



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

**National Programme for Implementation of the Stabilisation
and Association Agreement (NPISAA) 2022 – 2026**

April 2022
Prishtina

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

Legislature VIII
Spring Session

Pursuant to Article 65(1) of the Constitution of the Republic of Kosovo, the Assembly of the Republic of Kosovo, in its Plenary Session held on 7 April 2022, following its review of the National Programme for Implementation of the Stabilisation and Association Agreement (NPISAA) 2022 – 2026, took the following:

D E C I S I O N

The National Programme for Implementation of the Stabilisation and Association Agreement (NPISAA) 2022 – 2026 is hereby adopted.

No. 08-V-263
Prishtina, 07.04.2022

President of the Assembly

(signed)
Glauk KONJUFCA

The present decision is submitted to:

- Government of the Republic of Kosovo,
- Committee on European Integration,
- Directorate for Support to Assembly committees, and
- Archive of the Assembly.



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

Legjislatura VIII
Sesioni pranveror

Kuvendi i Republikës së Kosovës, në mbështetje të nenit 65 (1) të Kushtetutës së Republikës së Kosovës, në Seancën plenare të mbajtur më 7 prill 2022, pasi e shqyrtoi Programin Kombëtar për Zbatimin e Marrëveshjes së Stabilizim-Asociimit (PKZMSA) 2022 – 2026, mori këtë:

V E N D I M

Miratohet Programi Kombëtar për Zbatimin e Marrëveshjes së Stabilizim-Asociimit (PKZMSA) 2022 – 2026.

Nr. 08-V-263

Prishtinë, 07.04.2022

Glauk KONJUFCA

Kryetar i Kuvendit

Vendimi u dërgohet:

- Qeverisë së Republikës së Kosovës,
- Komisionit për Integrim Evropian,
- Drejtorisë për mbështetje komisioneve parlamentare dhe
- Arkivit të Kuvendit.



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

No. 04/67
Date: 09.03.2022

Pursuant to Article 92, Paragraph 4, and Article 93, Paragraph 4, of the Constitution of the Republic of Kosovo, as well as Article 4 of the Regulation No. 02/2021 on the Scope of Administrative Responsibilities of the Office of the Prime Minister and Ministries, amended by the Regulation No. 04/2021, in accordance with Article 19 of the Rules of the Rules of Procedure (No. 09/2011) of the Government of the Republic of Kosovo, the Government of the Republic of Kosovo, in its session held on 9 March 2022, adopts the following:

D E C I S I O N

1. The National Programme for Implementation of the Stabilisation and Association Agreement (NPISAA) 2022 – 2026 is hereby approved.
2. The budget for implementation of the present Programme shall be kept within limits of budget allocations to budget organisations for 2022 and in line with the Medium Term Expenditure Framework.
3. Implementation of the present Decision is an obligation of the Office of the Prime Minister and other responsible institutions, as per the Programme.
4. The General Secretary of the Office of the Prime Minister is obliged to submit the present Programme to the Assembly of the Republic of Kosovo for final adoption.
5. The present Decision enters into force on the date of its signing.

Albin KURTI

(signed)

Prime Minister of Kosovo

Submitted to:

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



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

Nr. 04/67
Datë: 09.03.2022

Në mbështetje të nenit 92 paragrafi 4, dhe të nenit 93 paragrafi 4 të Kushtetutës së Republikës së Kosovës, duke u bazuar në nenin 4 të Rregullores Nr. 02/2021 për Fushat e Përgjegjësisë Administrative të Zyrës së Kryeministrit dhe Ministrive e ndryshuar dhe e plotësuar me Rregulloren Nr. 04/2021, në pajtim me nenin 19 të Rregullores së Punës së Qeverisë së Republikës së Kosovës Nr. 09/2011, Qeveria e Republikës së Kosovës, në mbledhjen e mbajtur më 9 mars 2022, merr këtë:

V E N D I M

1. Aprovohet Programi Kombëtar për Zbatimin e Marrëveshjes së Stabilizim-Asociimit (PKZMSA) 2022 - 2026.
2. Buxheti për zbatimin e këtij Programi është brenda ndarjeve buxhetore të organizatave buxhetore për vitin 2022 dhe në pajtim me Kornizën Afatmesme të Shpenzimeve.
3. Për zbatimin e këtij Vendimi obligohet Zyra e Kryeministrit dhe institucionet e tjera përgjegjëse, sipas Programit.
4. Obligohet Sekretari i Përgjithshëm të Zyrës së Kryeministrit që t'ia përcjellë këtë Program Kuvendit të Republikës së Kosovës për miratim përfundimtar.
5. Vendimi hyn në fuqi ditën e publikimit në Gazetën Zyrtare të Republikës së Kosovës.

Albin KURTI

Kryeministër i Republikës së Kosovës

Lu dërgohet:

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

List of Abbreviations

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

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

TAK	Tax Administration of Kosovo
UNDP	United Nations Development Program
USA	United States of America
WB	World Bank
WBIF	Western Balkans Investment Framework
WTO	World Trade Organisation
WWRO	Water and Wastewater Regulatory Office

INTRODUCTION

The National Programme for the Implementation of the Stabilisation and Association Agreement (NPISAA) 2022-2026 is the sixth programme in a row for the implementation of the SAA between the European Union (EU) and the Republic of Kosovo.¹ It is the main national policy and planning document for the implementation of reforms for the adoption of the EU *acquis* in national legislation. NPISA 2022-2026 is implemented in conjunction with the European Reform Agenda Action Plan (ERA II AP), through which political priorities agreed between the EU and Kosovo as contracting parties of the SAA are implemented. This programme is in line with AP ERA II, Government Programme 2021-2025 and OPM Strategic and Operational Plans (SOPs) and ministries. It was approved by the Government of the Republic of Kosovo on 9 March 2022 and adopted by the Assembly of the Republic of Kosovo on 7 April 2022.

The regular annual revision of NPISAA started in October 2021 and the document was finalized at the end of 2021, while public consultations took place in January 2022. Pursuant to the Government Decision No. 06/22², revision was led by the departments for European integration of the Office of the Prime Minister (OPM/DEI), as the main coordinating institution, in cooperation with ministries and other institutions responsible for each chapter. The work at the level of line institutions was coordinated by Departments for Policy Coordination and European Integration (DIEPCs) and equivalent structures, also with involvement of Legal Departments (DLs) and other line institutions mandated for development and implementation of policies in relevant areas. OPM/DEI were also an active part of the work throughout the revision process.

Regarding the division of responsibilities, OPM / DIE have proposed short-term measures, based on the reforms agreed at the EU-Kosovo Stabilisation and Association Meetings held during 2021 and the findings of Kosovo 2021 Report Kosovo 2021 Report. After that, the proposed measures, in cooperation with the line institutions, were further developed, in relation to their implementation (based on available capacities, time required, etc.), were related to sectorial policy documents, and are costed (based on the detailed methodology for this purpose) confirmed by the line institutions which are directly responsible for their implementation.

In terms of its content, NPISAA 2022-2026 is comprehensive in its scope. It foresees short-term reforms for 2022 and medium-term priority objectives (for the period until the end of 2026) to meet the obligations of the SAA, through the alignment of national legislation with the EU *acquis* and the implementation of approximated legislation. Based on the structure of the Copenhagen Criteria, it is divided into three blocks: *Political Criteria*, *Economic Criteria*, and *European Standards – Approximation of Kosovo's Legislation with the EU Acquis*.

Block 1: Political Criteria covers the areas of legislation, constitution, electoral system reform, public administration and regional cooperation. It is related to chapters 23 and 24 of the *acquis* (of the third block), and contains five chapters: *Constitution, Parliament and Electoral System*; *Public Administration*; *Ombudsperson*; *Civilian Oversight of Security Forces*; and *Regional Cooperation and International Obligations*.

Block 2: Economic Criteria is aligned with the Economic Reform Programme (ERP). It also reflects priorities and activities arising from other mechanisms of dialogue with the EU, such as annual priorities, conclusions of SAA structures, or from multilateral mechanisms, such as agreements with the IMF, etc. This block contains two chapters: *Existence of a Functioning Market Economy*, and *Capacity to Cope with Competitive Pressure and Market Forces within the Union*.

Block 3: European Standards – Approximation of Kosovo's Legislation with the EU Acquis covers all areas of the EU *acquis* with which the national legislation needs to be aligned and implemented, which also

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

² *Government Decision No. 06/22*, available at http://www.kryeministri-ks.net/repository/docs/Vendimet_e_mbledhjes_se_22_te_Qeverise_2015_.pdf, pg. 6.

requires administrative capacity. This block contains 33 chapters of the *acquis* and one chapter on the legal framework for the approximation of domestic legislation with the *acquis*.

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

Implementation of this programme and monitoring of its implementation will be a responsibility of relevant state administration bodies, within the scope of their powers. As the central governing mechanism for the fulfilment of the SAA obligations, the Government Cabinet, each of its members and the heads of other institutions of the state administration are responsible for this at the highest level. Institutional stabilisation-association structures will also play a key role in this process. Overall coordination will be done by OPM/DEI, in cooperation with the relevant line institutions, including through regular monitoring and reporting. Measures foreseeing adoption of draft-laws are considered implemented upon approval of the respective draft-laws by the Government.

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

On behalf of the EU, the European Commission, including through the EU Delegation (EUO) in Kosovo will play an important role in fulfilling SAA obligations, and consequently in implementation of this Programme.

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

Relations between the Republic of Kosovo and the European Union

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

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

On 17 February 2008 the Assembly of Kosovo declared Kosovo an independent and sovereign state. The Republic of Kosovo is by now recognized by one hundred and seventeen (117) states³, including 22 EU member states.

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

The process towards SAA commenced in October 2011 when EC, through the Progress Report, recommended the initiation of the *Feasibility Study for Stabilisation and Association Agreement between European Union and Kosovo*, a study that in October 2012 concluded that Kosovo was ready to commence SAA negotiations. The negotiations commenced in October 2013 and were concluded in July 2014. Then the SAA was approved by Governments of Member States, was signed on 27 October 2015, and was approved by the Government of the Republic of Kosovo (on 30 October 2015) and ratified by the Assembly of the Republic of Kosovo (on 2 November 2015). Finally, the SAA entered into force on 1 April 2016. The joint Kosovo – EU bodies established under the SAA for overseeing its implementation were made operational during 2016: the Stabilisation and Association Council (SAC), the Committee, subcommittees and special groups, and the Stabilisation and Association Parliamentary Committee. During 2021 these bodies were convened in their sixth round.

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

Following the dissolution of the Ministry of European Integration, the transfer of its structures to the Office of the Prime Minister (OPM) was completed in mid-November 2020.

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

In terms of participation in EU Programs, Kosovo currently benefits from seven (7) of them: *Europe for Citizens*, *Creative Europe*, *COSME*, *ERASMUS+*, *Customs 2020*, *Fiscalis* and *Horizon 2020*.

³ Ministry of Foreign Affairs and Diaspora, Government of the Republic of Kosovo, *List of Recognitions*, <https://www.mfa-ks.net/en/politika/484/lista-e-njohjeve/484>.

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

Constitution

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

Given that these principles constitute the essential elements of functioning of the state and of the SAA, Kosovo institutions have taken concrete action to commence the fulfilment of SAA criteria through the necessary constitutional amendments, specifically for the purpose of meeting the SAA requirements and the main EC's Kosovo 2021 Report findings.

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

Parliament

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

SAA Requirements

SAA, in Article 132, foresees the functioning of the Parliamentary Stabilisation and Association Committee (PSAC) as a joint forum of MEPs and Assembly Members of the Republic of Kosovo to exchange views on implementation of the SAA. The Assembly of Kosovo, pursuant to Article 132 of the SAA on 18 March 2016, established the Stabilisation and Association Parliamentary Commission. The Assembly in the V legislature, on May 16-17, 2016, held the first meeting of the EU-Kosovo Stabilisation and Association Parliamentary Committee, where was adopted the Regulation on Rules of Procedure of this Committee. During the VI legislature, were held joint meetings of both delegations, which marked the establishment of cooperation of the Assembly of Kosovo with the European Parliament at a higher level. The Stabilisation and Association Parliamentary Committee meets twice a year, at agreed time intervals. Whereas, during the VIII legislature, KPSA held its seventh meeting in a row, on November 4-5, 2021. This meeting took place in the Assembly of Kosovo, Prishtina. On this occasion, the Joint Declaration with Recommendations was adopted.

Requirements deriving from other EU accession mechanisms

In the light of Stabilisation and Association Subcommittees, it is required from Assembly to ensure the appointment of the members of the boards of independent institutions which fall under the competence of

the Assembly. This should be done based on the principle of meritocracy and professionalism, avoiding politicization for these appointments. The Assembly, based on the Memorandum of Understanding with the United Kingdom, will be committed to ensuring the appointment of members of the boards of independent institutions that are within the competence of the Assembly through a transparent and merit-based process. This priority continues to be one of the most important for the Government of Kosovo, therefore it is reflected in all major planning documents of the Government, including the action plan for ERA 2021-2023 and NPISAA 2021, among others.

With the aim of addressing the requirements of EC's Kosovo 2021 Report, the Assembly of the Republic of Kosovo will continue to empower the exercise of the oversight function over the executive, and parliamentary commissions will continue to exercise parliamentary oversight and increase cooperation among them.

