits pertaining to performance and financial management and control including the Annual Financial Statements of OAG for the year 2013, and the Annual Performance Report of OAG for the year 2013.

OAG has further developed its *cooperation* with the Parliament and other institutions. OAG has started to work with other committees other than Committee for Oversight of Public Finances (COPF). It also has continued to provide support to investigation and justice authorities in their efforts to ensure a proper use of taxpayers' money.

As regards the *capacity development*, auditors participated in internal as well as external trainings including seminars, workshops and conferences on Governance, Risk and Control.

### 3.2.8. Statistics

With the purpose of further strengthening the long term continuity of the management of the agency, a concept document has been prepared and submitted to government to amend the law on official statistics. The Annual Work Plan for 2015 and Annual Report of KAS for 2013 have been approved.

The 5 year official statistics programme implementation has continued. The statistical publications and reports issued during this reporting period are listed below.

In the area of **national account** statistics:

- Publication of the Government Accounts for the year 2013;
- Revision of GDP data for the years 2008-2012 has been finished for both approaches.

In the area of **inflation** statistics:

- 3 monthly publications of inflation statistics (CPI), and 2 quarterly inflation statistics on Import Price Index (IPI) and Producer Price Index (PPI); 1 quarterly Construction Price Index. Also the Annual CPI for 2013.

In the area of **trade** statistics:

- 3 monthly publications of Foreign Trade Statistics (FTS) and

- Annual foreign trade statistics for 2013.

In the area of **social statistics**, 4 publications were developed consisting of:

- Results of the Kosovo 2013 Labour Force Survey,
- Social Welfare Statistics for Q1 2013;
- Education statistics for 2012/2013
- Results of the household budget survey for 2013

In the area of **agricultural statistics**, the following publications were developed and issued:

- Quarterly Output Price Index and Prices in Agriculture, Q1 and Q2 2014;
- Quarterly Input Price Index and Prices in Agriculture, Q1 and Q2 2014.

The following pilot projects have been finalised with assistance of an IPA 2011 project:

- PP1- National Accounts Methodology: improvement in specific fields and “Update the Description of Sources and methods for National Accounts”;
- PP2-Quarterly National Accounts;
- Purchasing Power Parity (PPP) is finished according to the PPP work plan;
- Harmonised Index of Consumer Prices has been finished based on the project plan.

As to the development of **business statistics** in accordance to the needs of Kosovo and EUROSTAT standards, the transfer of classification of economic activities from NACE Rev.1 to NACE Rev. 2 is being finalized. GDP indicators that used NACE Rev.1 are converted into NACE Rev.2. From September 2014 onwards, all the publication will be issued using NACE rev.2. Statistical Reports on Economic Enterprises in Kosovo for Q1 and Q2 of 2014 have been prepared. Transport statistics for first and second quarters of 2014 and statistics of Hotels in Kosovo for first quarter 2014 were compiled. Also the Balance of Energy for the first quarter of 2014 was published.

As regards **agriculture census** (AC) municipal committees were formed in all municipalities. Also meetings with all representatives of NGOs were held in regional level. Supervisors and controllers have been selected according to the methodology of the AC. Also methodological preparations are made for the selection of enumerators in all municipalities. All preparations and documents have been put in place for conduct of the agriculture census.

As regards *capacity development* and trainings, two officials have been recruited. In addition, KAS officials attended seminars, workshops, and study visits with duration of 1 to 10 days, where 80 officials participated in the timeframe of May 2014-August 2014.

### **3.3. Justice, Freedom and Security**

#### **3.3.1. Visas, Border Management, Asylum and Migration**

##### **Border Management**

In terms of legal framework in the area of border management, the SOP on Smuggled Goods and Livestock was amended and approved on 2 July 2014 in compliance with the Law on State border Control and surveillance and the Law on Cooperation between Authorities Involved on Integrated Border Management.

On demarcation of border with Montenegro, the national commissions harmonized 70 km of the borderline, and only 9 km remain to be harmonized. On 25 July 2014, the Agreement on the Marking of the Border between Kosovo, Montenegro and Albania was approved.

On the cooperation between authorities involved in IBM, during the reporting period, customs officers together with border police have detected 14 cases of narcotics, ammunition, weapons, etc.

There has also been significant progress during the reporting period in relation to operational plans and joint operations carried out, as well as on risk assessments.

Table 29: Statistics on IBM regular risk assessments carried out during the reporting period

	Q2 2014	July 2014
Local level	169	13
Regional level	12	4

Based on the risk assessments during this reporting period, three operative plans have been drafted for IBM.

Table 30: Statistics on border checks in BCP during the reporting period

	Q2-2014	July-2014
Passengers	3,261,450	1,539,067
Vehicles	1,090,763	484,174
Airplanes	2,813	1,340
Trains	538	186

Table 31: Statistics on persons detained arrested at BCPs and borderlines during the reporting period

	Q1-2014	Q2-2014	July-2014
Arrested for various criminal acts	250	333	98
Arrested based on national orders	79	86	23
Arrested based on international orders	5	0	01
Detained	36	29	12

Table 32: Statistics on second-line border control activities carried out at all BCPs during the reporting period

	Q1-2014	Q2-2014	July-2014
Passengers	6456	8162	2744
Vehicles	5866	6166	2157
Documents	4706	4322	1232

In relation to *implementation and enforcement* of the Protocol on the IBM Agreement with Serbia, 129 local and 27 regional regular meetings took place during this reporting period.

Moreover, during the reporting period, the NCBM received 26 requests for CCTV material from Border Authorities and other interested counterparts such as EULEX, Prosecutor's Office, KIA, etc., while this Centre addressed 144 confidential "hotline" to appropriate parties involved from Border Authorities. The Centre also received 34 feedback information. During the first half of 2014, JIRTAU produced 4 analytic reports for BCP-s and green and blue border at central level, and 40 reports at local level for the same purpose. In the mean time, JIRTAU produced 16 tactical reports and the general tactical report for BCP-s and green and blue border is at the final stage of compilation.

In terms of strengthening human resources in the area of IBM, Border Police organized 46 trainings with 348 border police officers, while Kosovo Customs organized 31 trainings with 156 custom officers. With the aim of enhancing technical capacities on detecting and seizing forbidden goods, Kosovo Customs were donated advanced equipment such as fiverscope, detector, and recorders.

## Visa Policy

In order to complete the legal framework in the area of visa policy, the AI on Procedures for Issuing Visas to Foreigners by the Diplomatic Missions and Consulates of the Republic of Kosovo was adopted on 10 April 2014.

During the reporting period, visa information system was extended to 9 Kosovo diplomatic missions which can issue Kosovo visas: Brussels, Budapest, New York, Paris, Riyadh, Skopje, Sofia, Tokyo, and Vienna. During the reporting period, Kosovo authorities issued 359 visas, refused 19, and revoked 1. Starting July, 2014, Kosovo and Albania have begun offering consular services in the General Consulate in Milano and Canberra.

Concerning the *institutional built-up*, the Visa Division has been completed with seven officials working in the MFA in this sector; likewise, the line ministries related to this sectors have completed their staff.

## Asylum and Migration

The *legal* framework was further enhanced during the reporting period with the adoption of the following bylaws on asylum and foreigners:

- AI on Conditions and Procedures for the Issuance of the Visas at the Border Crossing Point (15 May 2014); the previous AI on the same issue adopted in November of the last year is repealed. The updated AI states that visas cannot be issued in BCPs on professional and/or personal grounds, while they can be issued to fulfil international obligations; and
- AI on Returning of Foreigners with Illegal Residence in the Republic of Kosovo (21 May 2014); this AI regulated standards and procedures for the return of these foreigners in compliance with the Law on Foreigners and the Law on Asylum.

Furthermore, the following regulations are adopted in the reporting period with the aim of further improving the asylum and migration policies in Kosovo:

- Regulation on the Functioning of the Asylum-seekers' Centre (23 April 2014);
- Regulation on the Work of the National Commission for Refugees (05 May 2014).

Moreover, the extended Country Migration Profile for 2013 is finalized during the reporting period. This comprehensive document contains information on various dimensions of migration, including the socio-economic aspect, migration impact and migration policies.

Regarding the institutional structure in the field of *asylum and migration*, on 25 May 2014 the Government established the Inter-Ministerial Commission for Review of Foreigners' Appeals. This body will review the following:

- Temporary residence permit refusal, including the revocation or annulment of residence permit;
- Visa refusal;
- Foreigners' ID issuance refusal;
- Refusal of entry in the territory of Kosovo; and
- Deportation order.

In terms of capacity building measures in the Department for Reintegration i 22 out of 23 planned job positions have been filled in with 8 job officials recruited during the reporting period. In addition 24 officials are engaged in providing special services for readmitted and reintegrated persons out of which, 2 in the Airport; 7 in the Central level ; and 15 in the Regional level.

The Case Management System (CMS) has become operational in all municipalities during this reporting period. The function of CMS is registering and monitoring the data of the beneficiaries and the benefits they receive so that the system of distributing aid and other support forms is fair and well-maintained.

The MIA has engaged one official for the tracking, monitoring, and managing of the cases in CMS, while 12 officials are trained in the operation of the CMS.

Statistics show that the number of asylum-seekers has increased in the second quarter of 2014 in comparison to the first quarter of the same year. While 37 persons sought asylum in Kosovo in Q2 2014, the number of asylum-seekers in Q1 2014 was 13. In July of this year, no asylum-seeker is evidenced.

An upward trend of *readmitted* persons is noted in this reporting period: During the first quarter of 2014, 1,034 persons were readmitted, while for the second quarter of the same year, 1,137 was the number of the readmitted persons. In July, this number was 326.

In the field of *reintegration*, the number of requests for aid and support from the Reintegration Programme for the readmitted persons during the reporting period was 290, out of which the Central and Local Reintegration Commissions approved 170, rejected 74 due to the incompliance with the set criteria, and sent 46 for verification and completion of the required information. The informative brochures on the rights and benefit possibilities for the readmitted persons are available in all BCPs in Albanian, Serbian, Turkish, Romani, and English languages.

The services offered to the repatriated persons to support their reintegration are listed in the table below.

Table 33: Services provided to the repatriated persons during the reporting period

Immediate help at arrival			Q1 2014	Q2 2014	July 2014
1	Transportation to the municipality of residence	Persons	96	89	27
2	Temporary accommodation (7 days)	Persons	29	29	18
3	Food	Meals (daily)	87	87	54
Emergency help (within 12 months after arrival)					
4	Rent (accommodation)	Rented apartments for families/individuals	221 (29 for the newly repatriated)	239 (18 for the newly repatriated)	186 (9 for the newly repatriated)
5	Food and hygiene packages	Persons	724 (112 for the newly repatriated)	775 (51 for the newly repatriated)	750 (45 for the newly repatriated)
6	Medical treatment and medicaments	Persons	3	12	0
7	Firewood	Families	46	14	0
Support for sustainable reintegration					
8	House reparation/building	Families	7	8	1
9	House renovation	Families	0	3	0
10	House furniture	Families	6	2	4
11	Business start-up funding	Persons	72	67	15
12	Language courses and additional classes	Students	311	0	0
13	Vocational training	Persons	31	45	23
14	Employment	Persons	0	10	0

Special emphasis is given to the support for sustainable reintegration of the repatriated persons. During the reporting period, vocational training is provided for 68 persons: in the 2<sup>nd</sup> quarter of 2014, 30 of those receiving vocational trainings were Albanian, 5 Serbian, 5 Gorani, 3 Ashkali, and 2 Roma. Moreover, 67 business plans (involving 109 individuals) were approved in the 2<sup>nd</sup> quarter of this year. Out of 67 business start ups, 53 were founded by Albanians, 5 Ashkali, 4 Roma, 3 Egyptians, 1 Bosnian, and 1

Turkish. The ethnical breakdown of the employed persons from this category during the reporting period was as such: 9 Albanian and 1 Ashkali.

Particular focus is also given to the repatriation of vulnerable individuals. To facilitate their return, the DCAM, DRRP and other relevant institutions receive them at all BCPs and offer the necessary services. The reception of the vulnerable groups is done in cooperation with the MoH and MLWS to address and meet their needs.

In terms of enhancing the capacities in the field of reintegration, during the reporting period, particular focus was given to further improving the CMS through the training of 11 of different municipality officials on this system. Moreover, training for trainers was delivered to DRRP officials on 4 July, 2013, where 8 trainers were certified. Other capacity-building efforts include three conferences and one meeting are related to the topic of reintegration.

### **Document Security**

During the period of May – July, 2014, 427 birth registration books were digitalized. In terms of statistics, in the same period, the CRA registered 2,406 deaths.

Finally, the CRA Inspectorate between May and July, 2014 conducted 98 inspections in various municipalities of Kosovo, out of which 84 are regular inspection activities, while the remaining are extraordinary.

Activities to be completed in the following reporting period in the field of document security include:

- Functioning of the new form of the civil status system, 31 October 2014;
- Issuance of the new certificates with high security elements, October 2014; and
- Certification of all official working in civil status, December 2014.

### **3.3.2. Fights against Money Laundering**

The money laundering *legal* framework has been further enhanced with the adoption of the following other documents on 15 July 2014:

- SOM for goAML based on Working Processes;
- SOM related to automatic information requests from FIU to KP;
- SOM on information exchange between FIU and TAK;
- Users Manual on goAML Forms; and
- goAML Web Manual for Reporting Subjects users.

In the end of April, 2014 the first report on the Strategy on Prevention of Informal Economy, Money Laundering, Financing of Terrorism and Financial Crime was published.

Moreover, in June 2014, the National Risk Assessment for Money Laundering and Financing Terrorism, which is related to the specific sector of Money Laundering and Financing Terrorism in the Construction Sector. This risk assessment awaits its approval in the following reporting period.

With regards to *enforcement* in this area, during the second quarter of 2014, FIU has received 72 Suspicious Transaction Reports (STR), which makes this number 67% higher than the number of STRs in the same period of last year.

The DIECC continues the fight against money laundering, and this is indicated in the Table 34 below.



Table 34: KP DIECC statistics on money laundering

Categories	Q1 2014	Q2 2014	July 2014
Cases opened and transferred to other units	2	1	0
Persons arrested	1	1	0
Criminal reports	1	1	0
Criminal reports (no. of persons involved)	1	1	0

Table 35: Money laundering cases handled by KPC, Jan-June 2014

	Jan-June 2014	
	No. of cases	No. of persons
Cases at work	39	110
Backlog cases	32	93
New cases	7	17
Cases solved	6	17
Cases pending	33	93

As shown in the table above, out of 39 cases, the Prosecution Offices during the period of January-June, 2014 solved 6 cases involving 17 persons, as follows:

- Charges were dropped for 3 persons;
- Investigations terminated for 9 persons; and
- Indictment following investigations filed against 5 persons.

When it comes to the increase of capacities in FIU and other institutions related to the sector of money laundering, during the reporting period, six FIU officials attended seven trainings on topics such as money laundering and financing terrorism, economic crimes, tracing assets, and international judicial assistance. Examples of these trainings include “The Role of FIUs in Anti-corruption and Asset Recovery,” “New Payment Methods Followed by Terrorist Financing,” and “The Role of FIUs in Conducting National Risk Assessments.”

### 3.3.3. Fight against Drugs

The Kosovo Police continues its efforts in the fight against narcotics as it is actively engages in achieving the objectives set out in the National Strategy against Narcotics, 2012-2016 and the implementation of the AP. Special focus is given to the prevention from and fight against the supply segment of drug trafficking. When comparing the statistics on seized drugs for Q2 and Q1 2014, there is a significant increase in numbers. For example, the confiscated amount of cocaine for Q2 is around 200% higher than in Q1. This is also evident in the case of confiscated marijuana with 24% increase in Q2 compared to Q1 of the same year. The table below illustrates in more detail the results achieved during the reporting period in this area.

As shown in the Table 36 below, during the reporting period, the Directorate for the Investigations of Drug Trafficking has worked jointly with its international counterparts in six (6) cases against drug trafficking. Examples of these cases include cooperation with Albanian authorities, in which case three persons were arrested and one person was detained. Among others, 18kg 235g of cocaine, laboratory equipment, and cash were seized during the operation. Another case is the cooperation between Kosovo authorities with Albanian, Austrian, Swiss, and German authorities, where, during the reporting period, two persons were detained and 24kg of marijuana was sequestered. Other cases of joint cooperation include joint investigations with EUROPOL, FYROM, and Czech Republic.

Table 36: KP statistic on the fight against narcotics April – July, 2014

<b>Criminal offences</b>	<b>Q2 2014</b>	<b>July 2014</b>
Organized crime	12	-
Cultivation of narcotics	12	13
Possession of narcotics	127	45
Drug trafficking	45	11
<b>Police operations</b>		
Operations	126	50
Operative plans	17	3
Raids	138	51
Criminal groups destroyed	12	1
<b>Confiscated narcotics</b>		
Heroin	40 gr	43 gr
Cocaine	20 kg 822 gr	16 gr
Marijuana	268 kg 266.5 gr	128 kg 578 gr
Canabis plants	1197	3712
Canabis seeds	5	65
Other narcotics	Heptanon 4tab; 5kg & 235gr prokuror; 8l chlorhydric acid; 246l acetone; 7l hydrochloric acid	20 pieces of tramadol
<b>Confiscated cash</b>		
Euro	2,1034	5,416.75
CHF	65	1,000
Lek	7,040	2,900
Other currency	650 denar MK	10 dinar; 300 Kroner
<b>Other confiscations</b>		
Confiscated weapons	20	1
Confiscated ammunition	413	29
Confiscated vehicles	15	5
<b>International cooperation</b>		
Information exchanges	5	1
Operational meetings	2	1
Joint investigations	4	5
<b>Cooperation with EULEX</b>		
Information exchanges	3	
Operational meetings	--	2
Joint investigations	3	2
Joint Operations	2	--

Kosovo Customs as well have assisted in detecting 6 cases of drug trafficking during the reporting period. The Customs and PK jointly seized an amount of 29kg 312gr of cannabis sativa and 3kg of heroin and marijuana during this period (Table 37 below).

Table 37: KP statistic on cases fight against narcotics April – July 2014

Arrests	Q2 2014	July 2014
Arrested persons	148	45
Persons detained	87	25
Criminal charges filed	118	33
Number of persons involved in the filed criminal charges	160	46
<b>Cases</b>		
Cases under investigation	96	99
New cases	91	35
Cases received from other units	44	16
Cases sent to prosecution with criminal charges	118	33
Cases sent to prosecution with special report	2	2

Table 38: KPC statistics on cases related to narcotics (Jan – June 2014)

Categories of cases	No. of cases	No. of persons
Cases inherited	282	462
New cases	267	524
Cases at work	549	887
Cases solved	161	239
Pending cases	388	648

As shown in the table above, Prosecution Offices during the reporting period have solved 161 cases involving 239 persons, as follows:

- Charges were dropped for 7 persons;
- Investigations terminated for 14 persons;
- Indictment with the request for Punitive Order filed against 36 persons;
- Instant indictment filed against 55 persons;
- Indictment following investigations filed against 126 persons;
- Psychiatric treatment for 2 persons.

To proceed, during the reporting period, courts have issued verdicts against 71 defendants on drug trafficking cases, where 70 persons were found guilty and 1 person was released.

Kosovo's fight against drug trafficking is not limited to police action and court decisions. The MoH delivers treatment programs with Methadone in five health institutions. 94 persons (90 men and 4 women) have benefitted from this programme. Moreover, 47 repatriated persons have received health services from this programme. These efforts are a part of the National Strategy against Narcotics, 2012-2016.

### 3.3.4. Police

#### Witness protection

In order to continue with implementation of the legislation in force in the field of witness protection, in June 2014 a SOP on completion of the program foreseen by the law on Witness Protection was signed.

With the aim of enhancing capacities in the field of witness protection, during the reporting period 8 trainings were delivered to 33 participants dealing with witness protection, with the addition of one seminar in Croatia organized for officials working in this field. Witness protection officials also participated in an advanced training on international cooperation organized in the Netherlands, which

also resulted in EUROPOL granting membership for the WPD to access its witness protection expert platform.

Kosovo Police Inspectorate

The Kosovo Police Inspectorate, during April-June received 357 complaints against police officers for misconduct, out of which 170 have been referred to the directorate for internal investigations with the remaining cases being investigated by the KPI, while in July this inspectorate received 139 complaints, with 81 of them referred to the directorate for internal investigations.

The department within KPI investigated 21 cases of corruption and arrested 2 police officials, 14 police officers were suspended and four were recommended transfer, while 21 criminal charges and 23 special reports were forwarded to the prosecution.

*Table 39: Statistics on corruption cases handled by KPI*

	Q2 2014	July 2014
<b>Corruption criminal cases</b>	16	5
<b>Arrested persons</b>	1	1
<b>Suspended officers</b>	9	5
<b>Transferred officers</b>	4	0
<b>Criminal charges</b>	18	3
<b>Special reports</b>	19	4

Kosovo Academy for Public Safety offers trainings and higher education for capacity development for officials operating in KAPS such as: Kosovo Police Inspectorate, Kosovo Customs, Emergency Management Agency, Kosovo Correctional Services and Probation Services.

In terms of capacity building for law enforcement bodies (strategic and technical level) in the field of public safety the following trainings were organized during this reporting period:

*Table 40: Trainings delivered to public security agencies and other organizations on the field of public security during (Q2 2014)*

Agency/Organization	No. of trainings	No. of participants
Kosovo Police	65	1239
Kosovo Police together with Turkish Police	2	42
Kosovo Police in cooperation with EU (Project WINPRO 2)	1	13
Kosovo Police in cooperation with EU	1	15
Kosovo Police in cooperation with France Police	1	15
Emergency management agency	8	114
Kosovo Customs	5	54
OSCE	10	207
ICITAP	3	86
<b>Total</b>	<b>96</b>	<b>1785</b>

*Table 41: Trainings provided by the public security agencies and organizations (July 2014)*

Organisation	Number of trainings	Number of participants
Kosovo Police	21	245

### 3.3.5. Fight against Organized Crime

Law enforcement agencies remain committed to fighting organized crime and corruption. In this regard, the KP Division against Organised Crime (DOC) during the Q2 2014 has started investigating 149 new cases of organised crime, with the total number during Q2 2014 at 195. During this period, DOC has conducted 38 operative plans and arrested 198 persons. On the same note, only in July 2014 DOC has opened 50 new cases for investigation, conducted 65 arrests and carried out 5 operative plans (Table 42).

Table 42: KP DOC statistics on the fight against organised crime

Cases	Q1 2014	Q2 2014
Cases under investigation (inherited)	177	195
New cases under investigation	168	149
Cases received from other units	62	44
<b>Criminal offences</b>		
Smuggling of weapons	3	2
Smuggling of migrants	5	8
Drug trafficking		
THB	164	127
Organised crime	5	14
Cybercrime	3	5
Enabling prostitution	3	6
Prostitution	6	1
<b>Arrests</b>		
Persons arrested	263	198
Persons detained	110	142
<b>Indictments</b>	189	153-
<b>Operations</b>		-
Operations	77	150
<b>Criminal groups</b>		
Criminal groups dismantled	8	15
<b>Confiscations</b>		
Weapons	47	30
Ammunition	2,049	1,535
Money (EUR)	32,355	21,034
Narcotics (heroin)	1 kg 139gr	40 gr
Narcotics (marijuana)	25 kg	268 kg
Money (CHF)	1,650	65
Money (AL Lek)	22,520	7040
Money (\$)	1,000	
Vehicles	29	113
<b>Frozen assets</b>		
Houses	--	2
Apartments	--	3
Vehicles	--	10
Immovable property	--	16,540 m <sup>2</sup>
<b>International cooperation</b>		
Information exchanged	7STMs	5
Operational meetings	14	3
Joint investigations	5	4

The integrated tracking mechanism for investigation and prosecution of organised crime and corruption has produced its second report, covering January – June 2014. The report is being translated and will be shared with relevant stakeholders afterwards.

According to this report which entails the so called “characteristic criminal offences”, Kosovo prosecutions in this semester had at work 1,806 cases<sup>7</sup> involving 4,128 persons. At the end of June 2014, KPC managed to solve 535 cases. The report finds that the work of law enforcement agencies was dominated by criminal offences of corruption (42%) and those related to drugs (31%).

As shown in the table below, Prosecution Offices during the reporting period have solved 3 cases of organised crime with 62 suspects. Cases were solved in the following manner:

- Charges were dropped for 1 person;
- Investigations terminated for 23 persons;
- Indictment following investigations filed against 38 persons.

*Table 43: KPC statistics on organised crime*

Categories of cases	No. of cases	No. of persons
Cases inherited	25	222
New cases	15	101
Cases solved	3	62
Pending cases	37	261

*International cooperation in criminal matters*

In the second quarter of 2014, KP ILECU received 715 requests while in July 2014, 156 requests were sent to ILECU. Among these requests, ILECU dealt with 5 cases of extradition, 12 cases of banning the change of personal data and 27 cases related to verification of persons to be readmitted. Other requests pertained to verification of vehicles, identity, background, status etc.

With regard to deploying police liaison officers in Kosovo diplomatic missions, during this period 3 such officers were positioned in the following capitals: Vienna, Ankara and Brussels.

*Fight against THB and victim rehabilitation*

In the area of regional cooperation in fighting THB, the Protocol on Cooperation in Combating Trafficking in Human Beings between Kosovo and Montenegro was signed on 25 April 2014, in Prishtina, Kosovo. The protocol addresses specific issues relating to the identification of potential victims and victims of THB exploited for forced labour, especially during construction and touristic season, cooperation in criminal proceedings and voluntary return of victims and potential victims of human trafficking.

As far as capacity building is concerned, a training session on the topic of child trafficking was provided to the following participants: 5 social workers, 5 Anti-trafficking Unit Police Officers (each covering a region) and 1 Police Officer from Community Police.

Awareness raising activities are being implemented by the Ministry of Education, Science and Technology (MEST) targeting school-age children, teachers, parents and community at large, by distributing informative leaflets (with national help-line number) in 11 municipalities, in 98 schools. Additionally, the Regulation on Protocol for Prevention and Referral of Violence in pre-university education institutions 21/2013 was distributed to all schools at all levels throughout Kosovo.

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<sup>7</sup>Out of this number 1,030 cases were inherited from 2013

Approximately 210 children from different communities (Roma, Serb, Ashkali, Egyptian and Albanian) attended classes on the topic of child protection from online/internet harmful activities. In addition, the inter-institutional Project for Safety in Community provided training sessions to 80 participants from Municipal Directorates for Education, teachers and KP.

In terms of providing support to the victims of THB the Interim Security Facility (MLSW), during the reporting period has sheltered six (6) VoT's (5 female and 1 male); of which two (2) single mothers. Six (6) adult VoT's (4 domestic and 2 foreign) were provided medical assistance. During sheltering period VoT's are also provided basic education. One (1) VoT was reunited with the family and two (2) foreign VoTs were successfully repatriated.

The process of licensing social and family services has continued and up to date 284 applications were received from both governmental and non-governmental sector and 225 providers of such services were licensed, whereas 39 are being processed. During the reporting period, 53 officials (individuals) at basic level and 25 at medium level were licensed from General Council (MLSW) for Social and Family Services in offering such services.

*Victims Advocacy and Assistance Office*, during the reporting period has provided legal aid to 13 VoT's. Victims' Advocates provides assistance with regard to informing VoTs on their rights, legislation in force, overall legal aid throughout legal proceedings.

During the reporting period eight (8) children (potential victims of trafficking) benefited services from *Hope and Home for Children (HHC)* in respect to the Minimum Standards of Care for VoT. Services provided include: shelter, clothing, food, healthcare, psychological/psychiatric assistance, psycho-social assistance, community education, certified courses, catch-up classes with shelter teachers and leisure activities. SDSF has also monitored five (5) other cases (2 VoTs and 3 other cases); it assisted with food, sanitary items, clothing and other necessary house appliances.

One (1) minor, potential VoT's has completed successfully two years of catch-up education with class examination and is ready to continue regular education in September.

Three (3) of the shelter staff (HHC) have obtained licenses in offering social and family services whereas three (3) others are being processed for such license.