In this context, in order to address the recommendations arising from EC's Kosovo 2021 Report, the Assembly has drafted the Plan for Oversight of the Integration Process 2020 - 2021. This Plan addresses the recommendations arising from EC's Kosovo 2021 Report, in which case the parliamentary committees have been identified that have the obligation to monitor the progress of these recommendations, as well as the institutions responsible for the implementation of these recommendations

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

As a requirement arising from EC's Kosovo 2021 Report the need to strengthen the legislative framework for the financing of political parties and election campaigns, guided by recommendations of the Venice Commission, was highlighted.

State of Play

Legislative Framework

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

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

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

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

One of key roles of the Assembly, in addition to approximation of national legislation with the EU *acquis*, is to review and verify this alignment. The structure in charge of approximation of legislation with the *acquis* consists of the Directorate of Legal Services and Approximation of Legislation and the Assembly

Committee on European Integration, the latter reviewing alignment with the *acquis* of each law adopted by the Assembly. This Directorate and the Committee review not only the texts of draft-laws, but also amendments made by the functional committees, or by MPs, ensuring their alignment with EU legal acts.

Kosovo has voluntarily adopted the Resolution No. 06-R-001 on Sustainable Development Goals (SDGs) and also on the establishment of the Council for Sustainable Development. The 2030 Agenda for Sustainable Development and the National Development Strategy 2016-2021 provide the main framework for the Council's activities. The Council has managed to set targets for each parliamentary committee and through cooperation with parliamentarians and other institutional representatives, international organisations and civil society organisations, are coordinating in implementing and monitoring the Sustainable Development Goals. The Assembly is preparing for the first plenary session "Development Agenda 2030", and also, in cooperation with KAS, is preparing for the establishment of a statistics centre to provide easy access to MPs in overseeing and following the 2030 agenda. The council is composed of MPs, representatives from the administration, civil society, OPM, KAS, Association of Kosovo Municipalities and representatives of international organisations.

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

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

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

Policy Framework

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

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

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

Institutional Framework

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

oversees the implementation of laws by recommending measures in case of non-implementation or inadequate implementation of the overseen laws.

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

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

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

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

The Assembly has institutionalized the partnerships with civil society through common responsibilities at every step of the political and decision-making process in drafting and overseeing the implementation of laws and policies, taking into account the Declaration on Partnership between the Assembly and Civil Society. Implementation of the SAA requires continued formal, structured, and mandatory inclusion of civil society in the drafting of legislation, and the Assembly is committed to remaining open to cooperation with CSOs, thus enabling transparent communication with them and genuine and substantive participation in the legislative process.

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

In addition, the working group has finalized the Vision of the Assembly for Information Technology, the Regulation on IT services and the Manual for MPs and employees for technology services, according to the standards and the Strategy for information technology according to the IPU standards for 2020-2025, until full independence of the ICT systems of the Assembly.

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

Medium-term Priority Objectives:

- Adoption of the new Rules of Procedure of the Assembly;
- Building the legislative capacity of the Assembly, in particular capacities of the Directory for Legal and Procedural Affairs;
- Improving the oversight of the executive, including the security sector, by reviewing the legislation and monitoring the implementation of policies and laws;

- Responsible bodies of the Assembly will ensure a strong oversight over the spending of the parliament budget during the financial year, including the analysis, implementation and monitoring the gender responsive budgeting;
- Parliamentary Committee for European Integration and International Relations and the Directorate of Protocol and International Relations will be specially emphasized given their role in the integration process;
- The Assembly will develop professional capacities of its administration through cooperation with parliaments of other countries, through priorities deriving from the Strategy for International Cooperation and Inter-Parliamentary Relations.

Electoral System Reform

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

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

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

In the context of electoral reform and with the view to fulfil the obligations deriving from the EU reports for Kosovo, Kosovo needs to address the recommendations of the EU Monitoring Mission for 2014, 2017 and 2019. In addition, Kosovo should amend the Law on General Elections and the Law on Financing of Political Parties, and ensure consistency of content between these two laws. More specifically, the Assembly of Republic of Kosovo will be engaged in establishing an *ad-hoc* Committee for Electoral Reform, to which it will provide budget, in order to meet obligations stemming from this process. Whereas, in order to implement the Law on Financing of Political Parties, the Assembly of the Republic of Kosovo will engage to ensure that the redistribution of political entities' financial control functions be accompanied by: a) strengthening the Office for Political Parties Registration and Certification, which will enjoy a higher degree of independence than the current Office⁴, or b) establishing a new independent authority within any other independent institution.

State of Play

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

Legislative Framework

The legal framework governing the electoral system in the Republic of Kosovo consists of the Law on General Elections, the Law on Local Elections in the Republic of Kosovo and the Law on Financing of Political Entities. The Constitution and the Law on General Elections in the Republic of Kosovo regulate the electoral system in Kosovo. According to the Constitution and the Law, Kosovo is considered a single constituency with multiple candidates. Exercising his/her right to vote, the voter votes for one (1) certified political entity and can vote for up to five (5) candidates in the ballot listing candidates of this political entity, and if he/she votes for more than five (5) candidates then only the vote cast for the political entity is counted.

The legal framework regulating the previous parliamentary and local elections, despite the shortcomings, has, however, ensured normal functioning of the overall electoral process in parliamentary and local elections. The revised legal framework on financing of political parties and campaigns is in line with the recommendations of the Venice Commission and is expected to be adopted by the Assembly.

Adoption of the completed legislative framework on elections ensures effective addressing of weaknesses identified over the years which continue to have a negative impact throughout the election cycle. Many of the recommendations made by EU election observation missions after elections in 2014, 2017, 2019 and 2021 have not yet been addressed. On the other hand, the CEC, following the receipt of each report of EU election observation missions, drafts its action plan to address recommendations not requiring changes in laws.

Regarding the 2021 general election process, reports of the EU observation missions and EC's Kosovo 2021 Report emphasize that the early legislative elections held in February 2021 were generally well administered and transparent.

Regarding the municipal elections organized in October and November 2021, the Report of the EU Observation Mission for Municipal Elections states that this electoral process was well organized. Fundamental freedoms were respected during the campaign and a large number of contestants offered voters a realistic choice, with the exception of Kosovo Serb majority municipalities where political competition was limited. Voting in both rounds (17 October and 14 November) was assessed positively by EU observers. After the first round, members of all 38 municipal assemblies and 17 of 38 mayoral candidates who received over 50 percent of the valid votes were elected. The second round of mayoral elections took place in the remaining 21 municipalities, including the two largest cities, Prishtina and Prizren.

The relevant parliamentary committee that will be involved in the electoral reform is expected to address key aspects of the electoral process so that these elements are detailed in laws and serve as a way to increase legal certainty, as well as increase confidence in electoral processes regarding standards and most democratic European practices. In addition to increasing financial control of political entities, the following aspects should be addressed through electoral reform: a) extension of deadlines (for organization of early elections, submitting complaints, confirmation and challenge of the voter list, application for voting outside Kosovo), b) addressing shortcomings of voting by post, and c) gender equality in electoral lists, complying with the representation of women up to 50%, according to the Law on Gender Equality.

In the framework of electoral reform and in order to meet obligations arising from EU reports on Kosovo, Kosovo should address recommendations of the EU Election Observation Missions of 2014, 2017, 2019 and 2021. Furthermore, country's institutions need to amend the Law on General Elections and the Law on Financing of Political Entities, ensuring consistency of content between them. Specifically, the Assembly of the Republic of Kosovo is engaged in the establishment of the *ad hoc* Committee on Electoral Reform. Furthermore, in order to implement the Law on Financing of Political Entities, the Assembly is engaged in reallocating functions of financial control of political entities, to be followed by: a) strengthening the Office for Registration and Certification of Political Parties, which would enjoy a higher degree of independence

than the current one⁵; or b) establishment of a new independent authority under another independent institution.

Requirements from other EU accession mechanisms

Based on EC's Kosovo 2021 Report, the early legislative elections held in February 2021 were generally well administered and transparent. However, the report states that the counting of votes remains a challenge in this area, especially the process of voting abroad and handling complaints. Addressing weaknesses identified in successive EU election observation missions since 2014 remains a challenge. The report also highlights the need to finalize the legal framework on financing of political entities.

State of Play

Legislative Framework

Electoral reform in the Republic of Kosovo is governed by the following laws:

- Law on General Elections;
- Law on Local Elections in the Republic of Kosovo, amended in November 2010;
- Law on Financing of Political Entities.

Institutional Framework:

- Assembly;
- Central Election Commission;
- Election Complaints and Appeals Panel.

Medium-term priority objectives:

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

1.1.2. Public Administration

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

SAA Requirements

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

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

⁵ Paraphrasing the Venice Commission opinion, point 26, pg. 9, [https://www.venice.coe.int/webforms/documents/default.aspx?pdffile=CDL-AD\(2018\)016-e](https://www.venice.coe.int/webforms/documents/default.aspx?pdffile=CDL-AD(2018)016-e).

sectorial cooperation between the Government and civil society, and enabling inclusion in the policy-making process through the public consultation process.

Requirements from other EU accession mechanisms

Concerning the findings of EC's 2021 *Kosovo Report*, among the main challenges identified are the following: the political influence on recruiting senior management positions in the civil service and non-merit based recruitment; delays in adopting specific laws in accordance with the Law on General Administrative Procedure (LGAP); improper performance appraisals, which continue to have little impact on career development for civil servants.

According to the findings of EC's Kosovo 2021 Report, among the main recommendations that have been identified are the following: reducing the political influence in the recruitment of senior management positions in the civil service and non-merit-based recruitment, for which they have already been received. a range of actions from applying online for advertised positions, setting up the State Admissions Commission to preparing written testing and interview procedures, in collaboration with British partners.

Among other recommendations mentioned in the report: irregularities associated with the implementation of procurement contracts should be eliminated; the Board of the Independent Civil Service Oversight Commission should be appointed; The Open Data Portal should be made easier for the public to use; The new PFM strategy should address the findings of the PEFA (Public Expenditure and Financial Accountability) assessment and be aligned with the NDS; the interconnectedness and security of IT systems in the MFT and MFT-related bodies should be increased; the representation of minority communities in the administration should be increased, as should the representation of women at senior management levels; the Kosovo Institute for Public Administration should be strengthened and a performance appraisal system established; the Law on Conflict of Interest and Integrity Plans must be fully implemented.

Implementing legislation under the Law on Whistleblowers should also be drafted; implementation of recommendations of the relevant institutions in the framework of issues related to independent supervisory institutions should be increased; the efficiency of handling administrative disputes should be increased and administrative burden reduced; institutional responsibilities for policy development in the context of service delivery need to be clarified; should be created in the electronic certification system within the eKosova portal, a portal which has been established but should become even more effective.

Furthermore, the legal framework should be consolidated as well as the sub-legal acts of the legal package should be adopted (including the amendment of the Law on Public Officials in accordance with the decision of the Constitutional Court) and their implementation should begin as soon as possible. It should be noted that for the implementation of the LPO, 10 regulations have been drafted and approved so far, while another 11 regulations are in the process of drafting. Among other recommendations: legislation should be aligned with the LPPA. In addition, the capacity to collect, control and store data should be built. In this regard, the most appropriate way to increase the quality of collection, monitoring, updating, coordination and reporting as high quality as possible is provided through development of a new digital platform, expected to be finalized at the end of 2021 and ready for use in implementing the new PAR strategy.

According to the *Conclusions of the PARSG meeting*, planning in the area of public administration should be more strategic and related to Government priorities, sector strategies, medium-term expenditure framework and available budget. An important criterion is the completion of the job classification process. To successfully complete this process, the institutions of the Government of Kosovo will focus on completing the legal framework in this area by adopting the Law on Public Officials and drafting the new Law on Salaries in accordance with the decision of the Constitutional Court (CC). In addition, the sub-legal acts for the implementation of the 3 basic laws concerning PAR will be adopted based on the findings of the decision of the CC. A special priority in this area was also given to the completion of the legal framework for the rationalization of agencies in the public sector, in line with the decisions of the Constitutional Court.

In March 2017 the Assembly and the Government signed a Memorandum of Cooperation on rationalization of state agencies and the working group established by the MPA (now MIA, pursuant to Art. 19 (6.2) of the Rules of Procedure of the Government No. 09/2011 (OG, No. 15/2011, dated 12 September 2011) and Regulation (GRK) No. 07/2020 amending the Regulation (GRK) No. 06/2020 on Areas of Administrative Responsibilities of the office of the Prime Minister and Ministries), finalized the Concept-document on the First Wave of Rationalization and Establishment of Clear Accountability Lines for Agencies under the Assembly of Kosovo, which was adopted by the Government on 9 October 2018. In October 2021, the Government approved the Draft-law concerning the First Wave, while the Draft-law concerning the Second Wave is expected to be approved by the end of the year. In the aftermath, MIA and other relevant stakeholders will continue with the rationalization process for the last two waves, which are scheduled to end in 2023.