On the other hand, KP has carried out a large number of investigations and operations in the area of fighting THB. During the reporting period, KP Directorate against THB has initiated 54 cases for investigation, 29 arrests and identified 15 victims of THB.

*Table 44: KP DTHB statistics in fighting THB*

Categories	Q2 2014	July 2014
Initiated investigations	40	14
Indictments	39	15
Arrests	29	18
<b>Victims' identified</b>	11	4
Kosovar	9	4
Albanian	2	/

According to the tracking mechanism latest report, prosecution offices in January – June 2014 had at work 52 cases of THB involving 126 persons.

Table 45: KPC statistics on fighting THB

Categories of cases	No. of cases	No. of persons
Cases inherited	33	88
New cases	19	38
Cases solved	8	27
Pending cases	44	99

As shown in the table above, Prosecution Offices during the reporting period have solved 8 cases involving 27 persons, as follows:

- Charges were dropped for 5 person;
- Indictment following investigations filed against 22 persons.

Further on, during the reporting period, courts have issued verdicts against 15 defendants on THB cases, where 14 persons were found guilty and 1 was released.

#### Crime Prevention

During the reporting period, Local Committees for Public Safety were newly established in Shtime, Lipjan and Kamenicë. The Committees now present in almost each Kosovo municipality, have carried out 22 projects in: Vushtrri (2), Istog (1), Gjilan (3), Kamenicë (1), Prishtinë (3), Viti (1), Gracanicë (1), Prizren (1), Dragash (1), Ferizaj (2), Fushë Kosovë (1), Klinë (1), Mitrovicë Jug (1), Lipjan (1), Klokot (1) and Skedneraj (1).

In terms of institutional building, Kosovo Police established a sector on prevention of crime and juvenile delinquency within the Department of Community Policing and Prevention. This sector operates based on Juvenile Justice Code, other AIs and SOPs in place. With the aim of enhancing capacities within investigation units in police stations around Kosovo, at least two investigators in each station are special trained to deal with cases of juvenile delinquency. In order to tackle this form of crime, KP with ICITAP also provided 5 training sessions for 39 police officers during this reporting period.

#### Fight and Prevention of Terrorism

The KP Anti-Terrorism Directorate is very much focused on detection and dismantling of extremist groups potentially operating in Kosovo. Due attention is paid to the involvement of Kosovo citizens in the Syrian conflict. In this regard, the KP ATD has continued updating its analytic reports with profiles of Kosovo citizens involved in this conflict.

In terms of prevention of terrorism and radicalization, KP has carried out numerous meetings with Community Safety Councils and religious representatives in order to identify the main push factors in radicalization as well as the necessary actions to be taken in this regard.

During the reporting period, KP initiated investigation of 7 cases and arrested 4 persons on charges of criminal offences against public order and security. It shall be noted that in August 2014, KP carried out a large operation which resulted with the arrest of 43 suspects and confiscation of ammunition and other harmful materials. Most of the suspects is alleged to have been taking part in the Syrian conflict and are suspected to have links with terrorist organizations active in Syria and Iraq. These suspects are now undergoing legal proceedings.

Police officers of the KP ATD have participated in 12 training sessions and 3 study visits abroad. In these training sessions participants gained advanced knowledge on topics such as terrorist financing, countering terrorism and violent extremism, operation-interview-evidence course, terrorist language program and so on.



### **3.3.6. Protection of Personal Data**

In order to complete the policy framework in the area of personal data protection, the Strategy on Personal Data Protection in the Republic of Kosovo 2014-2017 was adopted in January 2014.

The strategy sets up priorities of the Agency for the next three years such as: continuous supervision of the legitimacy of data processing, harmonization of the national data protection legislation with EU legislation, enhancing capacities within the agency, raising awareness on privacy and data protection among citizens and increase cooperation with relevant authorities in the area of data protection.

During the reporting period the National Agency for Data Protection issued 24 recommendations with the majority of violations regarding video surveillance, processing the biometric characteristics, the security of data processing and direct marketing during the election campaigns. In terms of inspections, during the reporting period the agency carried out 50 inspections, a higher number compared to the previous quarter.

In terms of capacity building, the Nation Data Protection Agency appointed three (3) additional officials during this reporting period, which also partially addresses one of the EU recommendations on data protection.

## Annex 1: Update on Implementation of the Feasibility Study Midterm Benchmarks

### 1. Rule of Law

- 1.1. *Provide concrete evidence of results in fighting organised crime and corruption as a matter of priority, and strengthen legislation and its implementation particularly on prevention and fighting against trafficking in human beings, drugs, their precursors and weapons trafficking*

#### Fight against Money Laundering

The money laundering *legal* framework has been further enhanced with the adoption of the following other documents on 15 July 2014:

- SOM for goAML based on Working Processes;
- SOM related to automatic information requests from FIU to KP;
- SOM on information exchange between FIU and TAK;
- User's Manual on goAML Forms; and
- goAML Web Manual for Reporting Subjects users.

In the end of April, 2014 the first report on the Strategy on Prevention of Informal Economy, Money Laundering, Financing of Terrorism and Financial Crime was published.

Moreover, in June 2014, the National Risk Assessment for Money Laundering and Financing Terrorism, which is related to the specific sector of Money Laundering and Financing Terrorism in the Construction Sector. This risk assessment awaits its approval in the following reporting period.

With regards to *enforcement* in this area, during the second quarter of 2014, FIU has received 72 Suspicious Transaction Reports (STR), which makes this number 67% higher than the number of STRs in the same period of last year.

The DIECC continues the fight against money laundering, and this is indicated in the following table.

Table 1.1: KP DIECC statistics on money laundering

Categories	Q1 2014	Q2 2014	July 2014
Cases opened and transferred to other units	2	1	0
Persons arrested	1	1	0
Criminal reports	1	1	0
Criminal reports (no. of persons involved)	1	1	0

Table 1.2: Money laundering cases handled by KPC, Jan-June 2014

	Jan-June 2014	
	No. of cases	No. of persons
Cases at work	39	110
Inherited cases	32	93
New cases	7	17
Cases solved	6	17
Cases pending	33	93

As shown in the table above, out of 39 cases, the Prosecution Offices during the period of January-June, 2014 solved 6 cases involving 17 persons, as follows:

- Charges were dropped for 3 persons;
- Investigations terminated for 9 persons; and
- Indictment following investigations filed against 5 persons.

When it comes to the increase of capacities in FIU and other institutions related to the sector of money laundering, during the reporting period, six FIU officials attended seven trainings on topics such as money laundering and financing terrorism, economic crimes, tracing assets, and international judicial assistance. Examples of these trainings include “The Role of FIUs in Anti-corruption and Asset Recovery,” “New Payment Methods Followed by Terrorist Financing,” and “The Role of FIUs in Conducting National Risk Assessments.”

### **Fight against Drugs**

The Kosovo Police continues its efforts in the fight against narcotics as it is actively engages in achieving the objectives set out in the National Strategy against Narcotics, 2012-2016 and the implementation of the AP. Special focus is given to the prevention from and fight against the supply segment of drug trafficking. When comparing the statistics on seized drugs for Q2 and Q1 2014, there is a significant increase in numbers. For example, the confiscated amount of cocaine for Q2 is around 200% higher than in Q1. This is also evident in the case of confiscated marijuana with 24% increase in Q2 compared to Q1 of the same year. The table below illustrates in more detail the results achieved during the reporting period in this area.

As shown in the table below, during the reporting period, the Directorate for the Investigations of Drug Trafficking has worked jointly with its international counterparts in six (6) cases against drug trafficking. Examples of these cases include cooperation with Albanian authorities, in which case three persons were arrested and one person was detained. Among others, 18kg 235g of cocaine, laboratory equipment, and cash were seized during the operation. Another case is the cooperation between Kosovo authorities with Albanian, Austrian, Swiss, and German authorities, where, during the reporting period, two persons were detained and 24kg of marijuana was sequestered. Other cases of joint cooperation include joint investigations with EUROPOL, FYROM, and Czech Republic.

Table 1.3: KP statistic on the fight against narcotics April – July, 2014

<b>Criminal offences</b>	<b>Q2 2014</b>	<b>July 2014</b>
Organized crime	12	-
Cultivation of narcotics	12	13
Possession of narcotics	127	45
Drug trafficking	45	11
<b>Police operations</b>		
Operations	126	50
Operative plans	17	3
Raids	138	51
Criminal groups destroyed	12	1
<b>Confiscated narcotics</b>		
Heroin	40 gr	43 gr
Cocaine	20 kg 822 gr	16 gr
Marijuana	268 kg 266.5 gr	128 kg 578 gr
Canabis plants	1197	3712
Canabis seeds	5	65
Other narcotics	Heptanon 4tab; 5kg & 235gr prokuror; 8l chlorhydric acid; 246l acetone; 7l hydrochloric acid	20 pieces of tramadol
<b>Confiscated cash</b>		
Euro	2,1034	5,416.75
CHF	65	1,000
Lek	7,040	2,900
Other currency	650 denar MK	10 dinar; 300 Kroner
<b>Other confiscations</b>		
Confiscated weapons	20	1
Confiscated ammunition	413	29
Confiscated vehicles	15	5
<b>International cooperation</b>		
Information exchanges	5	1
Operational meetings	2	1
Joint investigations	4	5
<b>Cooperation with EULEX</b>		
Information exchanges	3	
Operational meetings	--	2
Joint investigations	3	2
Joint Operations	2	--

Kosovo Customs as well have assisted in detecting 6 cases of drug trafficking during the reporting period. The Customs and PK jointly seized an amount of 29kg 312gr of cannabis sativa and 3kg of heroin and marijuana during this period.

Table 1.4: KP statistic on cases fight against narcotics April – July, 2014

Arrests	Q2 2014	July 2014
Arrested persons	148	45
Persons detained	87	25
Criminal charges filed	118	33
Number of persons involved in the filed criminal charges	160	46
Cases		
Cases under investigation	96	99
New cases	91	35
Cases received from other units	44	16
Cases sent to prosecution with criminal charges	118	33
Cases sent to prosecution with special report	2	2

Table 1.5: KPC statistics on cases related to narcotics (Jan – June 2014)

Categories of cases	No. of cases	No. of persons
Cases inherited	282	462
New cases	267	524
Cases at work	549	887
Cases solved	161	239
Pending cases	388	648

As shown in the table above, Prosecution Offices during the reporting period have solved 161 cases involving 239 persons, as follows:

- Charges were dropped for 7 persons;
- Investigations terminated for 14 persons;
- Indictment with the request for Punitive Order filed against 36 persons;
- Instant indictment filed against 55 persons;
- Indictment following investigations filed against 126 persons;
- Psychiatric treatment for 2 persons.

To proceed, during the reporting period, courts have issued verdicts against 71 defendants on drug trafficking cases, where 70 persons were found guilty and 1 person was released.

Kosovo's fight against drug trafficking is not limited to police action and court decisions. The MoH delivers treatment programs with Methadone in five health institutions. 94 persons (90 men and 4 women) have benefitted from this programme. Moreover, 47 repatriated persons have received health services from this programme. These efforts are a part of the National Strategy against Narcotics, 2012-2016.

### Witness Protection

In order to continue with implementation of the legislation in force in the field of witness protection, in June 2014 a SOP on completion of the program foreseen by the law on Witness Protection was signed.

With the aim of enhancing capacities in the field of witness protection, during the reporting period 8 trainings were delivered to 33 participants dealing with witness protection, with the addition of one seminar in Croatia organized for officials working in this field.

Witness protection officials also participated in an advanced training on international cooperation organized in the Netherlands, which also resulted in EUROPOL granting membership for the WPD to access its witness protection expert platform.

## Fight against Organised Crime

The law enforcement agencies remain committed towards the fight against organized crime and corruption. In this regard, the KP Division against Organised Crime (DOC) during the second quarter of 2014 has started investigating 149 new cases of organised crime, whereas the total number of cases under investigation during Q2 2014 was 195. During this period, DOC has conducted 38 operative plans and arrested 198 persons. On the same note, only in July 2014 DOC has opened 50 new cases for investigation, conducted 65 arrests and carried out 5 operative plans. More statistics from the DOC are referred to in the table below.

Table 1.6: KP DOC statistics on the fight against organised crime

Cases	Q1 2014	Q2 2014
Cases under investigation (inherited)	177	195
New cases under investigation	168	149
Cases received from other units	62	44
<b>Criminal offences</b>		
Smuggling of weapons	3	2
Smuggling of migrants	5	8
Drug trafficking		
THB	164	127
Organised crime	5	14
Cybercrime	3	5
Enabling prostitution	3	6
Prostitution	6	1
<b>Arrests</b>		
Persons arrested	263	198
Persons detained	110	142
<b>Indictments</b>	189	153-
<b>Operations</b>		-
Operations	77	150
<b>Criminal groups</b>		-
Criminal groups dismantled	8	15
<b>Confiscations</b>		
Weapons	47	30
Ammunition	2,049	1,535
Money (EUR)	32,355	21,034
Narcotics (heroin)	1 kg 139gr	40 gr
Narcotics (marijuana)	25 kg	268 kg
Money (CHF)	1,650	65
Money (AL Lek)	22,520	7040
Money (\$)	1,000	
Vehicles	29	113
<b>Frozen assets</b>		
Houses	--	2
Apartments	--	3
Vehicles	--	10
Immovable property	--	16,540 m <sup>2</sup>
<b>International cooperation</b>	9	5
Information exchanged	7STMs	5
Operational meetings	14	3
Joint investigations	5	4

### International Cooperation in Criminal Matters

In the second quarter of 2014, KP ILECU received 715 requests while in July 2014, 156 requests were sent to ILECU. Among these requests, ILECU dealt with 5 cases of extradition, 12 cases of banning the change of personal data and 27 cases related to verification of persons to be readmitted. Other requests pertained to verification of vehicles, identity, background, status etc.

With regard to deploying police liaison officers in Kosovo diplomatic missions, during this period 3 such officers were positioned in the following capitals: Vienna, Ankara and Brussels.

### Fight against THB and Victim Rehabilitation

In the area of regional cooperation in fighting THB, the Protocol on Cooperation in Combating Trafficking in Human Beings between Kosovo and Montenegro was signed on 25 April 2014, in Prishtina, Kosovo. The protocol addresses specific issues relating to the identification of potential victims and victims of THB exploited for forced labour, especially during construction and touristic season, cooperation in criminal proceedings and voluntary return of victims and potential victims of human trafficking.

On the other hand, KP has carried out a large number of investigations and operations in the area of fighting THB. During the reporting period, KP Directorate against THB has initiated 54 cases for investigation, 29 arrests and identified 15 victims of THB.

Table 1.8: KP DTHB statistics in fighting THB

	Q2 2014	July 2014
Initiated investigations	40	14
Indictments	39	15
Arrests	29	18
<b>Victims' identified</b>	11	4
Kosovar	9	4
Albanian	2	/

According to the tracking mechanism latest report, prosecution offices in January - June 2014 had at work 52 cases of THB involving 126 persons.

Table 1.9: KPC statistics in fighting THB

Categories of cases	No. of cases	No. of persons
Cases inherited	33	88
New cases	19	38
Cases solved	8	27
Pending cases	44	99

As shown in the table above, Prosecution Offices during the reporting period have solved 8 cases involving 27 persons, as follows:

- Charges were dropped for 5 person;
- Indictment following investigations filed against 22 persons.

Further on, during the reporting period, courts have issued verdicts against 15 defendants on THB cases, where 14 persons were found guilty and 1 was released.

### Fight and Prevention of Terrorism

The KP Anti-Terrorism Directorate is very much focused on detection and dismantling of extremist groups potentially operating in Kosovo. Due attention is paid to the involvement of Kosovo citizens in the Syrian conflict. In this regard, the KP ATD has continued updating its analytic reports with profiles of Kosovo citizens involved in this conflict.

In terms of prevention of terrorism and radicalization, KP has carried out numerous meetings with Community Safety Councils and religious representatives in order to identify the main push factors in radicalization as well as the necessary actions to be taken in this regard.

During the reporting period, KP initiated investigation of 7 cases and arrested 4 persons on charges of criminal offences against public order and security. It shall be noted that in August 2014, KP carried out a large operation which resulted with the arrest of 43 suspects and confiscation of ammunition and other harmful materials. Most of the suspects have taken part in the Syrian conflict and are suspected to have links with terrorist organisations active in Syria and Iraq. These suspects are now undergoing legal proceedings.

Police officers of the KP ATD have participated in 12 training sessions and 3 study visits abroad. In these training sessions participants gained advanced knowledge on topics such as terrorist financing, countering terrorism and violent extremism, operation-interview-evidence course, terrorist language program and so on.

#### *Fight against corruption*

According to the 6 months report of the tracking mechanism, Prosecutors during the first half (January 1 to June 30, 2014) worked on 753 cases with 2,044 persons concerning offenses relating to corruption and specified criminal charges. Of the total number of these cases, at the end of the reporting period (30 June 2014), the data show that 207 cases were solved with 556 persons, while 546 remained unsolved cases with 1,488 people.

#### ***1.2. Improve the reliability of statistics on the fight against serious and organised crime and corruption***

The integrated tracking mechanism for investigation and prosecution of organised crime and corruption has produced its second report, covering January – June 2014. The report is being translated and will be shared with relevant stakeholders afterwards.

The organized crime statistics in this report were extracted from the tracking mechanism report 2014.

#### ***1.3. Actively support implementation of the mandate of EULEX, including of the Special Investigative Task Force***

The International Agreement between the Republic of Kosovo and the European Union on the European Union Rule of Law Mission in Kosovo along with the Law amending Laws Related to the Mandate of the European Union Rule of Law Mission in the Republic of Kosovo were adopted by the Kosovo Assembly in April 2014. With the establishment of the new Government, a decision will be taken on the establishment of the Special Court for wartime abuses that will adjudicate cases against individuals based on a 2010 Council of Europe report.

#### ***1.4. Ensure readmission from Member States***

The Republic of Kosovo is focused on signing bilateral agreements with Member States and countries of origin of irregular migrants. So far Kosovo sent request for readmission agreements to the following countries of origin: Turkey, Pakistan, Afghanistan and Ivory Coast. Kosovo also sent request for



readmission agreements to the following member states: Great Britain, Ireland, Portugal, Lithuania, and Poland. By December 2014, readmission agreements with Macedonia and Latvia are expected to be concluded.

An upward trend of *readmitted* persons is noted in this reporting period: During the first quarter of 2014, 1,034 persons were readmitted, while for the second quarter of the same year, 1,137 was the number of the readmitted persons. In July, this number was 326.

## **2. Judiciary**

### **2.1. Take measures to reduce the total backlog of cases**

Regarding the reduction of backlog case, until June 30, 2014, 10,196 criminal cases and 2,390 civil cases by the General Department and 9,517 cases by serious crime Department were conducted which in total makes 22,103 cases conducted in the category of civil and criminal cases. Data from other categories are being processed.

### **2.2. Implement the judicial reform, including by ensuring consistency among the laws on courts, Judicial and Prosecutorial Councils and prosecution**

As far as advancement of the *legal framework* in the area of judiciary is concerned, the Law amending the Law on Courts and the Law on State Prosecutor have been finalized and are expected to proceed to the Government for approval. To this end, KJC has compiled a document with recommendations for MoJ. On the other hand, the Law No. 03/L-052 on Special Prosecution of the Republic of Kosovo has not yet been amended, due to the overall political circumstances. Lastly, the Law on Minor Offences is also to be adopted, which is important as it will dismiss the volume of court cases by installing review mechanisms within institutions that initiate misdemeanour proceedings in court.

With regard to subsidiary legislation, a draft regulation for certification of court interpreters in criminal proceedings has been prepared and is expected to be finalized soon after harmonizing the positions between relevant actors.

Furthermore, during this reporting period, the KJC has adopted the following internal bylaws and procedural acts:

- Regulation for completing the Regulation on the internal organization of the courts (16 Jul 2014);
- Regulation for disciplinary procedure of KJC members; (21 May 2014);
- AI for Compensation and allowances to the staff of the Secretariat of the Judicial Council and the Courts; (07 May 2014);
- AI for official travels(21 May 2014);
- AI for official vehicles (21Mmay 2014);
- AI to access the online system of CBK (21 May 2014);
- AI on court revenues (4 Jun 2014);
- AI on judicial deposits(4 Jun 2014);
- AI on rules of use of petty cash fund by the courts (4 Jun 2014);
- AI on rules of use of petty cash fund units of the Kosovo Judicial Council (4 Jun 2014);
- AI on compensating procedures of the defense with public expenses (4 Jun 2014).

On the *policy framework* relevant for this area, the Government adopted the Strategy on Assistance in the Rule of Law Sector on 16 May 2014. The general objective of this strategy is to improve the conditions for sustainable rule of law and, hence, the advancement in the process of European integration through

planning, programming and improving the effectiveness of aid donors in accordance with national strategic priorities.

Moreover, KJC has also adopted the Strategic Plan for public communication on 9 August 2014.

An ongoing challenge concerns non-functionality of the KJC due to the lack of quorum. It is urgent that the Assembly appoints new members of the KJC in order to make the KJC functional due to the essential role that it has in the administration and management of the Kosovo judiciary. Also, the Budgetary and financial independence of the judiciary in Kosovo and the need for passing the Law on Judicial Administration remains a challenge.

**2.3. *Provide appropriate security and protection measures for judges and court staff, as well as for prosecutors, witnesses and plaintiffs, and provide effective safeguards against threats or intimidation***

Based on the KP-KJC MoU for protection of judges, security measures were raised for a judge following an evaluation by police authorities on 14 August 2014.

**2.4. *Ensure trials are conducted in appropriate premises and in line with the court procedures***

With the view of ensuring trials are conducted in appropriate premises, KJC, during the previous reporting period, has renovated court premises of the branches in Kaçanik, Glogovc and Dragash, and has completed the construction of the new premises in Shtërpçë. So far, 20 out of 29 have been renovated. However, the situation in Prishtina and most of Basic Courts remains a challenge due to the lack of courtrooms compared to the number of judges.

**2.5. *Continue recruiting judges and prosecutors from minorities, as set out in the legislative framework***

Regarding the appointment of judges from minority communities, with emphasis on the Serb minority, the KJC has suspended activities in this direction in anticipation of reaching agreement between Kosovo and Serbia.

KJC has also issued its internal open call for one Supreme Court judge and eight (8) judges in the Court of Appeal on 24 July 2014. At the same time, the call for application is open to 45 judges of basic level courts. Their appointment is expected to become by the last quarter of this year. Moreover, in the wake of the expiration of the term of three years after submission of the evaluation process, the KJC has proposed to the Kosovo President the appointment of two judges of the Supreme Court with permanent mandate on 16 July 2014.

On the other hand, KJC has appointed two (2) judges for the Special Chamber of the Kosovo Supreme Court on 3 July 2014. All this is done under the EULEX monitoring and it will continue to be the same even in the recruitment processes in the future to ensure the objectivity in the recruitment of new judges.

Furthermore, KPC has completed the process of recruitment of new prosecutors and sent to the President of the Republic a list of 17 prosecutors for enactment. The President has enacted the 17 new prosecutors on 22 August. At the next regular meeting of the KPC, a decision will be taken on the announcement of the new recruitment of 17 prosecutors. On the other hand, Commission for the evaluation of the performance, within the KPC, has conducted an assessment of the performance of 24 prosecutors with initial mandate (3 years), which will be reviewed at the next meeting of the Council.

### **3. Public Administration**

#### **3.1. *Make progress in implementing the public administration strategy and action plan and related legislation. Ensure a sustainable public administration reform, including the necessary funding and staffing.***

During the reporting period, the Ministry of Public Administration (MPA) has finalized the draft of the Law on Civil Service; completed the initial drafting of the Draft-Law on the Salaries of Public Servants not part of the Civil Service; completed the final draft Law on Administrative Procedures; and, processed for approval to the Legal Office (OPM) the draft-law on the Salaries of Senior Public Officers.

With regards to secondary legislation, MPA approved four (4) regulations on internal organization and in the meantime MPA has also prepared a draft of the catalogue on job titles and positions and send it for Government approval.

In terms of IPA II programming in the area of public administration, MEI in cooperation with the MPA and the OPM have drafted an action document consisting of five (5) different components in the area of Governance in this way attempting to take a more strategic approach with regard to public administration reform. This action document will contribute towards establishing a sound policy framework for the implementation of the SAA, and it will ensure the harmonization of key policy documents with the SAA Action Plan. Additionally, the Action will contribute in strengthening of the capacities of public administration for implementation of the obligations deriving from the SAA and will establish a sound system for management of human capacities in MPA and all line institutions, in line with the obligations deriving from the SAA, this way ensuring the sustainability of reforms.

Furthermore, the Action will also contribute towards strengthening administrative justice system in terms of policy framework and its implementation, which is one of the cornerstones in the area of public administration reform. Finally, an important aspect of the Action will cover the promotion and visibility of the EU integration agenda in Kosovo ensuring public support for reforms and for EU accession process amongst Kosovo citizens. The contract is planned to be signed by the end of 2014.

With regard to capacity-building, MPA organized 30 training courses for 462 civil servants, during a period of 109 days. The trainings consisted of five (5) organizational fields, namely: administration and legislation; budget and finance; information technology (IT); local governance matters and European Union matters.

### **4. Electoral Reform and Assembly**

#### **4.1. *Ensure that the legal framework for elections better reflects best practice in the EU and that implementation is also in line with international standards***

In the area of electoral reform, the Assembly of Kosovo has amended the Draft Law on General Elections. On April 3, 2014 this draft law was approved in the first reading of the Assembly. The electoral threshold for political parties remains at the quota of 5%; 7.5% for coalitions; and 2.5% for independent candidates.

Parliamentary elections were held in Kosovo on 8 June 2014, after incumbent Prime-minister announced his intention to hold elections. On 7 May, the Assembly was dissolved after its 4<sup>th</sup> mandate with 90 votes in support, 4 against and 3 abstentions. Immediately after, The President confirmed the election date as 8 June 2014. The elections were held in a democratic fashion and these elections were in fact the first parliamentary elections to be held in the entirety of the country, including the Serbian communities north of the Ibër River. The transparency of the process was praised both by the local and international community. The Central Election Commission officially certified the election results on 4 July 2014. After

the President announced the date for the next Parliamentary meeting, on 17 July 2014 the new Kosovo Assembly was constituted, based on the results of 8 June early general elections.

The Speaker of the Assembly was selected the leader of the opposition party (Democratic League of Kosovo), after establishing an after-elections coalition with two other parties, namely AAK and NISMA, and managed to get 65 votes in 120-seated assembly thanks to the support of representatives of minority communities in Kosovo. However, the Democratic Party of Kosovo, as the largest single party that managed to win 30.7% of the votes, is contesting the election of an opposition politician as speaker of the Assembly and asked the Assembly to that decision as unconstitutional. Immediately after, on 18 July 2014 the DPK filed a complaint to the Constitutional Court of Kosovo (CCK) regarding the alleged unconstitutional procedures that took place in the first meeting of the Assembly after the general elections.

On 24 August 2014, the CCK took a decision in favor of the DPK who filed the complaint. It is expected for the President to announce the date for the next Parliamentary meeting where the MPs will endeavor to constitute the Assembly, based on the legislation in force.

**4.2. *The Assembly to enhance its oversight of the executive, including of the security sector, through improved scrutiny of legislation and monitoring of implementation of policies and laws***

Assembly of the Republic of Kosovo has a clear mandated constitutional and legal framework on reviewing, approving and overseeing the implementation of legislation and executive policies. This mandate is in large measure with and exercised through permanent and functional committees. In accordance to this mandate and obligations under the actions planned for the integrated agenda, the Assembly has increased oversight of the executive by monitoring the implementation of laws and policies of government.

In line with its legal responsibilities, the Assembly of Kosovo has continued exercising its supervision role over the executive. In this regard, during the reported period the Government has submitted 6 (six) written reports to Assembly's Security Committee. The Assembly Committees also initiated the monitoring of implementation of 13 laws and plans to review 30 reports submitted by independent institutions. This shows enhanced supervision by the Assembly towards the Government and independent institutions.