The PAR strategic framework will be advanced by thus combining 3 strategies in this area in a Sectoral Strategy for Public Administration Reform, which will be approved in April 2022, following the dynamics and coordination and planning with the NDS 2030 and will serve as a guide for the next 5 years. Based on the conclusions of PARSG, 27 May 2021, the Working Team will focus on advancing the work of the new Public Administration Reform Strategy by combining three (3) strategies into one strategy: SMPA 2015-2020; SIPP 2017-2021; and BRS 2.0 2017-2021, into a single strategy.

Regarding public services and human resource management, the Department for the Management of Public Officials has been established. According to conclusions of the meeting of the Special Group on Public Administration Reform, Kosovo is encouraged to improve the capacity of this department as soon as possible, in order to ensure it is fully functional.

The Regulation No. 01/2021 on Internal Organization and Systematization of Jobs for the Ministry of Internal Affairs was adopted. According to this regulation, the Department for Management of Public Officials / DMPO and other management structures were established, but the process of staff systematization has not yet been completed at the level of the ministry, as well as for DMPO. Measures will be taken to further improve the process of appointments and dismissals of senior public officials, as required by relevant legislation and in line with the principles of merit and transparency. In addition, the escalation of previously concluded temporary contracts and implementation of the provisions of the Law on Public Officials in this regard will be closely monitored. In addition, authorities will take steps to further improve data collection mechanisms related to human resource management.

With regard to temporary contracts, a report on the implementation of the Law on Public Officials and related laws is being prepared before this law enters into force. At the same time, for the monitoring of these contracts, a coordination system will be established to facilitate data collection.

Some of the other obligations arising from the meeting of SGPAR 2021 are related to the approval and implementation of the Programme for reducing the administrative burden, coordinated by the Office of the Prime Minister, with a focus on concrete measures to improve service delivery in the short and long term, in particular through increased digitalization and simplification, mergers and revocations of licenses and permits. Through this exercise, authorities will pay special attention to the measures needed to accelerate the harmonization of specific conflicting laws with the Law on General Administrative Procedures. The responsibility for harmonizing laws and bylaws with the Law on General Administrative Procedures belongs to the relevant line ministry. It is worth mentioning that the ZKP has reached the previously planned target for simplification, abolishment or merging of 8% of permits and licenses and expects to launch in December 2021 the central register for permits and licenses.

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

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

State of Play

Legislative Framework

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

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

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

Policy Framework

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

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

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

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

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

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

- National Strategy Framework for Planning and Strategic Management;

- Strategy for Planning and Policy Coordination and Better Regulation 2021-2026.

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

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

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

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

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

Institutional Framework

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

MIA has now built an advanced infrastructure for the delivery of electronic services through the National Network (eKosova portal) which covers all the offices of central and local administration and the Centre of the State Data. This infrastructure serves all institutions of central and local level. The current architecture of the infrastructure has a strong basis for providing electronic services to citizens and for modernization of public administration. Until now, citizens can be served in the area of health, taxes, civil registry, etc., and the opening of new modules is planned soon. Further modernization of public administration requires constant maintenance and investment services in accordance with the increase of electronic services, trends of technological developments and increased security.

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

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

Donor Support

With regard to the donors in the area of public administration, currently the support is being provided through projects that are focused on building capacities of human resources in administration, provision

of better services for citizens and functional review of administration, with a special emphasis on independent and executive agencies. These projects are as follows:

- *Young Cell Scheme*, for capacity building in the civil service, supported by the EU (IPA) on an annual basis;
- *Support for Sectorial Reform in the Area of Public Administration (IPA)*, with an implementation period of 4 years;
- *Support to Implementation of the Government Strategy for Cooperation with Civil Society*. This project is funded under the Instrument for Pre-Accession Assistance (IPA II) 2014-2020 for the Office of Good Governance/Office of the Prime Minister.
- *Support to the Digitization of EU-related Training on Public Administration in the Western Balkans 2021-2022*, supported by the German Government. The beneficiaries of the project are the state training institutions of the four Western Balkan countries: KIPA for Kosovo, Albanian School of Public Administration (ASPA) for Albania, the Office for Human Resource Management for Montenegro and the Secretariat for European Affairs for North Macedonia.
- *Sector Reform Contract for Public Administration Reform (IPA 2016, Part II)*. Kosovo has started benefiting, for the first time, from the sector budget support for public administration reform under IPA 2016, Part II. Budget support is linked to achieving certain targets that assess the agreed reforms for the public administration. In December 2021, Kosovo requested an additional tranche for 2022, and is currently in the process of finalizing the agreed targets and indicators.

Medium-term Priority Objectives:

- Creating an apolitical, professional, merit-based and well-managed civil service through reorganisation of ministries and their subordinate bodies, finalization of the process of job classification, implementation of a new system of salaries and promotions;
- Implementation of the plan for rationalization of independent agencies and institutions starting with the approval of the first wave and drafting of the Law on the Second Wave of Rationalization during 2021, then continuing with the last two waves during 2022 and 2023;
- Administrative burden reduction through harmonization with LGAP of special laws and bylaws containing special administrative procedures;
- Improvement of the human resource management system by interconnecting it with the payroll system, after the finalization of the job classification process according to the new legislation;
- Capacity building of civil servants coming from non-majority groups in the administration, based on current applicable legislation, by 10% at the central level (from 8.75% currently) and proportional to the population within the relevant municipality at the local level;
- Further strengthening of the administration through capacity development for policy planning, analysis, development, and implementation, in order to create substantive, economically efficient and financially affordable policies;
- Completion of the legal and operational framework of PAR and finalizing costing reforms will form the basis for determining the scope of the general and financial sectorial budget support;
- Further improvement of quality of public consultations, in accordance with the Regulation on Minimum Standards for this process;
- Providing sufficient funds for the Implementation of the Legal Package on PAR;
- Advancing electronic governance in order to increase the effectiveness of services and transparency to the public. ISA/former MPA (now MIA) aims at modernizing and increasing the quality of electronic services delivery which will increase transparency;
- Development of the state portal of online services, its functioning and the beginning of the provision of online services to citizens, businesses and public servants through this single window, as well as integration of as many services as possible provided by the institutions within the portal;
- Enhancement of the Online Interoperability Platform and inclusion of as many systems as possible within this platform.
- Increasing transparency to the public through advancing the portal for data opening, where data will be published by central and local level institutions.

Local self-government

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

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

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

The EC Kosovo 2021 Report states that the level of women representation in leadership positions at the local level remains an issue that needs to be addressed with higher priority, although there has been progress in this regard, where according to recent reports women represented in decision-making positions expressed as a percentage are 25.2%, while three women have been appointed to the position of deputy mayor (including a deputy mayor for communities). In addition, according to the findings of EC’s Kosovo 2021 Report, it is recommended the increase of the quality of public consultations at the local level. The capacity of human and financial resources should be increased to enable the increase of the quality of municipal services. Central institutions should define clear and transparent criteria regarding the allocation of funds at the local level.

1.1.3. Ombudsperson⁶

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

Requirements of SAA

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

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

- Article 3: *“Respect for the democratic principles and human rights as proclaimed in the United Nations Universal Declaration of Human Rights of 1948 and as defined in the Convention for the Protection of Human Rights and Fundamental Freedoms of 1950, in the Helsinki Final Act and the Charter of Paris for a New Europe, respect for international law principles, including full cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) and its residual mechanism, the International Criminal Court, and respect for the rule of law as well as the principles of market economy as reflected in the Document*

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

of the Bonn Conference on Economic Cooperation of the Conference on Security Cooperation in Europe, shall form the basis of the policies of the EU and of Kosovo and constitute essential elements of this Agreement.

- *Article 4: "Kosovo commits to abide by international law and instruments, in particular, but not only, related to the protection of human and fundamental rights, to the protection of persons belonging to minorities, and without discrimination on any ground."*
- *Article 7: "The developments of regional cooperation and good neighbourly relations as well as respect for human rights, including the rights of persons belonging to minorities, are central to the SAP. The conclusion and the implementation of this Agreement takes place within the framework of the SAP and are based on Kosovo's own merits".*

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

Requirements from other EU accession mechanisms

The conclusions of the most recent meeting of the *Subcommittee on Justice, Freedom and Security*, as well as EC's Kosovo 2021 Report emphasize the urge to ensure proper follow-up of the implementation of the Ombudsperson's recommendations. Furthermore, according to indicators 7.3.1 and 7.3.2 of the Sectorial Budget Contract for Public Administration Reform between the Government of Kosovo and the EC, by 2021 the level of implementation of the OIK recommendations for public authorities should be at least 60%.

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

State of Play

Legislative Framework

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

- Constitution of the Republic of Kosovo;
- Law on Ombudsperson;
- Law on Protection from Discrimination;
- Law on Gender Equality;
- Law on Access to Public Documents.

Upon the entry into force of the human rights legislative package, consisting of the Law on Ombudsperson, Law on Protection from Discrimination and the Law on Gender Equality, adopted in July 2015, OIK has been assigned some new responsibilities. This has been done through the Law on Child Protection, adopted in 2019, thus making the OIK as the main institution for processing complaints about children's rights, on which it has issued special regulations.

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

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

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

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

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

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

According to the annual report of the Ombudsperson, there is a progressive increase from year to year of the number of recommendations addressed to the responsible institutions as well as a positive trend of their implementation, which had an impact on increasing citizen trust to the institution and on increasing accountability by public authorities in terms of meeting their constitutional and legal obligations in terms of service provision to the citizens.

Donor Support

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

- *Project on Technical Assistance for European Integration of Kosovo*: with implementation period May 2018 - April 2022, supported by the Government of Luxembourg and the Kingdom of Norway;
- *Promotion of Equality and Diversity in Kosovo*: with implementation period May 2019 - May 2022, supported by the EU and the Council of Europe;
- *EU Support to OIK*: with implementation period from March 2019 to September 2022. The aim of the project is to support the Ombudsperson Institution to effectively protect and promote the human rights, and fundamental freedoms of citizens by enforcement of institutional capacities and introduction of new tools and methods; To support the OIK for awareness raising among citizens

(women and men), public authorities and civil society on the role of the Ombudsperson Institution in promotion and protection of human rights. Duration of the project: 4 March 2019 – 3 September 2022.

Medium-term Priority Objectives

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

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

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

1.1.4. Civilian Oversight of Security Forces

This chapter covers the democratic civil oversight of security institutions, which refers to the exercise of civilian control by the Assembly of the Republic of Kosovo, namely through the respective Assembly committees (Committee on Kosovo Security Force Affairs, Committee on Oversight of the Kosovo Intelligence Agency), the President, Prime Minister and the Minister of Defence.

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

Requirements from other EU accession mechanisms

Security clearance of the members of the Parliamentary Committee for the Oversight of Kosovo Intelligence Agency (KIA) is found by EC's Kosovo 2021 Report to be unprofessional and partisan of the security and that the Assembly should increase its capacity and improve its expertise to oversee this area and it remains Kosovo's obligation to amend the Law on Classified Information and Security Clearances and through this to establish the Agency for the Security of Classified Information as a National Security Authority, and, in close cooperation with other mechanisms in the Republic of Kosovo, to include in the decision making processes also security clearances and also the minimum security standards for the protection of classified information that are administered by the relevant institutions of the Republic of Kosovo.

State of Play

Legislative Framework

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

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

Furthermore, on 18 December 2018 the Assembly adopted amendments to the Law on the Kosovo Security Force, the Law on the Ministry of Defence and the Law on Service in the Kosovo Security Force, which entered into force in January 2019. Through these amendments KSF was transformed into a military force.

The new legal framework defines in more detail responsibilities of authorities of democratic civilian control over KSF.

Policy Framework

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

National Security interests and objectives define the basis for the mission and the current and future tasks of institutions in general and security institutions in particular. In the context of national security and interests from the analysis of SSSR, the scope of this strategy relates to the integration of RKS in the EU and NATO, thus regional stability and membership in international organisations. At the same time, civilian oversight of the security forces must be fully in line with United Nations Security Council Resolution 1325 on Women, Peace and Security, and the current governmental strategies.

Institutional Framework

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

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

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

1.2. Regional Cooperation and International Obligations⁷

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

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

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

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

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

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

Kosovo aims to become a full and active member of all regional organisations and initiatives, including the Transport Community Treaty, judicial cooperation and employment agreements and social policies such as the Social Policy Network and the SEE Health Network. Kosovo also seeks for full participation in the Roma Decade.

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

According to EC's Kosovo 2021 Report, the Government of the Republic of Kosovo should ensure financial support to the Kosovo Commission on Missing Persons and continue to further strengthen the inter-institutional cooperation in this area. The report also emphasizes the need to make the Missing Persons Case Management System operational.

According to *conclusions of the meeting of the Subcommittee on Justice, Freedom and Security*, the lack of progress in the number of closed cases is a concern. Authorities attribute this lack of progress to two challenges: the time that has elapsed since the end of the war and the lack of reliable information. In addition, the conclusions from the subcommittee meeting emphasize that access to Serbian military archives continues to be a challenge in this area.

State of Play

Legislative Framework

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

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

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

Institutional Framework and Agreements

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

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

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

The Regional Cooperation Council (RCC) is covered by the Regional Relations Department of the Ministry of Foreign Affairs and Diaspora, which represents the Republic of Kosovo and coordinates all regional cooperation activities within RCC directly with the Secretariat in Sarajevo. MFAD represents Kosovo in the RCC Board and annual meetings and coordinates inter-ministerial cooperation to meet commitments under the RCC agenda.