**4.3. *Assembly's financing and administration to be made more independent from the government, notably through adopting legislation on the status of civil servants of the Assembly, ensuring that the draft budget of the Assembly is modified by the government in consultation with the Assembly before it is submitted to the Assembly for adoption***

The Assembly of the Republic of Kosovo is a budgetary organization and the budget of this institution is part of the Annual Budget of the Republic of Kosovo. Therefore, the Assembly, as all other budgetary organizations, is obliged to respect the provisions of the Law no. 03/L-048 on Management of Public Finances and Accountability (Article 20.4), to prepare, submit and participate in budgetary hearings organized by the Ministry of Finance, which is responsible for leading the budgetary process.

In the Law on Management of Public Finances and Accountability there are no provisions that oblige the Ministry of Finance, respectively the Government, to seek the opinion of the Assembly when reviewing financial requests of budgetary organizations or the Assembly's budgetary request itself.

However, during the phase of budgetary hearings the Ministry of Finance always invites the Budget and Finance Committee of the Assembly to participate in all budgetary hearings.

It should be mentioned that thus far the review and approval of the budget and salaries of the staff of the Assembly's administration was conducted in compliance with the Law on Civil Service and Regulation on Working Hours and Compensations for Civil Servants of the Assembly Administration, approved by the Presidency of the Assembly.

Committee for Budget and Finances estimates that until there are no legislative changes, the review and approval issue of the draft budget of the Assembly of Kosovo, including salaries and compensations for staff of Assembly administration (but also of other budgetary organizations), shall be carried out based on the legal framework in force, namely the Law on Management of Public Finances and Accountability, Rules of Procedure of the Assembly and Regulation on Working Hours and Compensations for Civil Servants of the Assembly Administration.

## **5. Human and Fundamental Rights**

### **5.1. *Investigate and prosecute any physical attacks against journalists and complete the parliamentary procedure to change the Criminal Code on criminal liability of media and protection of journalist sources***

Freedom of expression is one of the fundamental freedoms guaranteed in the Constitution of Kosovo. The new Criminal Procedural Code includes journalists in the category of witnesses exempt from the duty to testify, thus, media are not criminally liable.

On the number of cases of physical attacks against journalists, during the reporting period the KP has reported seven (7) cases of attack against journalists, involving four (4) cases of threat, two (2) cases of body injury and one (1) case of damaging of private property. Six (6) out of these cases have proceeded to the Basic Prosecution Office of the respective municipality, meanwhile (1) one is still under investigation.

### **5.2. *Streamline and simplify the multitude of bodies dealing with the protection of these rights to ensure effective monitoring and enforcement of the legal framework in this area***

With the aim of streamline and coordinate the multitude of bodies and structures in the area of human rights, the Government has undertaken the initiative to reform the institutional structure which deals with the protection of human rights at the central and local level. The draft law on protection from discrimination was approved by the Government on 05.05.2014, however considering that it was not approved by the Assembly, with the formation of the new institutional structures, will return to the Government for approval with the Law on Ombudsperson and Law on Gender Equality, as a single legislative package. Meanwhile the Legal Office within the OPM has started drafting the Regulation for Functioning and Organization of Structures for Human Rights in order to further simplify the institutional set up in this field.

The Strategy and Action Plan for Human Rights (2014-2018) will develop in a parallel manner. This process takes into account comments provided by the expert engaged from EU and EC project "Promotion of protection of human rights in Kosovo." These documents are foreseen to be finalized in the fourth quarter of 2014.

### **5.3. *Make progress on the enforcement of property rights for example through decreasing the backlog of cases and improving enforcement of judicial and administrative decisions***

Enforcement of property rights remains a high priority for the government of Kosovo. By the 31 July 2014, the Property Claims Commission (KPCC) adjudicated in total 41.327 property claims; meanwhile during the reporting period 318 claims were adjudicated. So far a total of 42.486 decisions were distributed to the parties, whereas during the reporting period, 1,624 claims were distributed out of

which 1,387 to the claimants, while 237 to responding parties and current users. The number of implemented decisions in total is 29,871.

During the period May-July 2,976 decisions were implemented. From 1 May 2014 - 31 July 2014, there were 680 evictions assigned. Out of these evictions 262 were physical eviction: 29 evictions for repossession of the property, and 233 due to non-payment of rent. During this period 261 evictions were cancelled after the current occupant has paid the rent before the day on which was assigned the eviction, while 44 evictions were cancelled for other reasons.

As regards rented properties by the end of July, the KPA has issued through Voluntary Rental Scheme in total 1,150 rental properties, out of which 491 are available. During the period May-July 2014 were leased 96 properties; (26 agricultural, 0 commercial, 70 residential). There are in total 143 decisions to be implemented through compensation and necessary amount to compensate these properties is EUR 3.2 million.

**5.4. *Harmonize legislation on personal data protection with EU standards and focus on its implementation, notably by drafting secondary legislation and building up administrative capacities***

In terms of capacity building, the Nation Data Protection Agency appointed three (3) additional officials, which also partially addresses one of the EU recommendations on data protection.

During the reporting period the National Agency for Data Protection issued 24 recommendations with the majority of violations regarding video surveillance, processing the biometric characteristics, the security of data processing and direct marketing during the election campaigns. In terms of inspections, an increase of controls is noted if compared to the previous quarter.

## **6. Protection of Minorities**

**6.1. *Promote multi-ethnic Kosovo; create conditions for Kosovo Serbs to feel part of Kosovo's future and conditions for the return of persons who wish to do so***

The MCR has continued its efforts to improve the conditions for the returnees and support their integration. During the reporting period the following projects were developed:

- Building of houses for 10 returned families;
- Pavement of the road in Bllagaj, Municipality of Peja;
- Reparation of the water supply system in the parish house in Vushtrri;
- Supported 17 NGOs projects (92,599.00 EUR);
- Supported 390 families with construction materials;
- Provided 23 families with household furniture (27,755.00 EUR).

In addition 62 food packages have been distributed on the amount of 5,580.00 EUR and 75 food-hygienic packages on the amount of 6,600.00 EUR to families with difficult social conditions. Meanwhile 9 infrastructural projects are continuing to be implemented.

As part of the project "*Return and reintegration in Kosovo III*", seven (7) houses have been built for the returnees in 5 municipalities: Prizren, Suharekë, Shtërpçë, Partesh and Novobërda. Also the renovation of the schools in Novoberde and Partesh is completed. Food and hygienic packages have been delivered to (7) seven families; meanwhile (8) eight beneficiaries have received grants through partaking in this project.

As part of the “Program for the support in the stabilization for the returnees from the camps in FYROM and the Republic of Montenegro,” 4 houses have been constructed for returned families, while 15 are under construction in the region of Gjilan, Peja and Prishtina. On the other hand, the “Program of the European Commission for the Stabilization of Communities II” has implemented 22 projects which aim to create employment opportunities and generate income among the minority communities throughout Kosovo.

With the purpose of ensuring safety in the community through a close co-operation between the police and citizens, the Directory of Community Policing and Prevention (DCPP) has established 3 further Local Public Safety Committees (LPSC), reaching in total 40 LPSCs established throughout Kosovo.

**6.2. Implement legislation related to the protection of cultural heritage and the Serbian Orthodox Church**

Protection of cultural heritage remains a priority for Kosovo institutions. The Law on Cultural Heritage is being amended and the Council Regulation 116/2009 on the export of the cultural goods and Council Directive 93/7 on the return of the cultural objects unlawfully removed from the territory of a Member State have been transposed into the draft. Six municipalities with a majority of communities have drafted the Local Heritage Plan 2012-2015. This plan aims to strengthen the role of municipalities, NGOs and communities in the revitalization of local cultural and natural heritage. Meanwhile, the IMC continues its work as foreseen with the AI on force, the 14th meeting of the Council was held on 15 July 2014 where mainly issues of illegal constructions and property disputes within orthodox religious sites were addressed.

The special unit of the Kosovo Police tasked with protection of cultural heritage is obliged to secure 24 objects through the territory of Kosovo. This unit is working with a full capacity and has 203 police officers. During the period of January- July 2014, the unit has reported two (2) incidents in Churches of Obiliq and Gjakova.

**6.3. Ensure broadcasting in Serbian by the public broadcaster**

With attention to broadcasting in Serbian language by the public broadcaster, RTK2 continues regularly its work based on the RTK’s annual report, it has 15% of broadcasting quota foreseen for minority programming scheme.

**6.4. Investigate and prosecute any physical attacks motivated by ethnicity or religion and bring perpetrators to justice**

The Kosovo Police has taken all necessary measures to prevent and combat potential ethnically motivated crimes. During the reporting period the KP has reported three (3) cases, one (1) case of causing general danger, one (1) case of incitement of hate and one (1) case of damage of property. Out of them two (2) have proceeded to the prosecutor office and one (1) is still under investigation. Meanwhile as regards judicial decisions taken on the criminal offence of inciting national, racial, religious or ethnic hatred, discord or intolerance, the KJC for the period of 1 January 2014 – 30 June 2014 has reported the following data:

*Table 1.10: Statistics on fighting alleged ethnically motivated crime during the reporting period*

Status of cases	No. of cases
Inherited	3
Received	1
Solved	1
Unsolved	3

Source: Kosovo Judicial Council

On the other hand, the number of reports of attacks against cultural and religious building for this reporting period has evidently decreased. Comparing to the period January- March 2014 where twenty-six (26) cases were reported, during the reporting period the KP has reported eleven (11) cases of acts of theft and vandalism against cemeteries and religious buildings, out of which six (6) cases have proceeded to the respective Basic Prosecution Offices and five (5) are still under investigation. In addition, below can be found the data from the KJC for the period of 1 January 2014 – 30 June 2014:

*Table 1.11: Statistics on protection of cultural heritage during the reporting period*

<b>Status of cases</b>	<b>No. of cases</b>
Inherited	8
Received	2
Solved	3
Unsolved	7

*Source: Kosovo Judicial Council*

#### **6.5. Continue implementing decentralisation, notably in the new municipalities**

The MLGA, in May 2014 has finalized the Strategy for Local Self-Governance 2015-2025. This document determines the strategic orientations, actions and the access for the development of local government for the next 10 years. The Strategy is focused to establish the preconditions for the development of local democracy and the strengthening of local government as a special value of contemporary democracy

With regard to the previous consultation on the legal acts that affect the competencies of the municipalities, for the period May/July of this year MLGA has issued legal opinions and previous consultations for 31 legal acts, 3 draft laws, 12 draft- administrative instructions, 9 draft – regulations and 7 concept documents.

Whereas, during the reporting period, the municipal assemblies have approved a total of 380 municipal acts, of which 347 were decisions and 33 municipal regulations. MLGA has also closely monitored the activities related to updating of electronic pages of the municipalities. In this regard, MLGA planned and expected the inclusion of 380 approved legal acts of various municipalities in the electronic database; however, approximately just over 70% were published online.

The coordination of activities during this period was focused in particular in the work for the functionalizing of municipal authorities of four municipalities: Zubin Potok, Zveçan, Leposaviq and Mitrovica North. MLGA has held regular consultative meetings and has provided instructions and legal advice for the implementation of the legal framework for local government. With the purpose of inter-institutional coordination regarding the obligations for the implementation of the Brussels Agreement, the assemblies of Leposaviq, Zveçan, Zubin Potok and Mitrovica North re-assessed the Statutes of their respective and ensured that the Statues are harmonized and in line with the legislation in force.

The MLGA based on its legal mandate continuously monitors the work of municipal assemblies. During this reporting period, the Municipal Assemblies of the Republic of Kosovo held a total of 99 meetings, of which 94 regular and 5 extra-ordinary. The latter were not monitored by MLGA. During these meetings, MLGA has assessed the legality of 197 acts approved in this period; however, 13 acts pertaining to municipalities were assessed and found not to be in line with the legislation in force, whereas the legality of 184 acts was indeed confirmed.



## **6.6. *Allocate budget, staff and premises to the Office of the Language Commissioner***

The Office of the Language Commissioner is already operational. During the period May - July 2014, the OCL has employed one (1) Senior Officer for Capacity Building. Likewise, the Office has also engaged with a short term contract of 6 months two (2) translators and one (1) lecturer who will contribute to improve the quality of the translation of documents issued by the OPM into the official languages of the Republic of Kosovo.

As part its activities to protect the right on language, the OLC on 27 June 2014 in collaboration with the European Centre for Minority Issues (ECMI), has launched the Guidelines for implementation of the Law on the use of languages, which aims to help civil servants to fully implement the law, to clarify the right on language and cases of violation.

The joint project of the OCL and ECMI on learning of the official languages on a local level has continued its implementation, where courses on Albanian and Serbian language have been held on the majority of municipalities in Kosovo.

During the reporting period the OLC has received in total 6 complaints; out of which 3 have been solved through mediation and 3 are being reviewed. The number of released recommendations during the reporting period is 3 and they have been addressed to CEC, RTK2 and the Municipality of Klllokoq. In June, a two-day workshop was held in Peja with the members of the Network for Language Policy to explain the role, duties and responsibilities of its members. In addition, in July the OLC in collaboration with the ECMI has started a project aiming to measure the indicators and monitoring the implementation of the Law on Use of Languages in the Municipalities of the Republic of Kosovo. Questionnaires were distributed and visits were made in different municipalities (excluding the four northern municipalities) to give the necessary explanations concerning the completion of these questionnaires.

## **6.7. *Progress on implementing the strategy and action plan for the Roma, Ashkali and Egyptians, including through the allocation of the necessary resources***

Support for the process of the implementation of the Strategy and Action Plan for the Integration of Roma, Ashkali and Egyptian Communities 2009 - 2015 is ongoing. By September 2014, will be finalized the Report on monitoring the implementation of the Strategy for the integration of the RAE communities were the progress and issues regarding the implementation of the strategy will be noted.

Referring to the implementation of *the Strategy and Action Plan on the integration of RAE communities*, five municipalities with the majority of communities have drafted a local Action Plan on the implementation of the strategy. In addition, the KP in July 2014 has launched the project on "Support to employment of RAE communities on Kosovo Police". The aim of this project is to encourage the inclusion of members of these communities within the KP. 90 applications from members of RAE communities were received, out of which 32 have passed successfully the written exam and after passing the physical abilities test will be employed as police officers.

Also it is important to note that out of 7,057 children from the RAE communities registered on the academic year 2013/2014, the number of drop outs by the second semester of the year was 57.

## **7. Trade and Internal Market Issues**

### **7.1. *Implement the legal framework on trade***

Kosovo is a member of the Central European Free Trade Agreement. It has also finalized negotiations for a Stabilization and Association Agreement with EU, predominated largely by a trade-related content.

Earlier last year Kosovo has concluded negotiations on a Free Trade Agreement with Turkey. The agreement is awaiting ratification by the two countries respective parliaments before it can enter into effect.

Negotiations for a Stabilization Association Agreement with the EU have been concluded this spring with the last meeting of negotiating teams in May. In July 2014, parties have initiated the agreement confirming their agreement on the final text. During the technical rounds of negotiations, the trade policy consultative mechanisms were utilised to receive input from business associations, chambers of commerce and other relevant stakeholders.

Kosovo has been actively engaged in the CEFTA Joint Committee and its sub-committees that monitor the implementation of the agreement. The relevant Kosovo authorities have attended all regular meetings. The 9th meeting of the Subcommittee on TBT (Technical Barrier to Trade) and NTB (Non-tariff Barrier) took place on 27th of May in Podgorica. Among others, the OECD representatives have presented an analysis of the chain of the food and beverages sector. They gave an overview of their activities and engagement for a better flow of trade in the region. The CEFTA secretariat introduced the concept of facilitating the regional trade and linking it to the SEE 2020 strategy.

The meeting of the Working Group for Risk Management took place on Belgrade on the 11<sup>th</sup> of June, followed by meeting of the Subcommittee for Customs and Rules of Origin on the 12<sup>th</sup> of June. In addition, the regular meeting of experts (and Deputy Ministers) was held this July 8 in Macedonia. Parties have set a schedule of meetings for discussing the potential liberalization of services in CEFTA. Some 6 rounds of meetings are scheduled to take place on quarterly basis starting from mid-October 2014.

In this period, authorities have recorded two claims by domestic producers for dumping or damage of the domestic market. They have been treated accordingly through the regional mechanisms (Agriculture Working Group, 9-11 June Macedonia) or via individual consultations at the ministerial level. An appropriate and timely response has been offered to the domestic producers.

## 7.2. *Implement the legal framework on internal market*

### **Standardization**

The Kosovo Standardization Agency is the main body responsible for adopting standards and harmonizing them with EU and international standards.

The overall number of adopted standards is 6,453. The number of standards adopted during the reporting period is 512 as elaborated in the table below:

*Table 1.12: Standards adopted during May – July 2014*

<b>Fields</b>	<b>No. of standards adopted</b>
Transport and postal services	230
Wood Processing	141
Environment	67
Quality Management Systems	49
Machinery	25
<b>Total</b>	<b>512</b>

The Technical Committees on Metrology and Construction in July 2014 has announced 449 standards for public discussion, of which 180 on metrology, 160 on construction and 109 on personal protective tools.

On international cooperation, Kosovo Standardization Agency (KSA) participated at the General Assembly of European Committee for Standardization (CEN) on 10-13 June, 2014. During this event, achievements of the European standardization and future plans have been presented. Besides, cooperation with the Standardization General Directorate of Tirana has been further fostered. Hence, an agreement has been reached between the two parties on 12 May 2014, so that 30% of sales of standards S SH EN ISO approved as Kosovo Standards shall not be paid.

Regarding public awareness-raising for implementation of standards, three round tables were carried out with the business community in three regions. These meetings took place in May and June 2014 and were attended by representatives of business community, NGOs and local authorities.

### **Accreditation and Conformity Assessment**

To date, the Kosovo Accreditation Directorate has 30 accredited Conformity Assessment Bodies (CABs), of which 26 testing laboratories and 4 inspection bodies.

Pursuant to Law No.04/L-039 on Technical Requirements for Products and Conformity Assessment the following Conformity Assessment Bodies (CABs) have been authorized in this reporting period:

- In accordance with Regulation No. 05/2013 on Safety of Toys, after the evaluation and recommendation by the professional committee on 15 May, 2014, MTI has authorized "Royal Cert" as a CAB;
- In line with A.I. No. 07/2012 on the Quality of Petroleum-Derived Liquid Fuels and A.I. No.16/2011 for the Authorization Procedure of CABs, two Inspection Bodies (as defined by SK EN ISO/IEC 17020) have been authorized as CABs on the 5<sup>th</sup> of May after the assessment and recommendation of the professional committee. The two IBs granted authorizations are "Adria Inspekt" and "Euro Inspekt".
- In accordance with Regulation No.09/2012 for Lifts and Safety Components, MTI has authorized "Technical-technological Institute" as a CAB for assessment of lifts and their security components upon evaluation and recommendation by the professional committee (22 August 2014).

In addition, the Accreditation Council has evaluated files of 2 CABs and it gave its recommendation for accrediting the two bodies (Eurolab L.L.C. and P.C.E. Petrol Balkans) on the 5<sup>th</sup> of June 2014. It also extended the scope of accreditation to the following:

- "Eskavatori" L.L.C., laboratory for aggregates, bitumen and bitumen mixture analysis (23 May 2014);
- National Institute of Public Health of Kosovo - Center of Testing Laboratories (Laboratory for Analysis of Drinking Water and Recreational Waters, Laboratory for Food Quality Control, Microbiological Laboratory for Food and Water, Inorganic Analytical Laboratory, Organic Analytical Laboratory), 10-11 June 2014.

The Accreditation Directorate has conducted an assessment for granting authorization for the condition of lifts and safety components of the following CABs:

- P.U. Technical -Technological Institute "ITEK" (authorization assessment visit done on 30 July 2014)
- Enterprise/Commercial Services "EALGA" (authorization assessment visit done on 31 July 2014).

Another 3 new applications for accreditation from a regional water company, a bacteriological lab and a lab for testing construction materials.

**On the implementing legislation** in the area of **conformity assessment**, Regulation No. 03/2014 on Aerosol Dispenser has been approved on 4 July 2014, based on Directive 2007/47/EC. The core objective of this regulation is to define the requirements on aerosol dispensers.

As regards capacities of the accreditation department, an official for accreditation of inspection bodies and certification was promoted from an observer to an assessor, based on the procedure DAK-PM-002. The Accreditation Department currently has five assessors and 4 lead assessors.

Authorities have continued with public awareness-raising on the role of quality Infrastructure. Four sessions were held with business community in four regions. An average of 30 participants attended each session. In efforts to deepen the cooperation with business community and contribute to the implementation of the regulation on safety of toys, authorities have organized an activity with importers of toys. Some 20 people took part in the activity.

### **Metrology**

As regards the development of technical capacities, a Laboratory of Flow was inaugurated on 20 May 2014, which will verify water meters. Tender evaluation committee for supply with etalon for mass laboratory has completed the assessment process on 24 July 2014. Such etalons will be used for calibration of various types of scales. In terms of new calibrations, etalons of flow have been calibrated, who serve as a verification tool to measure instruments of petrol in all points of sale. Additionally, one hundred pieces of etalons with nominal mass 20kg class M1 have also been calibrated.

As regards the institutional developments, four officials have been recruited for the mass, volume and flow laboratory at the Kosovo Metrology Agency (1 in May and 3 in July 2014).

### **Market Surveillance and Consumer Protection**

With regard to supervision of implementation of legislation in force, market inspectorate conducted 287 inspections of economic operators in private sector in areas such as: general product safety, consumer protection, and domestic trade, the trading of oil and oil derivatives, metrology, precious metals, tourism and tourist services.

As a result of these inspections the following measures have been taken:

- 13 requests for initiation of offense proceedings are sent to the competent basic courts against economic operators for violation of provisions of applicable law, while exercising their commercial activities;
- 5 resolutions to impose fines;
- 6 decisions after reviewing complaints of economic operators;
- 20 complaints received by consumers have been reviewed;
- 2,772 pairs of socks and informative labels and 400 pairs of sports shoes with the inscription "ADIDAS", "PUMA" and "NIKE", were seized by the Market Inspectorate, since placement of products on the market was done in violation of consumer protection law and other applicable legislation.

On administrative capacities, an additional administrative officer has been hired by the Market Inspectorate (31 July 2014). Eight (8) inspectors from the market inspectorate participated in an activity organized by GIZ on "Regional Cooperation for Market Surveillance" and "Regional Coordination for Market Surveillance". These events were held in Bosnia and Belgrade during May and June 2014.

A total of 40 complaints were submitted to the *Consumer Protection Department*, out of which 22 complaints have been reviewed and the remaining 20 are under the review process. From the reviewed complaints, 18 went in favour of consumers and the remaining 4 had no sufficient arguments to support the claims. Majority of complaints had to do with noncompliance of prices shelf –cashier, disregard of warranties for electronic devices, expiration date of food products, suspicious quality of food products, low quality of internet and cable TV services, and electricity and water supply bills.

The Consumer Protection Council has held its next meeting where matters related to products entering Kosovo were discussed. It also discussed the Six Month Report of Activities of the Consumer Protection Department.

Regarding financial services offered in Kosovo, Department of Consumer Protection signed a Memorandum of Cooperation with the Kosovo Banking Association on 8 July, 2014. The objective of this MoU is to create three TV commercials for financial education from the Kosovo Banking Association, while the Department for Consumer Protection is obliged to broadcast these commercials on public television, RTK.

In terms of awareness raising activities, four roundtables have been held with the business community in Ferizaj (50 participants), Prizren (28 participants), Prishtina (13 participants) and Mitrovica (50 participants) during May - June 2014. These activities were held in cooperation with the quality infrastructure to further improve consumer services.

### **Free Movement of Services**

Negotiations on services within CEFTA are scheduled to begin in mid-October 2014. Professional services will be negotiated in the first two rounds. In the meantime, the Ministry of Trade and Industry has started preparations with a round of consultative meetings with professional associations and relevant ministries. It aims to receive input for negotiation positions in this area. The initial positions shall be submitted to CEFTA Secretariat by the 18<sup>th</sup> of September 2014.

A concept document is currently being drafted in preparation to start the transposition of Services Directive. It should be submitted to the Prime minister's Office in early September, 2014. Also, MTI is setting up three working groups on professional, tourism and transportation services. These groups will facilitate the process of transposition of the Services Directive and the negotiation process.

### **Movement of Workers**

Law No. 04/L-131 on Pension Schemes Funded by the State was adopted on 6 May 2014. Among other things, it aims to regulate basic age pensions, age contribution-payer pensions, disability pensions, early pensions, family pensions and work disability pensions, all under pillar I pensions financed by the state. With regard to employment of foreigners, Department of Labor and Employment on 22 July 2014 started to issue certificates for employment notification of work based on the Law on Foreigners No. 04/-L-219 and AI No.01/2014 on the Procedure of Issuance of Residence Permit for Foreigners and the Certificate for Notification of Work. During the reporting period a total of 7 certificates for notification of work have been issued.

More generally, the Labour Inspectorate has undertaken a number of measures for implementation of labour legislation. During the period May-August 2014, the Labour Inspectorate has inspected 2,325 businesses out of which 1504 cases were regular inspections, 634 repeated inspections, 138 cases at the request of (third) parties and 49 cases in collaboration with other institutions. As a result of these inspections:

- 54 economic subjects were legalized;
- 717 employees were legalized;
- 316 warning notices were issued;
- 52 fines were issued;
- The total number of workers inspected during the period is 8,905.

### **Free Movement of Capital and Financial Services**

On legislative developments, Regulation on reports and information required from the Kosovo Pension Savings Fund has been approved on 29 May 2014. On the same date, the Internal Audit Statute of the Central Bank of Kosovo (CBK) and the Code of Ethics for the Internal Audit of CBK, have been approved.

Furthermore, a final draft law on General Insurance Law is in the pipeline of the approval procedure. The draft has been shared with the EU Office on Kosovo for compliance with relevant directives. It aims to establish the legal basis on supervision, regulation and licensing of the insurers, the reinsurers, insurance intermediates and other subjects foreseen by this Law. CBK has also drafted the new Law on Microfinance Institutions and Non-bank Financial Institutions. This law will strengthen the legal basis for licensing, regulation and supervision of all micro-finance institutions and non-bank financial institutions. It has been drafted in line with EU standards and practices.

With regards to *licensing*, on 5 June 2014, the CBK granted the preliminary license for the establishment of the foreign branch bank "T.C ZIRAAT Bankasi A.S". Three additional licenses have been granted, out of which two for non-bank financial institutions and one for an insurance intermediary.

On the *payment system*, the CBK has received the confirmation of the registration of IBAN format for accounts held in Kosovo banks. Since the formalization of SWIFT BIC codes of Kosovo banks in 2013, CBK and commercial banks have been engaged in making possible the introduction of the IBAN format of bank accounts in order to further advance the conduct of international payments. Initially, the IBAN format will be optional for use in international payments and will not be reflected in domestic payments. The IBAN format of bank accounts will be effective on 1 February 2015. Until then the banking community will carry out necessary technical preparations and customer notifications. Using IBAN format for accounts held in Kosovo will complement the SWIFT system functionality associated with international payments citizens and other subjects of our country.

As for international cooperation, CBK has signed a MoU with the Central Bank of Montenegro on 13 June 2014, which aims to strengthen bilateral cooperation between the two institutions and relates to bilateral issues that deal with the exchange of information, licensing and banking supervision. It also seeks to strengthen the fight against money laundering and financial support of terrorism, management of crisis situations and other technical arrangements.

### **Intellectual Property Rights**

The Industrial Property Agency (IPA) has entered some 8,169 objects in IPAS database amounting to EUR 73,277 revenue collected for the reporting period. The number of processed industrial property objects is as follows: 343 trademarks, 25 patents and one (1) industrial design. For the reporting period, IPA as part of examination procedures has issued 237 decisions on registration of trademark applications and patents. There were 36 trademark applications with deficiencies for which the IPA issued notifications to the applicants. Some 513 applications were published after the re-examination. As part of the examination procedures, 101 decisions were issued on the changes of information (address, right holder, and name). Two Official Bulletins were published consisting of 962 industrial property objects.