The Government Commission on Missing Persons, functioning within the Office of the Prime Minister, is a government body that leads, supervises and coordinates activities with local institutions, cooperates with international institutions and organisations and other stakeholders in relation to clarifying the fate of persons missing as a result of the 1998-1999 war, regardless of ethnicity, religion or military or civilian status. The Government Commission on Missing Persons is mandated and aims to protect the rights and interests of missing persons and their families, in particular the right of family members, to be informed on the fate of missing persons who disappeared during the period from 1 January 1998 to 31 December 2000, as a result of the war 1998-1999 in Kosovo.

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

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

- South-East Europe Cooperation Process (SEECF);
- Migration, Asylum, Refugees Regional Initiative (MARRI);
- Regional Cooperation Council (RCC);
- Venice Commission;
- Centre for Security Cooperation (RACVIAC);
- International Organization of La Francophonie;
- Central European Free Trade Agreement (CEFTA);
- Vienna Economic Forum (VEF);
- Brdo Process (BP);
- Western Balkans Investment Framework (WBIF);
- Energy Community (EnC);
- South East Europe Investment Committee (SEEIC);
- Regional Rural Development Standing Working Group (SWG);
- South East European Trade Union Forum (SEETUF);
- Electronic South Eastern Europe (eSEE);
- EETO - South East Europe Transport Observatory;
- Network of Associations of Local Authorities of South East Europe (NALAS);
- South East European Public Private Partnership Network (SEPPPN);
- USA - Adriatic Charter (A-5);
- Education Reform Initiative of South Eastern Europe (ERI SEE);
- Regional Environmental Centre (REC);
- Regional School of Public Administration (ReSPA);
- Regional Environmental Network for Accession (RENA);
- South East European Centre for Entrepreneurial Learning (SEECCEL);

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

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

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

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

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

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

- Agreement on the abolition of prices of roaming services for public communications networks between the ministries in charge of electronic communications of the Republic of Albania and Republic of Kosovo, on 26.11.2018;
- Protocol on the conduction of joint customs control activities at the joint border crossing point Morine-Vërmicë "between the Ministry of Finance of the Republic of Kosovo and the Ministry of Finance and Economy of the Republic of Albania, on 26.11.2018;
- Agreement on cooperation in the area of public debt, foreign financing and relations with international financial institutions, on 26.11.2018;

- Memorandum of Understanding between the Agency for Industrial Property of RKS and the General Directorate of Industrial Property of the Republic of Albania on 26.11.2018;
- Protocol between the Ministry of Agriculture and Rural Development of the Republic of Albania and the Ministry of Agriculture, Forestry and Rural Development of the Republic of Kosovo for the bilateral recognition and unification of models of health, veterinary and sanitary certificates which will accompany the shipments of live stocks, products of animal origin and vegetable products during import, export and transit between the Republic of Albania and the Republic of Kosovo, on 26.11.2018;
- Agreement on Cooperation in the Area of Youth;
- Agreement between the Council of Ministers of the Republic of Albania and the Government of the Republic of Kosovo for cooperation, promotion of business and diaspora information, on 26.11.2018;
- Agreement between the Council of Ministers of the Republic of Albania and the Government of the Republic of Kosovo for the mutual recognition of driving licenses, on 26.11.2018;
- Agreement of Cooperation in the area of health between the Ministry of Health and Social Protection of the Republic of Albania and the Ministry of Health of the Republic of Kosovo, on 26.11.2018;
- Agreement between the Council of Ministers of the Republic of Albania and the Government of the Republic of Kosovo on implementation of mutual facilitation of customs procedures and/or control of entry/exit of goods, on 26.11.2021;
- Cooperation protocol between the Council of Ministers of the Republic of Albania and the Government of the Republic of Kosovo on establishment of the Intergovernmental Coordination Secretariat, on 26.11.2021;
- Agreement between the Council of Ministers of the Republic of Albania and the Government of the Republic of Kosovo on facilitation of procedures and conditions for obtaining a temporary residence permit, on 26.11.2021;
- Agreement between the Council of Ministers of the Republic of Albania and the Government of the Republic of Kosovo on the rules of the local border traffic regime, on 26.11.2021;
- Agreement amending the Agreement between the Council of Ministers of the Republic of Albania and the Government of the Republic of Kosovo on opening of the joint Shishtavec (Kukës) – Krushevë (Dragash) border crossing point between the Republic of Albania and the Republic of Kosovo, on 26.11.2021;
- Agreement between the Council of Ministers of the Republic of Albania and the Government of the Republic of Kosovo on mutual legal assistance in civil and commercial matters, on 26.11.2021;
- Agreement on social security between the Republic of Albania and the Republic of Kosovo, on 26.11.2021;
- Agreement on cooperation between the Ministry of Culture of the Republic of Albania and the Ministry of Culture, Youth and Sports of the Republic of Kosovo in the area of cultural heritage and museums, on 26.11.2021;
- Memorandum of Cooperation between the Ministry of Infrastructure and Energy of the Republic of Albania and the Ministry of Environment, Spatial Planning and Infrastructure of the Republic of Kosovo for the construction of the Durrës-Prishtina railway connection, on 26.11.2021;
- Cooperation Agreement between the Ministry of Health and Social Protection of the Republic of Albania and the Ministry of Finance, Labour and Transfers of the Republic of Kosovo, on 26.11.2021;
- Cooperation agreement between the Ministry of Education and Sports of the Republic of Albania and the Ministry of Education, Science, Technology and Innovation of the Republic of Kosovo in the area of mutual recognition and unification of diplomas, certificates and degrees issued by institutions of higher education and other authorized institutions, on 26.11.2021.

- Cooperation agreement in the area of agriculture between the Ministry of Agriculture and Rural Development of the Republic of Albania and the Ministry of Agriculture, Forestry and Rural Development of the Republic of Kosovo, on 26.11.2021.

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

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

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

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

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

- On 16.09.2021 a Memorandum of Cooperation between the Government of the Republic of Kosovo and the Government of the Republic of North Macedonia was signed in Skopje, setting the general scope of cooperation between the parties regarding the feasibility study for the Prizren – Tetovo road in the area of road infrastructure and establishing the main principles for cooperation.
- On 16.09.2021 a Memorandum of Cooperation between the Government of the Republic of Kosovo and the Government of the Republic of North Macedonia was signed in Skopje, setting the general scope of cooperation between the parties regarding the rehabilitation of the buffer zone of Hani i Elezit between two border facilities of the two states;
- On 16.09.2021 an Implementing Agreement between the Government of the Republic of Kosovo and the Government of the Republic of North Macedonia was signed in Skopje on regulation of Border Railway Traffic;
- On 01.12.2017, an authorization has been issued for signing the “Agreement for Readmission of persons residing without authorization and its implementing protocol” between the Government of the Republic of Kosovo and Government of the Republic of North Macedonia;
- Agreement between the Republic of North Macedonia and Republic of Kosovo on “the fight against trafficking in human beings” signed on 16 March 2018. After the exchange of notification, the agreement was ratified and entered into force on 20 January 2020.

- On 20.10.2017, an authorization was issued to sign the “Trilateral Financing Agreement for 2016 for Cross-Border Cooperation Programme IPA II (2014-2020) between Kosovo and North Macedonia” between Kosovo, represented by MEI, EU, represented by EC, and North Macedonia, represented by the Office of the Prime Minister.
- Agreement on “Mutual Recognition of Driving Licences” between the Republic of Kosovo and North Macedonia, signed on 01.08.2018. Entered into force on 9 January 2020.
- Law No. 05/1-149 on ratification of the Agreement regarding the establishment of the Regional Youth Cooperation Office between Kosovo, Albania, Bosnia and Herzegovina, Montenegro, Macedonia and Serbia (Published on: 21.04.2017);
- On 12.07.2018, an authorization has been issued to sign the “Tripartite Financing Agreement between the EU, Kosovo and North Macedonia for 2017, for Cross-Border Cooperation Programme IPA II between Kosovo and North Macedonia” between Kosovo, represented by the Ministry of European Integration, EU, represented by the EC, and North Macedonia represented by the Office of the Prime Minister.
- On August 16, 2017 in Prishtina, a protocol was signed between the Government of the Republic of Kosovo and the Government of the Republic of North Macedonia on the manner of preparation of urban planning and technical documentation of the final project, general cost sharing and maintenance for joint facilities and for the way of carrying out border controls at the Joint Border Crossing Points for International Road Traffic between the Republic of Kosovo and the Republic of North Macedonia "Stanqic - Belanoc";
- Agreement on Mutual Legal Assistance in Civil Matters between the Government of the Republic of Kosovo and the Government of the Republic of North Macedonia, signed on 25.08.2021;
- Memoranda of Understanding between the Government of the Republic of North Macedonia and the Government of the Republic of Kosovo setting the general scope of cooperation regarding the feasibility study for the road Prizren – Tetovo and rehabilitation of the Blace buffer zone between the border facilities of the two countries;
- Agreement on Cooperation in the area of diaspora, signed on 16.09.2021;
- Agreement on the Status of Members of the Armed Forces of the Republic of North Macedonia and the Security Forces of the Republic of Kosovo (SOFA), signed on 25.08.2021;
- Protocol for the Implementation of the Agreement Implementation of the Agreement between the Government of the Republic of North Macedonia and the Government of the Republic of Kosovo on Regulation of Border Railway Traffic, signed on 16.09.2021;
- Memorandum of Cooperation in the Energy Sector, signed on 16.09.2021;
- Agreement of Cooperation in the area of tourism, signed on 16.09.2021;
- Memorandum of Cooperation in the area of innovation and technological development and entrepreneurship, signed on 16.09.2021;
- Partnership Agreement between the Republic of Kosovo, represented by the Ministry of Administration for Local Self-Government as a leading partner of the Republic of North Macedonia, represented by the Ministry of Local Self-Government as a partner for the 2019 grant management technical assistance agreement / 410-322, within the Kosovo – North Macedonia 2014/2020 IPA Programme, signed on 16.09.2021;
- Memorandum of Cooperation between the Ministry of Local Self-Government of the Republic of North Macedonia and the Ministry of Regional Development of the Republic of Kosovo, signed on 16.09.2021; and
- Memorandum of Cooperation between the Ministry of Agriculture, Forestry and Water Economy of the Republic of North Macedonia and the Ministry of Agriculture, Forestry and Rural Development of the Republic of Kosovo, signed on 16.09.2021.

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

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

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

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

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

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

Regarding **Integrated Border Management (IBM)**, the Kosovo side is fully implementing this agreement, including the IBM permanent facilities: the construction of the border crossing point in Merdarë, which had started on 16 February 2017, has been completed. Moreover, the Kosovo side has completed all procedures regarding the construction of the border crossing point in Mutivodë. On 14 March 2022 the Serbian side has finally moved to the new facilities in Merdarë, as foreseen under the agreement on BCPs. In addition, on 21 March 2022 the Serbian side has started using the newly-constructed facilities in Mutivodë. As a result, Mutivodë and Merdarë BCPs are fully functionalized as foreseen by the design of the EU-funded project on constructing permanent BCPs. However, Serbia continues to make no progress in the construction of the other 3 crossing points: Jarinjë, Muqibabë and Dheu i Bardhë.

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

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

The Republic of Kosovo on 31 March 2020 based on decision No. 01/20 removed the 100% tariff on the import of goods originating from Serbia and Bosnia and Herzegovina. It should be noted that the tariff was imposed by the previous Government in response to Serbia's economic and political approach towards Kosovo, its ongoing campaign to reduce the number of countries that have recognized the independence

of Kosovo and the campaign of preventing Kosovo's membership in international organizations. The above decision emphasizes the fact that despite the entry into force of CEFTA, Serbia has nevertheless continued introducing a number of non-tariff trade barriers to the Republic of Kosovo, including transit, technical and political barriers, thus causing Kosovo a large trade deficit for the Republic of Kosovo.

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

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

Despite the achievements in international relations, there are many remaining challenges undermining Kosovo's position in the international arena. Non-recognition by 5 EU member states is a challenge to Kosovo's path towards European integration. In addition, lack of sufficient recognitions hinders Kosovo's membership in other international mechanisms such as the UN, OSCE or Council of Europe, and, as a result, Kosovo is not able to have full benefits of the evaluation mechanisms of relevant conventions.

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

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

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

Medium-term Priority Objectives

- Further expanding the diplomatic network in countries with regional and global powers with the aim of consolidating Kosovo's international subjectivity and membership in international organisations;
- Resolving the fate of missing persons, with an emphasis on identifying mortal remains and respecting the claims and rights of missing persons' families;
- Consolidating the legal basis, including adoption of bylaws, and amending the Law on Missing Persons;

- Regulating the area of Forensic Medicine by consolidating the legislative framework and creating a central and case closure register;
- Building sustainable forensic capacities.

2. BLOCK 2: ECONOMIC CRITERIA

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

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

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

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

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

As a result, the priority objectives and measures within the economic criteria aim at reflecting the substance of structural reforms as contained in the Economic Reforms Programme. They are certainly closely linked to strategic documents such as: Government Programme, sectorial strategies, and National Development Strategy. The document also incorporates measures deriving from the EC Kosovo 2021 Report and the Subcommittee on Economic and Financial Issues and Statistics.