The State Intellectual Property Council has in its meeting held on 22 July 2014 reviewed the report on the implementation of the Strategy on Intellectual Property Rights 2010-2014 and actions to be taken in the rest of 2014. In addition, the drafting of the new Strategy for Intellectual Property in Kosovo 2015-2018 was discussed in the meeting.

On the enforcement activities in the area of copyrights, implementation of the strategy against piracy and counterfeit has continued. So far, the Task Force against piracy has undertaken several actions and over 40.000 piracy copies have been seized by the market inspectorate. Fight against piracy is ongoing based on results the level of the piracy up to now is decreasing. In this regard, Kosovo Customs has contributed with enforcement activities to raise awareness of the business community by publishing data on seizures of false or pirated goods.

Kosovo Customs has continued to fight counterfeit goods and piracy. During the reporting period, Kosovo Customs have carried out 86 cases in the amount of goods of 1,602, 122 pieces worth over EUR

3.7 million. Moreover, 20 new risk profiles were created in relation to goods that infringe intellectual property rights and nine (9) ex-officio cases have been identified in quantity of 2,449 pieces (or EUR 47,050). Compared to the same period of last year, Kosovo Customs has increased interventions for 6(six) cases according to the ex-officio procedure.

As regards the strengthening of capacities in the area of IPR and Copyrights, IPA has recruited 8 temporary (for 6 months) trademark officers in July 2014. The Copyrights and Related Rights Office has recruited one officer for promotion activities.

On 01 May 2014 the official web page on Copyright and Related Rights (<http://autori-ks.com/>) has been launched containing information on copyright and related rights. The web page has been promoted in several electronic information portals and on the Face book page of the Office for Copyright and Related Rights (OCR). For other activities related to capacity development, please see *Table xxx* below.

*Table 1.13: Statistics on training and other capacity-building provided in area of Intellectual Property Rights (May - July 2014)*

Type and topic	Date & venue	No. of participants
<b>Copyright and Related Rights Office</b>		
Study visit in the Bulgarian Office for Copyright and Related Rights - Management of Collective Associations	18 - 21 May 2014, Bulgaria	3
Training seminar on Implementation of Intellectual Property Rights organized by TAIEX , Albanian Intellectual Property Office and Interpol	24-26 June 2014, Tirana, Albania	5
Training on electronic programme of the Interpol, College on Investigation of Crimes on Intellectual Property Rights	June, France	2
<b>Kosovo Customs IPR Unit</b>		
Counterfeit of Pharmaceutical Products	22 May 2014 Prishtinë	5
<b>Industrial Property Rights Agency</b>		
Presentation of Intellectual Property Rights and the role of Industrial Property Agency	20 May 2014 Prishtinë	40
Visit of students from Law Faculty -University of Pristina to the Industrial Property Agency	21 May 2014 Prishtinë	9
Seminar on the role of IPR Institutions dedicated to the business community and students of Economic Faculty-University of Pristina	27 May 2014 Gjakovë	22
Training of Trainers on Strengthening the Intellectual Property Rights System	7 - 11 July 2014 Prishtinë	10 (IP Agency, Customs, OCCR, Police)
Training on organization of awareness activities on Intellectual Property Rights	7 - 11 July 2014 Prishtinë	3
Training on fees in the Industrial Property Agency	30-31 July 2014 Skopje, Macedonia	1

A three-month **awareness campaign** for copyrights and related rights has ended in June 10, 2014. It targeted universities, libraries and end users of copied materials that violate the copyrights. The campaign involved distribution of leaflets and brochures on the pirated materials, copyrights violations and their negative effects.

## **Public Procurement**

Public Procurement Regulatory Commission (PPRC) has in the reporting period approved four (4) guidelines on the Notification for contracting authorities, contract awards, cancellation procedures and indicative notice. The PPRC 2013 Annual Report was approved by the Assembly on 3<sup>rd</sup> of April 2014. According to 2013 evidence, there are 173 contracting authorities in Kosovo.

PPRC has issued 1,473 contract notices and 1,748 notifications for award of contracts in the period May - July 2014. A total of 5,517 notifications for award of contracts were published for the period 01 October 2013 - 22 August 2014. The signature of contracts is the next step after the notification for award of contracts (provided there are no complaints from parties). PPRC has monitored 72 procurement activities in 10 contracting authorities. Its department for monitoring and oversight also monitors the management of public contracts. In the reporting period, it has monitored the management of 27 public contracts.

The Regulatory Department within PPRC has continued its advice and assistance to contracting authorities, economic operators and other stakeholders in relation to implementation of primary and secondary legislation. It has issued the following:

- 18 written explanatory letters;
- 258 interpretations via electronic means of communication;
- 252 interpretations and advice via help desk service.

Procurement Review Body (PRB) has received a total of 166 complaints from economic operators during the reporting period. Such complaints concern objections to contract award decisions of contracting authorities or during the tendering procedure (contract award notice). Out of 166 complains from economic operators, 137 have met the legal requirements for review according to the legislation in effect and have been reviewed by the Procurement Review Body (PRB). Some 29 are being reviewed. In 47% of complaints it was decided in favour of economic operators and 36% in favour of contracting authorities ,while 17%of complains are being reviewed.

*On capacity development in the area of procurement*, the Executive Director of CPA has been appointed on 16 June 2014. Public Procurement Review Body has recruited two (2) officers, one (1) legal officer and one (1) review officer (04 of August 2014). A basic training and certification program was conducted in this reporting period for the public procurement. A total of 111 persons participated, nine (9) of which from the minority community. The training lasted 45 days and the certification is valid thru 2016.

## **Company Law**

As for the policy framework, a National Plan for Economic Zone and its Action plan on Developing Economic Zones in Kosovo are being developed. The Plan foresees creation of economic zones as provided by the law on economic zones and the private sector development strategy. The plan is expected to be approved by the Government by the end of 2014. The plan aims to offer a range of incentives to businesses within the zones, in particular to the manufacturing companies. Moreover, an Economic Zone (industrial park) of 44 hectares has been established in Mitrovica on 22 May 2014. On the same day, a co-financing agreement has been signed for this zone and as a result the government has allocated a co-financing amount of EUR 200,000. In August, MTI in cooperation with IOM have prepared the Feasibility study for the Economic zone in Gjakova. The purpose of this feasibility study is to carry an inspection in the premises provided for free economic zones, respectively an assessment of the industrial area "Metaliku" as a new industrial zone in the city of Gjakova. Three contracts were signed on 21 July 2014 with foreign businesses (Italian, Norwegian and Slovenian) to be located in the Business Park in Drenas.

The Grant Schemes Program for Small and Medium Enterprise was launched on 30 May 2014. The application phase is already completed and so far 700 applications have been received. Currently,



evaluation is taking place. Implementation of the first stage of counselling voucher scheme has started. In the timeframe April-August 2014, some 30 businesses are benefiting from the implementation of counselling activities.

According to Law No. 04/L-176 on Tourism and AI No. 19/2013 on Regulation and Development of Evaluation System, 16 entities (hotel accommodations) have been certified from 6 May 2014 to 8 July 2014.

### **7.3. *Implement the legal framework on competition***

Competition Authority has undertaken several actions within its mandate to protect the competition and consumers. In this regard, Competition Authority has reviewed a number of cases listed below.

#### **Recommendations /Opinions:**

- The case of “CMS Adonnino Ascoli & Cavasola Scamoni”. The Competition Authority received a request for interpretation of the article 15, paragraph 1.1 & 1.2 of the Law on Protection of Competition related to the actual revenues and total revenues.
- The case of PTK regarding the clarification of exclusive rights to audio and audiovisual TV channels.
- The case of “Boga & Associates - Information Notice on Agreement for Distribution” submitted the request to the Competition Authority for granting the concentrations. The CAA gave an opinion on the interpretation of the Article 15, paragraph 1.2 in regard to the concentrations and realization of concentrations.

#### **Case related to prohibited agreements:**

- Cases related to the “prohibited agreements” and “coordinated practice” for the fiscal cash sale between two companies “Dukagjini SH.P.K” and “GEKOS SH.P.K.” From these two cases the Competition Authority has completed one and “GEKOS” case is in the process.
- Cases related to prohibited agreements of the insurance companies that are operating in the Kosovo’s market.

The Competition Authority has represented the cases in the basic court. Four of the ten cases have been reviewed and the remaining six are in the revision process. For details on staff trainings and other *capacity building* of the Competition Authority, see the Table xxx below.

Table 1.14: Statistics on training and other capacity-building provided to the Competition Authority staff (May 2014 –July 2014)

Type and topic	Date & venue	No. of participants
Seminar on Railway Market Liberalization organized by SEETO	06 May 2014, Montenegro	2
Workshop in the Competition Authority of Slovenia 7 <sup>th</sup> Annual FTC Eastern European Workshop on Economic Issues in Competition Law	12 – 15 May 2014, Slovenia	2
Sofia Competition Forum with the participation of the Western Balkan Countries organized by Bulgarian Competition Authority financed by UNCTAD	15-16 May 2014 , Bulgaria	2
Study visit in the Macedonian State Aid Office State Aid and the role and functioning of State Aid	21 May 2014, Macedonia	2
Seminar organized by the RCC Training Center in Budapest on the topic : Procurement on Competition	28 May 2014, Macedonia	1
Study visit on the Competition Law and the treatment of cases in Courts Competition Authority of Albania	18-19 June , Albania	6
Participation in the UNCTAD conference Attended by inter ministerial expert group for the Law and Competition Policies	07-11 July 2014, Geneva	2

**7.4. Enhance the control of the continuing illegal animal trade and slaughtering and strengthen the controls at livestock markets**

No developments to report.

**7.5. Improve business statistic**

As to the development of **business statistics** in accordance to the needs of Kosovo and EUROSTAT standards, the transfer of classification of economic activities from NACE Rev.1 to NACE Rev. 2 is being finalized. GDP indicators that used NACE Rev.1 are converted into NACE Rev.2. From September 2014 onwards, all publications will be issued using NACE rev.2. Statistical Reports on Economic Enterprises in Kosovo for Q1 and Q2 of 2014 have been prepared. Transport statistics for first and second quarters of 2014 and statistics of Hotels in Kosovo for first quarter 2014 were compiled. Also the Balance of Energy for the first quarter of 2014 was published.

The results of Labour Force Survey for year 2013 have been published in July 2014. In addition, Kosovo Agency of Statistics has published four (4) publications of agricultural price indices: Quarterly Output Price Index and Prices in Agriculture, Q1 and Q2 2014; Quarterly Input Price Index and Prices in Agriculture, Q1 and Q2 2014.

In the area of **national accounts**, revision of GDP data for the years 2008-2012 has been finished for both expenditure and production approaches. The following pilot projects have been finalised with assistance from an IPA 2011 project:

- PP1- National Accounts Methodology: improvement in specific fields and “Update the Description of Sources and methods for National Accounts”;
- PP2-Quarterly National Accounts;
- Purchasing Power Parity (PPP) is finished according to the PPP work plan;
- Harmonised Index of Consumer Prices has been finished within the projected timeline.

## 8. Phytosanitary and Veterinary Matters

### 8.1. Enhance the facilities for phytosanitary and veterinary import controls, as well as the capacity to transfer samples

No developments to report.

### 8.2. Strengthen phytosanitary and veterinary controls, including through completion of the transfer of food safety and veterinary inspectors from municipalities to the Kosovo Food and Veterinary Agency

The reporting period was marked with extensive activities in veterinary and sanitary controls, as shown in the table below:

Table 1.15: Inspectorate Directorate's activities carried out 1 May – 31 July, 2014

	Inspections	Export certificates	Slaughters	Analyses	Swabs	Destroyed Products (kg)	Confiscated animals		
							Cattle	Pigs	Chickens
<b>Sanitary</b>	353			154	212	39475			
<b>Veterinary</b>	344	292	1146	98		13878 (17 cows, 277 goats, 6197 chickens, 18 beehives)	17	15	6197
<b>Phytosanitary (internal)</b>	522	462		323					
<b>Veterinary (border)</b>	3326			132					
<b>Phytosanitary (border)</b>	10063			187					
<b>TOTAL</b>	<b>14608</b>	<b>754</b>	<b>1146</b>	<b>894</b>	<b>212</b>	<b>53353</b>	<b>17</b>	<b>15</b>	<b>6197</b>

As far as cattle, pigs and chicken figures shown in the table above, they were confiscated by border police and destroyed accordingly. The 17 cattle were destroyed after they resulted positive for Brucellosis.

With a view to strengthening human capacities in the sector, ten phyto-sanitary inspectors were trained in June on "Good practices in protection of forest health and implementation of international phyto-sanitary standards in forestry."

### 8.3. Systematize data entry into the animal identification, registration and movement database

As part of its continued implementation of policies on food safety, plant and animal health, the KFVA reported data on animal births, slaughters, movement and imports on a regular basis through the network of contracted veterinarians into the I&R database, wherein considerable progress was marked particularly in reporting of animal movement and slaughtering (refer to Tables xxx and xxx for comparison between the same reporting periods in 2014 and 2013).

Table 1.16: Statistics on the data reported into the I&R database during 1 May - 31 July, 2014

Type of animal	Categories of registration				
	Births	Movements	Slaughters	Imports	Exports
Cattle	11,005	3,528	3,669	2,566	N/A
Sheep	38,634	2,217	N/A	N/A	N/A
Goats	6,002	521	N/A	N/A	N/A
Pigs	6,395	276	N/A	N/A	N/A

Table 1.17: Data reported into the I&R database 1 May - 31 July, 2013

Type of animal	Categories of registration				
	Births	Movements	Slaughters	Imports	Exports
Cattle	10,934	3,071	1,452	2,606	N/A
Sheep	46,912	710	N/A	N/A	N/A
Goats	5,631	247	N/A	N/A	N/A
Pigs	3,540	103	N/A	N/A	N/A

#### 8.4. *Accredit the laboratories involved in food controls*

No developments to report.