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

Requirements from other EU accession mechanisms

According to EC's Kosovo 2021 Report, Kosovo has made limited progress and is at an early stage of developing a market economy. The economy plunged into recession in 2020, but this trend was reversed in the first half of 2021. Long-standing structural problems, such as lack of economic diversification and dependence on diaspora financial flows, make Kosovo highly vulnerable to travel and closure restrictions associated with the pandemic. In response to the crisis, the authorities suspended the fiscal rule and approved two fiscal packages. A strong increase in expenditures and contraction of tax revenues resulted in a large budget deficit in 2020, but the return on tax revenues helped to achieve a budget surplus in the first half of 2021. The business environment improved slightly. Private sector development remains limited by the pervasive informal economy, a slow and inefficient judiciary, prevalence of corruption and generally weak rule of law. Last year's recommendations have been partially addressed. According to this Report, in order to improve the functioning of a market economy Kosovo should pay particular attention to:

- Support post-crisis recovery by targeting companies and the most affected and vulnerable families, while planning to return to GDP's deficit limit of 2% in the medium term;
- Review the social security system, including war veterans' pensions and tax expenditures with the aim to improve the cost-effectiveness and correctness of social security schemes
- Improve the quality of public spending by reforming the public wage system and addressing barriers to capital investment management;
- Implementing relevant business environment measures, in particular simplification, merger and revocation of licenses and permits;
- Implementing active labour market measures to support employment, increase labour force participation and incentive measures aiming to formalize informal employment.

The conclusions deriving from the 2021 subcommittee seek to ensure macroeconomic and macro-financial stability by respecting the limit, including monitoring the ongoing expenditures of the public debt situation and the deficit of fiscal rules, adequate control measures, if the level of public debt continues to increase. It is also recommended to implement the conclusions and implement the recently adopted Joint Conclusions on the 2020 Economic Reform Programme which aim at the structural challenges exacerbated by the COVID-19 pandemic and aim at stimulating economic recovery in the short and medium term implementation of the SAA. According to the EC, all public expenditures, including procurement, disbursements for the recovery programme or state aid, must be made in accordance with the principles of transparency and oversight of public expenditure.

2.1. Existence of a Functioning Market Economy

Economic Governance

The programme measures undertaken by the Government of Kosovo within the Economic Recovery Package are expected to result in increased economic activity, especially in the manufacturing, processing and services industries, supporting the expansion of exports, reduction of imports, and consequently improving the country's trade balance. In parallel, the Government will focus its resources on the implementation of major development projects, which will be financed through various modalities, including the public-private one. Implementation of these projects, in addition to the medium-term stimulation, will affect the long-term transformation of the economic structure and reduce unemployment.

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

Regarding the **policy framework**, the National Development Strategy 2016-2021 is one of the key policy documents in the medium term. Since the strategy is in its final year, the drafting of a new development strategy for the period up to 2030 has already started. The strategy is expected to focus on 4 main pillars: sustainable economic growth, equal society and human development, security and rule of law, and good governance. The financing of these priority policies and objectives is then concretized into indicative allocation of funds to the relevant sectors in the Medium Term Expenditure Framework. An integral part of the strengthened institutional cooperation between Kosovo and the EU is the participation in the structured dialogue on economic governance which takes place between the candidate countries on the

one hand, and the EU institutions, in particular the Council and the Commission, on the other. In the framework of this dialogue, the Republic of Kosovo has also prepared the next **Economic Reform Programme (ERP) 2021-2023**. ERP is a tool intended to improve economic governance by providing a clear framework in implementing reforms. The document consists of a macroeconomic and fiscal analysis, as well as the overall framework of priority structural reforms for certain sectors. This document also aims to reflect priority reforms identified in the National Development Strategy, other strategic documents and management of public finances.

Macroeconomic Stability

According to annual data from the Kosovo Agency of Statistics (KAS), Kosovo's real GDP in 2020 decreased by 5.3% compared to the previous year. According to KAS's latest publication on national accounts, Gross Domestic Product for the first quarter of 2021 marked a real annual growth of 4.22%, while in the second quarter GDP marked a significant real increase of 16.28%. As a result, real GDP in the first six months of 2021 marked an average increase of 10.5%. This increase is in line with our expectations for a pronounced economic recovery after the easing of restrictive measures taken in the context of the COVID-19 pandemic and reflects not only the basic effect of the significant decline in the second quarter of last year, but also the intensity of factors that fuelled growth in the first half of 2021. However, the magnitude of economic growth has been somewhat higher than the initial expectations of the MFLT.

Economic activities that increased in the first half of the year were: hotels and restaurants by 43.6%, construction by 20.6%, transport and storage by 23.0% and wholesale and retail trade by 16.6%. Meanwhile, economic activities within the supply of electricity and gas was the only activity that marked a decrease in this period of 0.7%.

Total consumption is estimated to have marked an average increase of 10.6% in real terms (private by about 9.9% and public by 15.4%). Increase in imports of consumer goods on average by about 28.7% (v-m-v), increase in new loans for consumer purposes on average by 90.8% (v-m-v); increase in remittances by 26.9%; and the 35.7% increase in VAT collection in annual terms support this significant increase in private consumption in this six-month period. In addition, total investments during these first two quarters of 2021 (private and public) recovered, marking a real economic growth of about 23.4% on average, mainly as a result of increased private investment. The latter is supported by the growth of new loans for investment purposes mainly in the second quarter and the growth of imports of capital goods by an average of 48.2% (v-m-v) for this six-month period. Exports of goods increased by about 59.8%, while exports of services marked an even more significant annual growth of 88.3%. Kosovo's export structure currently remains concentrated in the export of base metals, which account for about 36.5% of all exports of goods. Other important sectors continue to be the category of various items produced with a share of 18.8%; plastic products with a share of 8.5% in total exports; prepared food sector which accounts for about 7.4% of all exports; and mineral products with a share of 6.3% in total exports. Similarly, the export of services marked a significant increase of 88.3%, driven mainly by the increase of travel services (as a result of the lifting of restrictive measures to combat the COVID-19 pandemic), construction services, pension services, insurance services and those of transport.

Another component that is important in the external sector and that affects the reduction of the current account deficit are remittances, which have had an upward trend over the last 5 years. During the period January-September 2021, remittances increased by 23.5%.

Table 2.1: Quarterly Gross Domestic Product (million EUR)

Year	2020				2021		
	I	II	III	IV	I	II	III
Nominal GDP	1,497	1,594	1,834	1,846	1,582	,903	2,207
Real GDP	1,478	1,587	1,803	1,812	1,559	,862	2,101
Real GDP % growth (%)	0.26	(-12.73)	(-7.73)	0.10	4.12	6.77	14.53

Source: KAS

The overall harmonized index of consumer prices in the country in 2021 was higher at an average of 3.4% compared to 2020. Temporary mismatch of supply and demand in international markets have brought additional shocks to inflation, beyond those dictated naturally from the economic recovery, not only globally but also in the domestic economy. However, the impacts on inflation coming from supply shocks are transient and are expected to normalize in the middle of next year.

Monthly inflation, measured by the harmonized index of consumer prices, was 0.5% in December 2021. The annual inflation rate measured in December 2021 with December 2020 was 6.7%, while the average annual inflation rate for 2021 was 3.4%. The increase in inflation mostly reflected the increase in the prices of 'food', 'transport' (mainly both as a result of higher import prices), and the increase in the prices of 'communication', while the inflation of items of 'transport', and other basket did not undergo significant changes.

Producer prices in Kosovo rose by an average of 2.0% between Q1 2021 and Q1 2020.

The current account balance during the period January-August 2021 reached the value of -148.9 million euros, which is significantly lower compared to the same period last year. Exports of goods during this period increased by 63.4% while exports of services increased by 121%. The structure of exports of goods is mainly concentrated in base metals, which account for 35.9% of all exports. Another very important sector in the export of goods is the sector of other manufactured items with a share of 17.5%, continuing with the export of plastic products with a share of 10.2% of total exports. Exports of services have increased by 121%, this increase is attributed to travel services which have a contribution of 112.2 p.p. and annual growth of 171.2%, transport services with contribution of 3.1 p.p. and increase of 72.7%. Imports of goods during January-August increased by 43.8%. The categories that had the highest contribution to this increase were: mineral products (13 p.p.) with increase 86.8% v-m-v of 73.5% v-m-v, machinery, tools, electrical equipment, (12.5 p.p.) increase of 39.5 v-m-v. The structure of imports of goods by country of destination has remained almost the same over the years, and the main partners are EU and CEFTA countries. On the other hand, the import of services has increased by 51% compared to the same period of 2020. The import of travel services with a contribution of 31.2 pp and an increase of 86.8% vmv, the import of transport services with an increase of 50.4% vmv and contribution of 11.3pp. The deficit of goods during January-August increased by 40%.

Another component that is important in the external sector and that affects the reduction of the current account deficit are remittances that have had an upward trend over the last 5 years. During January-September 2021 remittances increased by 23.5%.

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

Current State Debt Portfolio: The total debt portfolio currently consists of the state debt of the Republic of Kosovo, which further consists of domestic debt and international debt. According to the table below, the state debt until 30 September 2021 amounted to EUR 1,655.16 million, representing 22.96% of GDP (including government guarantees). Of the total amount of total state debt, EUR 569.53 million are international debt.

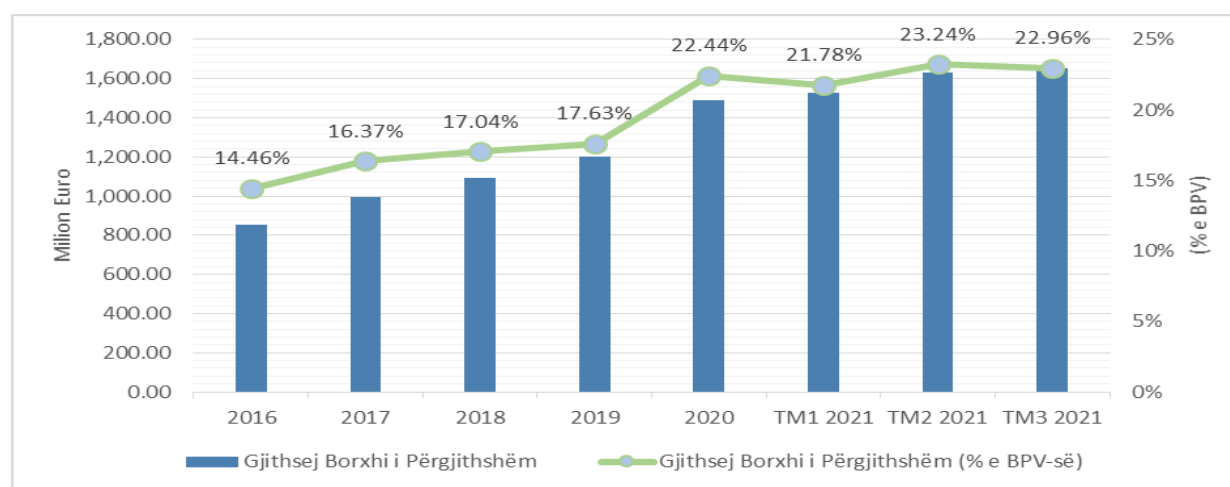
Table 2.2: Total government debt (in EUR millions and as a percentage of GDP)

	2016	2017	2018	2019	2020	2021 (TM1)	2021 (TM2)	2021 (TM3)
International Debt	373.77	422.15	416.43	409.10	525.80	516.75	571.64	569.53
Domestic Debt	478.97	574.27	676.62	791.94	961.90	1,011.72	1,061.49	1,085.64
Total Debt	852.74	996.42	1,093.05	1,201.05	1,487.69	1,528.48	1,633.13	1,655.16
Total Debt (% of GDP)	14.38%	16.22%	16.90%	17.51%	21.83%	21.78%	23.24%	22.96%

* It includes the amount of state guarantees.

At the end of the third quarter of 2021, the total debt reached the value of 1,655.16 billion Euros, which, compared to the previous year, marked an increase of about 11.26%. The high increase is due to disbursements for the management of the COVID-19 pandemic) as well as new issues of Securities under Domestic Debt. It is worth noting that during the last two years, the debt/GDP ratio has increased as at the end of 2019 it was 17.51% while at the end of 2020 it was 21.83%, while at Q3 2021, the debt service was 22.96%.

Figure 2.1. General Debt Trend 2016 - Q3 2021



During January-October 2021, the total amount of revenues was EUR 1,832.0 million. Compared to 2020, revenues marked an annual increase of about 33.0%. Compared to 2019, revenues increased by about 16.7%. On the other hand, budget expenditures, including interest payments for this year amounted to € 1,673.5 million during the reporting period thus representing a slight decrease of 1.5% compared to the same period in 2020. Compared to 2019, budget expenditures marked an increase of 7.7%.

Impact of the COVID-19 pandemic in Kosovo's economy

Data on economic indicators show that Kosovo's economy has almost completely recovered from the losses caused by the pandemic in economic activity. There are still uncertainties and risks for the medium term, which are mostly related to new variants of the virus and the magnitude of the current pandemic situation, the dynamics of vaccination in Kosovo and other countries, and the measures or policies taken by the relevant authorities to combat this situation and dynamics.

In the framework of addressing the socio-economic problems caused by the COVID-19 pandemic, the Government of Kosovo approved the economic revival package. This package, both in terms of the volume of intervention and the structure of the measures envisaged, is expected to have a significant impact on the growth of economic activity in the country and on the reorientation of economic development based on specific priorities. The priorities of this package are the following:

1. Employment and formalization of the economy, with primary focus on strengthening the role of women and youth in the economy;

2. Improving the structure of GDP composition by favouring certain economic sectors, especially in the area of production and improving the country's trade balance;
3. Balanced and comprehensive economic growth, taking care that it is accompanied by improvement of key welfare indicators;
4. Maintaining long-term sustainability and minimizing the country's fiscal risks, by keeping the country's public debt growth under control, and better coordinating with the donor community to ensure maximum benefit to the economy and household.

According to annual data from the Kosovo Agency of Statistics (KAS), real GDP during 2020 decreased by 5.3% compared to the previous year. As for 2021, according to the latest publication of KAS regarding national accounts, Gross Domestic Product for the first quarter of 2021 marked a real annual growth of 4.22% while in the second quarter GDP marked a significant real increase of 16.28%. As a result, real GDP in the first six months of 2021 marked an average increase of 10.5%. This increase is in line with our expectations for a significant economic recovery after the easing of restrictive measures taken in the context of the COVID-19 pandemic and reflects not only the basic effect of the significant decline in the second quarter of last year, but also the intensity of factors that have affected economic growth in the first half of 2021. However, the magnitude of economic growth has been somewhat higher than the initial expectations of the MFLT. This estimate is a high revision of about 3.4 percentage points compared to the previous round of projections realized in June 2021, mainly as a result of the high revision of the private consumption contribution (from 1.3 pp to 5.3 pp) supported by the increase of fast bank lending and remittances; and also as a result of the upward review of the export contribution of goods and services (from 9.8 pp to 15.6 pp) supported by a faster recovery than the expected level of diaspora visits.

According to PFMT estimates, Kosovo's economy during the current year is expected to grow by about 9.7% in real terms and 12.2% in nominal terms, marking the largest historical growth.

The Consumer Price Index is expected to fluctuate around the rate of 3.1% during 2021, remaining significantly higher than the rate recorded in 2020 (0.2%). The temporary mismatch of supply and demand in international markets has brought additional blows to inflation, beyond those naturally dictated by economic recovery, not only globally but also in the domestic economy. However, the impacts on inflation coming from supply shocks are transient and are expected to normalize in the middle of next year.

Macroeconomic forecasts for the period 2021-2023

After a rapid growth during the current year, Kosovo's economy in the next year (2022) is expected to grow at a stable real pace, estimated at about 7.8% in real terms and 10.6% in nominal terms. The main contribution to economic growth during 2022 is expected to come from private investment, supported by the reduction of uncertainty in the country, a series of stimulating fiscal policies for the private sector and the improvement of private sector balance sheets. Public investment is expected to have a significantly faster execution dynamics in the previous year (2021), constituting the second largest contributor to economic growth. Exports of goods and services will continue their positive contribution, but to a lesser extent than the previous year, mainly due to the base effect but also the stabilization of commodity prices in international markets. Continuation of the growing trend of remittances (albeit at a slower pace than in 2020 and 2021), bank credit and the continuation of a series of social transfers in the framework of family support provided in the 'Economic Revival Package' will continue to support the growth of private consumption in the coming year. However, private consumption growth in 2022 is expected to be slower than in the previous year as a result of declining savings accumulated during the pandemic. In line with consumption and investment developments, imports are also expected to grow but at significantly slower rates.

Inflation during 2022 is expected to fluctuate around 2.7% and is expected to stabilize around an average of 2.0% in the medium term.

Functioning of the product market

Business environment, judicial system and administrative capacities

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

The Law No. 06/L-016 on Business Organisations entered into force in May 2018, and aims at defining the types of business organisations through which economic activities in Kosovo can be developed; other entities required to register with the Kosovo Business Registration Agency; the organisation, powers and functions of the Kosovo Business Registration Agency; the requirements, conditions and procedures for registration and deregistration for each type of business organisation; organisation of business organisations; and the rights and obligations of shareholders, authorized representatives, owners, directors, managers, and third parties with respect to Business Organisations. This law improves doing business in Kosovo by facilitating business registration procedures and clearly defines all responsibilities and functions of KBRA. Further harmonisation of this law with EU legislation is needed, especially regarding minimum capital requirements, acquisition of companies, cross-border mergers and detection requirements of foreign companies and branches, as well as with EU Directives on the use of digital assets and cross-border operations.

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

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

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

In the overall rating of "Doing Business 2020" Kosovo has improved its ranking by scoring 73.2 points in 20120. It was ranked 57th. Kosovo is 48th in terms of tax payments, and 31st in cross-border trade, without any significant change compared to last year. However, the main difficulties for businesses remain access to finance; especially for businesses run by women, effective dispute resolution in the judicial system, electricity supply and contract enforcement. One of the issues that hamper business development is the degree of informality in the economy.

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

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

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

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

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

In the framework of the **justice system reform**, in order to increase the efficiency of the judiciary, the National Economic Reform Programme 2021-2023 and the Legislative Programme for 2021 foresee the establishment and functioning of the Commercial Court, where the main goal is to increase the efficiency of commercial disputes resolution, as the only address for resolving all commercial disputes of foreign businesses and investors. The Draft-law on the Commercial Court has been approved by the Government and proceeded for review and approval by the Assembly. As a result, the Law on the Commercial Court has been adopted by the Assembly; its main goal is to increase efficiency of commercial disputes resolution, as the only address for resolving all commercial disputes of foreign businesses and investors.

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

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

The Kosovo Property Comparison and Verification Agency (KPCVA) was established with the approval by the Assembly of the Republic of Kosovo on 9 June 2016 of the Law 05/L-010 on Kosovo Property

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

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

The main challenges of the judicial system in Kosovo, according to international reports including EC's Kosovo 2021 Report, consist in the effective implementation of the judicial framework, the strengthening of capacities for effective functioning and the resolution of a large number of backlog cases. This would contribute to improving the environment for doing business.

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

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

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

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

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

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

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

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

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

Property rights are registered at the Municipal Cadastral Offices (MCOs), which records are monitored on a daily basis and are published on KCA website⁸ on daily basis. The legal deadline to apply to the cadastral offices for transactions of sale, inheritance, and lien is 30 days. But based on the latest data from the cadastral offices this process is carried out for 10 days on average.

Kosovo's registering property rank is 37 in the World Bank's Doing Business Report 2019⁹. The time required to register an immovable property is 32 days (according to the World Bank Doing Business Report 2019). While only 6 property registration procedures are required, the difference is relatively small compared to the number of procedures throughout the Europe and Central Asia region.

Price liberalization

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

On **public water and wastewater tariffs**, based on Law 05/L-042, tariffs are set by the water and waste regulator based on the demand and feasibility of providing water and waste services and taking into account price stability from a consumer perspective. Law No. 05/L-042 on Water Services Regulation is drafted for this area and approved by the Assembly of Kosovo, published on 14 January 2016. The methodology for setting tariffs is regulated by the Rule for Service Tariffs Setting for Water and Wastewater Services and Bulk Water Services (R-02/U & K). WWRO applies three-year tariffs which can be reconfigured when necessary. The regulator monitors the operational and financial efficiency to ensure that the tariffs meet the relevant standards of service provision. The regulator has drafted a Consumer Charter that foresees the development of legal contractual relationships between service providers and consumers both women and men. Hence, the Charter sets out the legal obligations and rights of the participants. To ensure water quality, the regulation obliges each service provider to be equipped with a testing laboratory for water quality control.

According to Law No. 04/L-109 on **Electronic Communications (LEC)**, RAEPK has the right to impose price control and cost accounting obligation to entrepreneurs with significant market power under the provisions of Article 35 of the Law. Pursuant to Article 40, the regulator may impose on entrepreneurs

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

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

having SMP on relevant market obligations relating to cost recovery and price controls, including obligations for cost orientation of prices and obligations concerning cost accounting systems, for the provision of specific types of interconnection and/or access, in situations where a market analysis indicates that a lack of effective competition means that the operator concerned may sustain prices at an excessively high rate, or may apply a price squeeze, to the detriment of end-users. In case of dispute resolution between the operators regarding interconnection, the regulator shall also decide on the interconnection prices when resolving the dispute.

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

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

In the **area of education**, the fees of private education institutions are independently set by those institutions providing education services. Whereas according to the Law on Higher Education, the Ministry of Education, Science and Innovation through bylaws sets the maximum fees to be paid for students in public providers. The rates depend on the student's residential status (Kosovo or non-Kosovo), the nature and cost of the study programme. Fees payable in higher education include admission fee, annual fee, re-entry fee for exams, and student card payment. These fees are approved by the respective education institutions and confirmed by the MESTI. The government has removed the registration fee for bachelor and master levels in public universities starting from the academic year 2021/2022, by changing the AI.

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

State influence on the product market

Regarding state aid, the new Law No. 05/L-100 on State Aid, adopted in 2016, lays the foundation for the development of the state aid system, principles and procedures for its granting. It sets out the basic definitions, including that of state aid, the mechanism and framework for state aid control, and the basis for establishing a comprehensive inventory and reporting system. The *acquis* rules in this area are transposed through secondary legislation. For more on measures in this area, see Chapter 8 Competition Policy.

There are 17 state-owned public enterprises in Kosovo, in which the Government of the Republic of Kosovo is a shareholder. Kosovo New Energy Enterprise JSC (NKEC) was established on 24.05.2018 and is registered as a Central Public Enterprise, but this enterprise has no operational and financial business.

While the enterprise Trepça, with the entry into force of Law No. 05/L-120 for Trepça has been transformed into "Trepça JSC", where the Government of the Republic of Kosovo owns 80% of the shares and 20% of the shares are owned by the employees.

In 2020, the public enterprises that have benefited from the budget allocation for subsidies and capital investments are the following:

- Transport sector (Trainkos and Infrakos) in the amount of EUR 996,779.24;
- Water and waste sector in the amount of EUR 800,000.

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

Currently, the Ministry of Economy has established a working group on 26 August 2020, and with the assistance of the EBRD and Deloitte is in the phase of reviewing the draft-law on Publicly Owned Enterprises, which is envisaged in the Legislative Programme of the Government of the Republic of Kosovo for 2020. Due to the circumstances created in the country by the global pandemic COVID-19, the draft-law is expected to be approved in 2022.

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

Privatization and restructuring

The Privatization Agency of Kosovo (PAK) is established as an independent public body that exercises its functions and responsibilities with full autonomy under the Assembly of Kosovo according to the Law No. 04/L-034 on the PAK, as amended by the Law No. 04/L-115, no. 05/L-080 and Law No. 06/L-023 on PAK.

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

Pursuant to the Law No. 04/L-034, privatization takes place through two main methods: the Spin Off method and the Liquidation method or the so called Asset Sale.

In accordance with the Government programme for the transfer of a significant number of properties of SOEs (land, other valuable assets) from the administration of the KPA to the "Sovereign Fund" which is expected to be established during 2022 by law by the Assembly of the Republic of Kosovo, PAK has prepared the concluding strategy for the period January 2022 - June 2024. This strategy is in accordance with the goals and plans of the Agency set out in the legal framework to conclude the main processes of the Agency without undue delay.

On the contrary, the conclusion of the main processes of PAK can continue beyond the period provided in this strategy.

Table 2.3: Summary of financial results of funds kept in trust until 291 November 2021

Description	Amount
Sales revenue	772,767,555
Rent revenue and commercialisation	46,970,654
Fees and confiscation fees for participation in sale bids	5,021,319
Interest gained	34,844,700
Other revenues	8,880,964
Agency's stock capital	7,548,687
Total of receipts	877,047,079
Transfer of 20% of employees in BSPK	
Professional services providers (Liquidation authority)	153,233,202
Goods and services	16,916,357
Public services	22,070,172
Taxes	3,032,493
Court/enforcement agent's decisions (deposits and taxes)	11,092,647
Transfer of funds 5% for covering PAK activities	3,123,066
Other expenses	45,777,947
Payments to creditors of SOEs	858,240
Funds transferred to the Kosovo Budget	40,113,972
Total payments/allocations	398,233,742
	694,451,838
Bank balance	
	182,595,240

Liquidation process

By the end of October 2021 the liquidation process commenced for 597 Socially Owned Enterprises/ Assets. Since the beginning of the liquidation process, the Agency Board has so far approved 232 Early/Final Distribution Reports for 232 Socially Owned Enterprises in liquidation. The amount of funds approved to date by the Agency Board for distribution to legal creditors since the beginning of the liquidation process has reached the value of EUR 49,969,008.00. About 19,000 various creditors have benefited from these distributions so far. Out of 91,640 various credit claims filed with the Agency so far, the Liquidation Authorities have issued 91,104 decisions on various claimants. The Special Chamber of the Supreme Court of Kosovo has issued Decisions to allow the liquidation process to be completed for 37 socially owned enterprises.