**Annex 2: List of Laws Adopted by the Assembly of the Republic of Kosovo**

<b>No.</b>	<b>Name of the Law</b>	<b>Law No.</b>	<b>Date of Adoption</b>	<b>Promulgation Act No. and Date</b>
1.	Law on Pension Schemes Financed by the State	2012/04-L-131	06.05.2014	DL-024-2014, 21.05.2014
2.	Law on Antidumping and Countervailing Measures	2013/04-L-240	06.05.2014	DL-025-2014, 21.05.2014

### Annex 3: List of Policy Documents Adopted by Institutions of the Republic of Kosovo

No.	Document Title	Date of Adoption
<b>Documents adopted by the Government of Kosovo</b>		
1.	Security Sector Strategic Review	04.03.2014
2.	Rule of Law Assistance Strategy in Kosovo 2016-2019	16.05.2014
3.	Strategy on Development of Public private Partnerships 2014-2016	02.04.2014
4.	National Action Plan 2014-2016 within Open Government Partnership	29.04.2014
5.	Strategy on Better Regulation 2014-2020	23.05.2014
6.	Medium Term Expenditure Framework 2015-2017	29.14.2014

**Annex 4: List of Subsidiary Legal Acts Adopted by Institutions of the Republic of Kosovo**

Name of the Bylaw	Adopted by	Date of Adoption
Regulation No. 10/2014 on Work of the National Commission for Refugees	GoK	22.05.2014
AI MoJ-NO.09/2014 on Disciplinary Procedure for Private Enforcement Agents	MoJ	13.05.2014
AI (MIA) No. 07/2014 on Official Escort of the President of the Republic of Kosovo after Finishing his/her Mandate	MIA	13.05.2014
AI (MIA) No. 08/2014 on Conditions and Procedures for the Issuance of the Visas at the Border-Crossing Points	MIA	16.05.2014
AI (MIA) No. 09/2014 on Returning of Foreigners with Illegal Residence in the Republic of Kosovo	MIA	21.05.2014
AI (MEST) No. 10/2014 on the Kosovo Pedagogical Institute	MEST	05.05.2014
AI (MEST) No. 11/2014 on the Contract Content for Organizing AET for Candidates and Employers	MEST	05.05.2014
AI (MEST) No. 12/2014 on Exceptions in Age of the Occasion Case of Enrolment in Education and Training for Adults	MEST	05.05.2014
AI (MEST) No. 13/2014 on Annual Workplan and Development Plan of Providers of Formal Education for Adults	MEST	05.05.2014
AI (MEST) No. 14/2014 on the Agency of Vocational Education and Training and Adult Education (AVETA) in Kosovo	MEST	06.05.2014
AI (MEST) No. 15/2014 on Students' Categories with Accommodation at the Student Centre	MEST	06.05.2014
AI (MEST) No. 16/2014 on Qualifications and Postsecondary Education Modules - Their Appointment and Function	MEST	06.05.2014
AI (MEST) No. 17/2014 on Application of Student Payments in Public Universities	MEST	06.05.2014
AI (MEST) No. 18/2014 on Extracurricular Activities	MEST	29.05.2014
AI (MEST) No. 20/2014 on Matrix Books of Students of Higher Education Institutions	MEST	30.05.2014
Regulation MTI) - No. 02/2014 on Basic Requirements for Construction Works	MTI	28.05.2014
AI (MAFRD) No. 12/2014 on Prevention, Fighting and Elimination of the Fire Blight Disease	MAFRD	16.05.2014
AI (MAFRD) No.13/2014 on Procedures of Inspective Control	MAFRD	22.05.2014
AI (MAFRD) No. 14/2014 on Circulation of Live Animals within the Territory of Kosovo	MAFRD	22.05.2014
AI (MAFRD) No. 15/2014 on Placing Living Animals in Quarantine	MAFRD	22.05.2014
AI MESP- No 14/2014 Setting out the Conditions and Criteria for Family Housing Provision to Families of Martyrs, of the Missing KLA Members, KLA Veterans, Civilian War Disabled Persons, Sexual Violence Victims of War, and Civilian Victims of War and their Families	MESP	02.06.2014
AI MESP- No. 15/2014 on Prevention and Compensation of Damages caused by Wild Species of Strictly Protected Animals	MEST	02.06.2014
AI (MEST) No. 21/2014 on Completion of Education for Students of Final Years of Lower Education (9 <sup>th</sup> Grade) and Higher Secondary Education (Grades 12/13) and/or Diploma	MEST	06.06.2014
AI (MEST) No. 22/2014 on the Activity of Scientific Research Institutions in State of Emergency	MEST	06.06.2014
AI (MAFRD) No. 17/2014 on Classification, Packaging, Labelling and Accompanying of Plant Protection Products	MAFRD	24.06.2014

AI (MI) No. 02/2014 on Granting of the Consent for Connection and Access to the National and Regional Roads	MI	27.06.2014
AI MOF - No. 01/2014 on Rules and Procedures for Granting Access to the Ministry of Finance Data Centre	MoF	24.07.2014
AI MF- No.02/2014 on the Standardized IT Framework on for Operation, Support and Continuity of Services/Backup Systems and Disaster Recovery Systems across all the Ministry of Finance IT Systems	MoF	24.07.2014
AI (MEST) No. 23/2014 on Piloting of the Curriculum Framework of Pre-university Education of the Republic of Kosovo and the Core Curriculum 2014-2015	MEST	21.07.2014
AI (MEST) No. 24/2014 on Conversion of Attached Classes in Resource Rooms	MEST	21.07.2014
AI (MEST) No. 25/2014 on Licensing of Teachers	MEST	21.07.2014
AI (MEST) No. 26/2014 on Verification of School Documentation (Public and Private) for Candidates in Need of Being Educated Abroad	MEST	21.07.2014
RREGULATION (MTI) No.03/2014 on Aerosol Dispenser	MTI	04.07.2014
AI (MTI) No. 08 /2014 amending the AI (MTI) No. 19/2013 on Regulation and Development of Accommodation Rating System	MTI	10.07.2014
AI (MTI) No. 09/2014 amending the AI No. on Defending the Conditions and Criteria for Entities dealing with Trading of Tobacco	MTI	24.07.2014
AI (MLSW) No. 07/2014 on Regulation of Administrative Procedures for Paid Maternity Leave by the Government	MLSW	02.07.2014
AI (MLSW) No. 05/2014 amending the AI No. 14/2011 Regulating the Procedure for the Establishment of Labour Relation in the Public Sector	MLSW	02.07.2014
AI (MLSW) No.06/2014 amending the AI No.07/2010 Regulating and Determining Application Procedures for Exercising the Right to Material Support for Families with Children with Permanent Disability	MLSW	02.07.2014
AI (MLGA) No. 03/2014 on the Procedure of Establishment, Composition and Competences of Standing Committees in Municipalities	MLGA	07.07.2014



## Annex 5: Statistics on Economic Criteria

Table 5.1: Government Revenues and Expenditures

Description	Budget	Total	Jan	Feb	Mar	Apr	May	June	Progress on plan
	2014	Realized							
	`000 Euro								%
<b>Receipts (Revenues)</b>									
Border Taxes - Customs	934,109	382,713	45,737	52,672	67,060	68,912	70,995	77,336	41%
Reimbursements from Customs	(3,729)	-1,265	-53	-236	-86	-340	-239	-309	34%
Domestic Taxes - Tax. Admin	367,306	144,792	36,621	17,891	20,458	35,777	17,372	16,673	39%
Reimbursements from KTA	(33,558)	-12,298	-2,640	-2,174	-3,790	-167	-1,123	-2,404	37%
Tax Revenues	1,264,127	513,942	79,665	68,153	83,641	104,181	87,005	91,296	41%
Non Tax Revenues - Central Level	47,799	22,718	2,796	2,949	4,158	4,628	4,275	3,911	48%
Own Source Revenues	117,226	50,704	7,788	7,651	8,652	9,704	9,097	7,813	43%
Central Level Municipalities	50,000	21,656	4,148	3,450	4,318	3,656	3,302	2,781	43%
Royalties	67,226	29,048	3,640	4,200	4,334	6,048	5,795	5,031	43%
Concessionary tax	22,000	14,333	6,754	167	208	6,718	248	238	65%
Loans (disbursements)	5,500	1,000	500	0	0	500	0	0	18%
<b>Total Receipts (Revenues)</b>	<b>1,641,545</b>	<b>688,645</b>	<b>108,697</b>	<b>97,724</b>	<b>104,141</b>	<b>132,935</b>	<b>105,044</b>	<b>140,104</b>	<b>42%</b>
<b>Payments (Expenditures)</b>									
Central Level	1,202,025	453,361	45,761	75,517	60,522	105,745	84,337	81,479	38%
Municipalities	412,197	171,176	17,059	31,198	24,671	32,940	32,483	32,825	42%
Other Financing Transactions	38,620	17,284	165	3,099	10,111	507	3,205	198	45%
<b>Total Payments (Expenditures)</b>	<b>1,652,843</b>	<b>641,821</b>	<b>62,985</b>	<b>109,814</b>	<b>95,304</b>	<b>139,191</b>	<b>120,025</b>	<b>114,502</b>	<b>39%</b>

Table 5.2: Effective exchange rates, nominal and real averages (annual)

		2008	2009	2010	2011	2012	2013	2014/June
Index	<b>NEER</b> NEER	101.1	101.2	100.9	101.0	101.0	101.6	102.3
	<b>REER (Total)</b> REER (Total)	106.0	101.6	102.2	106.4	106.1	106.5	106.4
	<b>REER(CEFTA)</b> REER(CEFTA)	105.1	100.8	103.0	106.3	107.1	106.9	106.8
	<b>REER (EU)</b> REER (EU)	105.7	102.1	103.5	107.7	107.6	107.8	107.1

Source: Central Bank of Kosovo

Table 5.3: Statistics on new registered companies, by sector (April 2014 – June 2014)

Sector	Description	No. of Companies	Percentage
A	<b>Agriculture, hunting and forestry</b>	<b>190</b>	<b>7.9%</b>
B	Fishing	-	-
C	Mining and quarrying	9	0.4%
D	Manufacturing	297	12.4%
E	Electricity, gas and water supply	5	0.2%
F	<b>Construction</b>	<b>203</b>	<b>8.5%</b>
G	<b>Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods</b>	<b>749</b>	<b>31.2%</b>
H	<b>Hotels and restaurants</b>	<b>282</b>	<b>11.8%</b>
I	Transport, storage and communication	161	6.7%
J	Financial intermediation	8	0.3%
K	<b>Real estate, renting and business activities</b>	<b>228</b>	<b>9.5%</b>
L	Public administration and defence; compulsory social security	11	0.5%
M	Education	20	0.8%
N	Health and social work	40	1.7%
O	<b>Other community, social and personal service activities</b>	<b>196</b>	<b>8.20%</b>
P	Private households with employed persons	0	0.00%
Q	Extra-territorial organizations and bodies	0	0.00%

Table 5.4: Statistics on closed companies, by sector (April 2013 – June 2014)

Sector	Description	No. of Companies	Percentage
A	Agriculture, hunting and forestry	44	9.89%
B	Fishing	0	0.00%
C	Mining and quarrying	1	0.22%
D	Manufacturing	34	7.64%
E	Electricity, gas and water supply	4	0.90%
F	Construction	27	6.07%
G	<b>Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods</b>	<b>141</b>	<b>31.69%</b>
H	<b>Hotels and restaurants</b>	<b>51</b>	<b>11.46%</b>
I	<b>Transport, storage and communication</b>	<b>63</b>	<b>14.16%</b>
J	Financial intermediation	1	0.22%
K	Real estate, renting and business activities	40	8.99%
L	Public administration and defense; compulsory social security	1	0.22%
M	Education	4	0.90%
N	Health and social work	10	2.25%
O	<b>Other community, social and personal service activities</b>	<b>24</b>	<b>5.39%</b>
P	Private households with employed persons	0	0.00%
Q	Extra-territorial organizations and bodies	0	0.00%
<b>Total</b>		<b>445</b>	<b>100%</b>

Table 5.5: Statistics on the number of new owners based on gender (period January-June)

Gender	Total number of Owner since 2013	January	February	March	April	May	June	Owners at SIKTK	%
F	78340	54	7	78	45	38	50	78612	16.47
M	377091	312	81	322	298	231	199	378534	79.33
N/A	19983	7	3	8	13	4	6	20024	4.2
<b>Total</b>	<b>475414</b>	<b>373</b>	<b>91</b>	<b>408</b>	<b>356</b>	<b>273</b>	<b>255</b>	<b>477170</b>	<b>100</b>

Table 5.6: Attendance of students from kindergarten to High School

School Level	Total	Male, Female
Kindergarten (1-6 years)	5,398	(M: 2,827, F: 2,571)
Pre-School (5-6 years)	19,939	(M: 10,319, F: 9,620)
Elementary and Middle School (grade 1 – 9)	280,596	(M: 145,488, F: 135,108)
High School (grade 10 – 13)	102,213	(M: 54,785, F: 47,428)

Table 5.7. Number of Students based on their ethnicity Table 8 Total number of drop-outs, data from end of June 2014 (Grades 1-13)

Ethnicity	Total (%)
Albanian	392,529 (96.2%)
Serbs <sup>8</sup>	405 (0.1%)
Bosniaks	4,605 (1.1%)
Ashkali	4,210 (1.0%)
Turks	2,658 (0.7%)
Goranis	643 (0.2%)
Egyptians	788 (0.2%)
Roma	2,059 (0.5%)
Croatian	43 (0.0%)
Other	206 (0.1%)

	Male	Female	Total
<b>Albanians</b>	982	750	1732
<b>Turks</b>	3	2	5
<b>Bosnians</b>	9	10	19
<b>Ashkali</b>	19	20	39
<b>Roma</b>	16	6	17
<b>Egyptian</b>	1	0	1
<b>Other</b>	2	1	3
<b>Total</b>			1816

Table 5.9: Water and Sewage Services Coverage Rate (June 2014)

Region	Coverage Rate with Water Services (overall 81.2%)	Coverage Rate with Sewage Services (overall: 60%)
Prishtina	96.4%	77.8%
Prizren	63.1%	56.3%
Peja	90.8%	41.2%
Mitrovica	64.1%	48.6%
Gjakova	99.7%	53.6%
Ferizaj	80.9%	75.0%
Gjilan	62.7%	47.8%

<sup>8</sup> Only few schools in Kamenica have recorded the data in the Educational Institutions Monitoring System