The Privatization Agency of Kosovo (PAK) is the body in charge of the privatization process, including the distribution of 20% to former employees of socially owned enterprises. Out of the 20% proceeds until November 29 October 2021 the Agency has distributed EUR 153,233,202 million.

Functioning of the financial market

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

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

recognized mechanisms for the preparation and alignment of standards in the area of banking, insurance and pension supervision, such as BCBS, IAIS and IOPS.

The financial system consists of the banking sector, with 11 commercial banks (9 of them foreign-owned ones), accounting for 65% of the total of assets of the financial sector, the insurance sector, with 13 insurance companies (7 of them foreign-owned), pension funds (2 funds), financial auxiliaries (51), the microfinance sector, with 30 MFIs/NBFI (12 of them foreign-owned), and the securities market. The financial system has continued to expand continuously during 2019, reaching the rate of financial intermediation at 101.7% of GDP. Banks are the main financial intermediaries of the financial sector, followed by pension funds and MFIs/NBFI

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

Financial market developments

Kosovo's financial system until Q3 2021 was sound and stable despite unexpected risks as a result of COVID-19. Thus, although risk indicators generally showed an upward trend compared to previous years, the banks and financial institutions managed to be profitable, liquid and well-capitalized. Moreover, lending activity in the banking sector reversed the growth trend of the pre-pandemic period. Furthermore, the banking sector was characterized by accelerated growth of deposits during this period - the main source of financing the activity of banks; which has low cost and is a stable source of funding.

The banking sector continues to have a high level of liquidity. The ratio of liquid (broad) assets to short-term liabilities in September 2021 increased by 2.1 percentage points compared to the same period of the previous year, namely to 39.8%, which is significantly above the recommended minimum level (25.0%). The increase in the liquidity of the banking sector was mainly driven by deposits collected from households (also a result of receiving remittances from abroad) and to a lesser extent from businesses.

The banking sector scored a record net profit of 90.1 million Euros until the end of September 2021 (significantly higher than the historical average), and recorded an increase in profit by 57.5% (increase by 32.9 million Euros). The high level of profit realized in this period was as a result of the increase of revenues (by 14.8%), and on the other hand the decrease of expenditures (-1.5%) compared to the same period of the previous year. The main contribution to the accelerated growth of revenues was made by non-interest revenues (from fees and commissions) while interest revenues (which represent 70% of total revenues), maintained to some extent the level of growth of the year passed (5.1%). Whereas, the decrease of expenses is mainly attributed to the reduction of expenses for provisions for possible credit losses, within the expenses of non-interest. Whereas, the category of general and administrative expenses, which represents the largest category within expenditures, increased compared to the previous period, followed by interest expenses. As a result of the highest profit realized until September 2021, it also contributed to the improvement of financial performance indicators, such as ROA (return on assets) and ROE (return on capital), which stood at 2.5% (1.8% in September 2020) and ROE at 20.6% (15.5% in September 2020).

The banking sector continues to be well capitalized, standing well above the required minimum regulatory level of 12%, to 17.9% in September 2021 (16.9% in September 2020). The improvement of this indicator came as a result of the higher capital increase (16.9%) compared to the increase of risk-weighted assets (10.7%). The increase in capital was influenced by the profit realized during these nine months of 2021 as well as the profit retained from previous periods (especially the non-distribution of dividends in the previous year). While risk-weighted assets have increased higher compared to the previous period (2020 was more critical as a result of COVID-19, so there was a slowdown in lending growth), but at a lower level than the growth rate of the total capital of the sector.

Non-performing loans to total loans continue to be low in the banking sector. NPLs during the critical months of the COVID-19 pandemic last year, marked an increase in both their level and value, while during this year there has been a downward trend in both value and level of NPLs, returning to pre-pandemic condition. In September 2021, the NPL level stood at 2.4% (2.7% in September 2020). The decline in the level of NPLs was as a result of the slowdown in the growth of the value of NPLs supported by the accelerated growth of lending compared to the same period last year. So, the value of NPLs increased by 1.9% (26.7% in September 2020, -9.5% in September 2019). Meanwhile, lending by banks expanded by 12.2% (7.6% in September 2020, 10.3% in September 2019). Non-performing loans continue to be well-provisioned, staying at the level of 144.4% until September 2021 (137.8% in September 2020).

Regarding other sectors, the value of assets of the pension sector reached EUR 2.23 billion in September 2021, representing about 25.9% of the total assets of the financial system. On annual basis, the assets of the pension sector increased by 7.1% in September 2021, which is a result of stable income from pension contributions and return on investment. The value of pension contributions reached EUR 157.0 million by September 2021 (EUR 135.1 million in the previous period), while the return on investment reached the value of EUR 133.5 million (EUR 12.5 million in the previous period).

The insurance sector represents only 2.7% of the total assets of the system, worth 235.7 million euros. Compared to the previous year, this sector increased by 10.0% (9.3% in the previous period). Compared to the situation until September 2020, the sector has marked an accelerated increase in revenues (gross written premiums), which in September 2021 reached the value of euro 86.9 million (euro 72.3 million in the previous period). The accelerated growth of revenues compared to the previous period, is the result of more mitigating measures to face the COVID-19 pandemic this year compared to the measures that were in force last year. On the other hand, the paid claims reached the value of euro 48.7 million (euro 36.9 million in the previous period). Thus, the measures taken to combat COVID-19 last year reduced the number and value of claims paid (cessation of economic activity, especially from mid-March to early June 2020) compared to the measures that are implemented during 2021. As a result of the faster increase in claims paid compared to gross written premiums, the ratio of claims to written premiums increased to 56.1%. (51.1% in September 2020). The sector operated with a net profit of 5.9 million euros until September 2021 (4.4 in the previous period) due to the increase in gross written premiums, other sources of income, despite the increase in the value of claims paid.

Microfinance institutions represent about 4.0% of the total assets of the financial system, worth 342.2 million euros. This sector in recent years has grown at an accelerated pace, but COVID-19 and the closure of two institutions two years ago has slowed down the expansion of the sector. Lending activity of the sector recovered the decline of the last year (-4.2%) due to the closure of the economy as a result of COVID-19, to 12.4% annual growth in September 2021, an increase which was reflected in both lending to households and businesses. Leasing activity by MFIs has continued to expand, albeit at a slower pace compared to the last three years. The sector continues to be profitable, with a low level of non-performing loans (2.9%) and well-provisioned (136.5%).

Medium-term Priority Objectives

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

- Maintaining the share of capital expenditure in the budget;
- Continuing with reforms that are important in the context of macroeconomic stability and the financial sector, including the implementation of the fiscal rule for the budget deficit;
- Adoption and implementation of the new Law on Public-Owned Enterprises and its bylaws;
- Implementation of the new Law on Public Owned Enterprises
- Privatization and liquidation of socially owned enterprises;
- Ensuring property rights by addressing informality in the real estate sector;
- Increasing judicial efficiency in order to reach 0% of backlog cases by 2023;
- Improving access to finance for SMEs by increasing the Kosovo Credit Guarantee Fund;

- Continuous improvement of the regulatory framework for the banking system in line with international standards and EU legislation;
- Further approximation of insurance regulations in Kosovo with relevant European Directives. Subject to changes to EU legal requirements and international standards, existing regulations will be subject to amendment in order to be in full compliance with these requirements.

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

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

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

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

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

According to EC's Kosovo 2021 Report, Kosovo has made limited progress and is at an early stage in its capacity to cope with competitive pressure and market forces in the EU. Little progress has been made in improving the quality of education and addressing skills gaps in the labour market. Kosovo has made progress in improving road infrastructure and increasing investment in renewable sources, but coal-based, outdated and unreliable energy supply remains a concern. Kosovo has made progress in terms of digitalization of the economy. Structural changes are only emerging slowly as the economy remains highly dependent on small and very small firms which cannot compete internationally, while the export structure remains dominated by some products, such as base metals. The 2020 recommendations have not been fully implemented and remain valid.

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

The conclusions of the 2021 Subcommittee require that Kosovo approve the structural reorganization of the Kosovo Investment and Enterprise Support Agency (KIESA). It is also required to implement the

Strategy and Action Plan to prevent and combat the informal economy, money laundering, terrorist financing and financial crimes. Kosovo needs to improve business environment by increasing digitalisation, simplification and removal of licenses and permits.

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

Education and innovation

Human capital

Considering that Kosovo is a country with a population of less than two million, the development of human capital is a crucial factor for the general development of the country and an educated society. The development and transformation of the education system is oriented towards serving the needs and demands of the society in the transition process and economic development, to provide equal opportunities and develop in compliance with the European standards. The education reform is based on the principles of impartiality, equality, quality, lifelong learning, effectiveness and efficiency, institutional autonomy and decentralized system, and public responsibility. Currently, MESTI is drafting the new Education Strategy for the years 2022-2026.

The Kosovo Government Programme 2021-2025 emphasizes that the Government will be committed to quality, inclusive and digitalized education, harmonization of vocational education with market demands, effective management of the education system at all levels, and improvement of the research and innovation environment.

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

Table 2.4: Students in public and private education by levels, school year 2021/22

Level	Public			Private			Total		
	M	F	Total	M	F	Total	M	F	Total
Early childhood education (age 0- <5)	2,558	2,379	4,937	2,803	2,571	5,374	5,361	4,950	10,311
Pre-primary education (age 5 <6)	10,065	9,429	19,494	1,350	1,242	2,592	11,415	10,671	22,086
Primary /lower secondary school	112,666	105,311	217,977	3,526	2,926	6,452	116,192	108,237	224,429
Higher middle school	34,306	32,832	67,138	1,869	1,843	3,712	3,6175	34,675	70,850
Total	159,595	149,951	309,546	9,548	8,582	18,130	16,9143	158,533	327,676

Table 2.5: Students in public and private education by levels, 2015-2021

Level/Year	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Early childhood (age 3, 4, 5)	30.9%	33.9%	36.0%	37.5%	38.10%	36.40%
Pre-primary(age-5)	81.3%	87.6%	92.4%	92.5%	93.10%	88.10%
Elementary school	94.7%	96.2%	98.4%	100.3%	100.9%	101.20%
Lower middle school	96.0%	93.3%	91.2%	90.5%	90.4%	90.90%
Higher middle school	84.9%	88.1%	90.2%	86.8%	82.5%	81.10%

The regulation of pre-university education, education and training from level 0 to 4 of ISCED including education and training of children and adults receiving qualifications at these levels is specified in the Law on Pre-University Education in the Republic of Kosovo.

MESTI is in the process of reviewing three education laws: the Draft-law on early childhood education, that of higher education, the Draft-law on the publication of textbooks, teaching aids. The Draft-law on the

Kosovo Accreditation Agency, which is being drafted for the first time, is now finalized and is expected to be approved at the end of 2021.

KAA is an independent authority as an agency that guarantees the quality of educational and research work in Higher Education Institutions in Kosovo. The Kosovo Education Inspectorate, the National Qualifications Authority, institutes, the Academy of Science and Arts and the Student Centre are other institutions defined by relevant legislation. Municipalities are law enforcement institutions, and their competencies are regulated by the Law on Municipalities of the Republic of Kosovo. Municipalities are public institutions, and their responsibilities are regulated by the Law on Municipalities of the Republic of Kosovo.

Early childhood education is provided by public, private early childhood education institutions, public-private partnership institutions, community-based institutions, and community-based kindergartens. Pre-university education is provided by educational and training institutions, public or private, or in public or private enterprises. In vocational education, in addition to vocational schools there are also 4 centres of Competence. Regarding children with special needs there are 5 Resource Centres for teaching and counselling and 2 special schools. The provision of higher education is done by public providers of higher education, such as universities and other institutions of higher education and research. The policy-making body in the area of science and research is MEST. While scientific and research activities are exercised by higher education institutions, academies and institutes, as subordinate institutions of MEST. Scientific-research activity is exercised by scientific institutions in the capacity of legal-scientific research persons. Legal research-scientific persons are the following: Kosovo Academy of Sciences and Arts; Universities; Albanology Institute; Institute of History and other research-scientific and higher education institutions. Other legal entities can engage in scientific research activities, if they meet the conditions set out in this law and if they obtain a license from the relevant Ministry of Science. Natural persons who are not employees of Scientific-Research Institutions are considered as scientific-research workers if they engage in this activity and with their work meet the conditions of evaluation (scientific works, publications, results, etc.) and promotion defined for scientific workers of employed in scientific institutions. **Higher education** provides study opportunities for every person inside and outside the territory of Kosovo, without discrimination (national, racial, religious, gender). There are already 6 operational public universities within the territory of the Republic of Kosovo, as well as 22 private colleges. There is no age limit to enrol or obtain a higher education qualification in Kosovo.

Table 2.6: Number of children, pupils and students at all levels of education in the public and private sector 2021

Level	Private	Public	Total
University (5+6)	40,852	54,753	95,335
Special education (1+2+3)	0	246	246
Upper secondary (3)	3,645	70,742	74,387
Primary/Lower secondary Education (1+2)	5,796	223,868	229,664
Preschool Education (0)	6,983	24,196	31,179

Source: Kosovo Education Statistics 2012/2021, SMIA, MESTI/KAS

In addition, the NARIC Centre functions within the Ministry of Education, Science, Technology and Innovation, which makes higher education diplomas obtained outside Kosovo equivalent. Kosovo has not formally joined the Bologna process, while the application for formal admission was submitted in 2014. The legal basis harmonizes current educational practices with the priorities of the Bologna Group statements, especially regarding harmonization of certain provisions of the law with the Law and the National Framework for Qualifications and facilitating the recognition of prior learning and qualifications acquired in other countries through the NARIC Centre.

Kosovo Accreditation Agency (KAA) conducts external evaluation of higher education institutions at the institutional level and study programmes. Full implementation of the AI on Accreditation (the requirement for 1 PhD for every 60 ECTS, of the relevant area for the study programme) has brought about a significant

reduction of accredited study programmes because some institutions could not meet these criteria. The number of higher education institutions and study programmes has also dropped significantly.

In 2014 KAA became a member of ENQA, while in 2019 its status was reviewed. Now KAA has taken concrete actions to meet all the criteria for return to ENQA. The draft-law on KAA, currently in the adoption process, addresses all ENQA recommendations, such as institutional and financial independence, the establishment of mechanisms for raising and monitoring quality in higher education.

The Kosovo Accreditation Agency will be strengthened through the drafting of legal acts defining its institutional nature and responsibilities and also guaranteeing its independent status. Following the approval of the law concerning this agency, KAA will expand its activity in the area of quality assurance. This will initially be enabled through the increase of its competencies and responsibilities, which will be enabled with the entry into force of the Law on KAA. Consequently, KAA will start the monitoring process, whereby it will be ensured that HEIs continuously meet the criteria and quality standards. In addition, KAA will establish teams of local (internal) monitors, thus starting a new phase of delegation of responsibilities to its officials.

Regarding the developments in the **labour market**, due to the COVID-19 pandemic, which has gripped the Republic of Kosovo, the latest results of the Labour Force Survey are those for Q1 2021. According to this KAS report, two thirds of the population in Kosovo are of working age population. The working age population includes people from 15-64 years old. Within the working age population, the labour force participation rate is 39.5%. The employment rate in the Labour Force Survey (LFS) for the first quarter (Q1) 2021 is 29.3%.

The highest employment was among men (42.8%), while employment among women was 15.9%. Women are employed, mainly in the sectors of education, trade and health care, with 53.0%, while men are mainly employed in the sectors of construction, trade and manufacturing, with 43.1%.

Youth unemployment is very high in Kosovo. In the first quarter of 2021, young people in Kosovo were twice as likely to be unemployed compared to adults. Among persons aged 15-24 and in the labour force, 48.6% were unemployed.

The economic sectors leading with employment continue to be: trade by 16.8%; production by 12.4%; education by 11.1%; and construction by 9.4%. Other sectors participate with a lower percentage in employment. Regarding employees with contracts, it turns out that 44.0% of employees have an indefinite term contract in their main job, while 56.0% have a fixed-term contract.

According to LFS results, the unemployment rate in Q1 2021 is 25.8%. Unemployment is most pronounced among women with 29.7%, compared to men with 24.2%. The unemployment rate is mostly pronounced among the 15-24 age group with 48.6%. Inactive labour force is quite high, namely 60.5%, with a special focus on women with 77.3%, compared to men with 43.5%.

Physical capital and infrastructure quality

In the first half of 2021, total (private and public) investments increased significantly with an average increase of about 23.4%. This increase was mainly based on the growth of private investment, which is expected to have a positive trend in 2022. Public investments are also expected to have an accelerated dynamics of realization in this year. In the coming period, special emphasis will be given to investment clause through which the Government of the Republic of Kosovo intends to invest in major infrastructure projects to overcome structural challenges that have hindered the maximum use of the country's development potential. To enable inclusive economic growth, the Government has increased the space for capital expenditures at the municipal level.

Road infrastructure

Main objectives in this sector include the following: i) the integration of Kosovo in regional road network through the development of the roads 6 and 7 through the pan-European corridors, ii) decreasing the

transport expenses, and decreasing the traffic loads through new roads including transit roads around urban centres, iii) increasing the safety through horizontal and vertical signalization, improvement of road infrastructure quality and campaigns for traffic safety, and iv) maintenance and improvement of existing roads that enable good private and public transport service.

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

The Prishtina-Vermicë and Prishtina-Hani i Elezit highways provide important road connections with the two neighbouring countries of Albania and North Macedonia and the international corridors. Following the launch into operation of the R7 Highway sections, Morine - Gjurgjica (Link N9) Bresje - Besi, the Ministry of Infrastructure, in cooperation with WBIF (Western Balkan Investment Framework) and EIB, finalized the Completion of the Feasibility Study and Environmental Impact Study for the Besi - Merdarë section (border with Serbia). This project will last 14 months and is funded by WBIF (Western Balkan Investment Framework).

In cooperation with the Western Balkans Investment Framework (WBIF) and EBRD, a feasibility and environmental impact study for the Kijevo-Zahaq (32 Km) section has been completed and project development is on-going and is expected to take 12 months, and after completion of the implementation project efforts will continue in defining further steps of financing this project.

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

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

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

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

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

The Ministry of Environment, Spatial Planning and Infrastructure has developed the Multimodal Transport Sector Strategy 2015-2025 which also includes the railway sector. The strategy also takes into account the interoperability of the railway system, the safety and standards of the European

railway system, and the strategies developed under the Transport Community Establishment Treaty for the Western Balkan countries.

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

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

Air transport

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

The new terminal, inaugurated on 23 October 2013, is an investment of about EUR 100 million and it provides more comfort for passengers, first class services, as well as sufficient space and a relaxing social environment for passengers, men and women. The new terminal has a surface of 44,000 m², and a capacity enabling the reception of 4 million passengers a year. As part of the basic regional and international network, the goal is to expand and continuously increase the capacity of this airport.

Energy

Security of energy supply is a condition for economic development and increased welfare. Security of energy supply is conditioned by the economic development and increased welfare. Security of energy supply depends, among other things, on the state of energy production, transmission and distribution capacities. The Energy Strategy 2017-2026 defines the main objectives of the sector, including sustainable energy supply, development of energy capacities, development of natural gas infrastructure, targets for efficient and renewable energy production and integration into the regional energy market. Currently, the Government has initiated the drafting of a new energy strategy for the period up to 2031. Kosovo has secured its energy independence with the new Connection Agreement between KOSTT and ENTSO-E dated June 2020. Based on this, KOSTT operates as an independent regulatory zone within the AK Block (Albania-Kosovo) with the Republic of Albania, within the Synchronous Zone of Continental Europe. The allocation of interconnection capacities and the management of congestion of the interconnection network will take place within the structure of this block and no longer by EMS (Serbia), where the revenues from these activities will be collected by the Block, namely by KOSTT. This paved the way for KOSTT to integrate into the regional energy market, participate in the Albanian Energy Exchange (APEX) and put into operation the 400 kV line Kosovo-Albania. The full implementation of the Kosovo-Albania Regulatory Block Agreement was signed in Tirana, on 29.09.2020.

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

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

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

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

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

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

Currently, the burden of electricity generation falls on coal/Lignite-based power plants that cover about 96% of all electricity generation, while the rest is provided by power plants from renewable sources (mostly hydropower plants, mainly small ones) and from imports. According to ERO (Revised) Electricity and Thermal Energy Annual Balance for 2020, the total national production, including HPPs connected to Distribution and wind generators and solar panels, is estimated to be 6,210.8 GWh. Technical losses in the electricity distribution network according to ERO in 2020 were 12.56% of demand in distribution, while unauthorized energy consumption accounted for 12.84% of demand in distribution, of which unbilled energy in the four northern municipalities of Kosovo accounts for 6.8%.

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

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

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

Space heating in Kosovo is largely realized from biomass (mainly firewood). District heating sector in Kosovo consists of 4 district heating companies (Prishtina, Gjakova, Mitrovica and Zvecan). Prishtina District Heating, Termokos, is connected to the cogeneration system in TPP Kosova B. This has significantly affected the increase of the quality of supply of Prishtina's citizens with heat on the one hand and the reduction of environmental pollution on the other hand. The new biomass-based heating plant in Gjakova will provide high quality heating supply to 40% of citizens, enable the reduction of air pollution, and is expected to produce a certain amount of electricity. A feasibility study for the development of heating systems in several major cities of Kosovo is planned to be conducted through the WBIF platform.

The main institutions leading the energy sector are the following:

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

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

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

Electronic communications market

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

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

As in 2020, the downward trend of fixed telephony subscribers has continued even in 2021. Data on the fixed telephony penetration rate in Kosovo in Q2 2021 are 4.10%. Fixed telephony penetration rate in Kosovo continues to be very low compared to countries in the region, especially with EU countries.

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

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

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

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

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

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

The total number of mobile phone users at the end of the first quarter (Q2-2021) is 1,941,480 respectively 5.29% higher compared to the same period last year (Q2-2020). Whereas, compared to the previous quarter Q1-2021, the number of users is 1.70% lower.

The number of broadband fixed line internet lines up to Q2 2021 reported by the operators is given in the figure below and marks the figure of 380,806 internet subscribers. This shows an increase of 7,006 subscribers, or 1.87%, compared to Q1 2021, respectively an increase of 11.06% compared to Q2 2020. In addition, Internet penetration through fixed broadband Internet access for households is 128.2%, namely penetration of internet by inhabitants (per 100 inhabitants) turns out to be 20.97%. The number of users of mobile internet services (Mobile Broadband) or Internet access through 3G and 4G mobile network in the Q2 2021 period has reached 1,488,932 users, an increase of 1.03% compared to Q1 2021, namely an increase of about 16.75% compared to the same period of 2020.

Regarding the market distribution of internet services by users per operator, at the end of Q2 2021, Telecom of Kosovo had 6.79%, IPKO 27.51%, Kujtesa 23.70%, Artmotion 20.98% and others the rest. Regarding the division of the Internet services market by revenues per operator, at the end of Q2 2021, Telecom of Kosovo had 8.27%, IPKO 26.80%, Kujtesa 14.53%, Artmotion 27.94% and others the rest.

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

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

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

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

Sectorial and enterprise structure

The structure of enterprises by economic activities is dominated by the trade and services sectors. According to the results of the KAS Structural Business Survey for 2020¹⁰, it results that trade accounts for about 41.5% with 16,614 enterprises, followed by the service sector with 19.6% or 7,840 enterprises, processing (manufacturing) industry with 13.4% or 5 357 enterprises, or accommodation and food service activities by 9.8% or 3 915 enterprises, construction by 7.9% or 3 177 enterprises and other activities with relatively low share. In terms of employment, trade dominates with about 37.1% of employees, followed by the processing industry with 17.7%, construction with 11.4%, accommodation and food service activities with 8.2%; and other service activities with about 6.5%.

The total number of businesses registered with KBRA as of November 2021 is 9,854. Compared to the same period of 2020 (9,072), there are approximately 8.6% more businesses registered due to the easing of anti-COVID measures in early 2021 and measures taken by the government to support businesses. It is almost the same situation with the other categories. The number of businesses closed by November 2021 is 1,412,

¹⁰ <https://ask.rks-gov.net/sq/agjencia-e-statistikave-te-kosoves/add-news/anketa-strukture-e-ndermarrijeve-asn-2020>.

which is about 18% more than for the same period of the previous 2020 (1,196). The number of foreign-owned enterprises until November 2021 is 726 while in the same period of 2020 it was 528. The number of registered companies owned by women by November 2021 is 2,534, more than in the same period of 2020 (2,210).

Table 2.7: Number of registered businesses, 2014 – November 2021

Description	2014	2015	2016	2017	2018	2019	2020	November 2021
Registered	9,404	9,833	10,553	9,335	9,966	10,054	9,805	9,854
Closed	1,671	2,205	2,378	1,589	1,892	1,766	1,356	1,412
Owned by women	1,529	2,020	2,332	2,096	2,443	3,016	1,764	2,534

Source: Kosovo Business Registration Agency

Economic integration with EU and price competitiveness

During the period January-September 2021, Kosovo has a trade deficit that has reached about 2.8 billion euros. This trade deficit is still very high and results from exports and imports value mismatch. Export coverage by import has increased from 14% in 2020 to 16% in 2021 for the period January-September. For the period January-September 2021, trade in goods amounted to over 3.9 billion euros, which resulted in an increase of 1.2 billion euros compared to the same period a year ago. Exported goods amounted to 541.2 million euros, an increase of 209.5 million euros or 63% higher than in 2020 for the period January-September. In terms of imports, they amounted to 3.3 billion euros, the highest by 1 billion euros, namely an increase of 44% for the period January-September.

The composition of sectoral trade remains largely similar from year to year. Exports are not quite diversified. Their structure has remained unchanged for a long period of time. It is dominated by base metals and mineral products. In recent years there has been an upward trend of exports of beverages, plastic products, rubber, wood products, leather and some vegetable products. This has continued in 2021. Raw base metals, plastics and mineral products are the main exports, covering 51% of exports in general in 2021 for the period January-September.

During the period January-September 2021, there is a change in terms of products that dominated in Kosovar export goods. Based on the analysis of the structure of Kosovo's export goods, we have understood that the increase in value has been enabled again by ferro alloys / Nickel, the value of its export has exceeded 59.8 million euros as it was in 2020, reaching 73.7 million euros in 2021, or expressed in percentage, an increase of 23%. We have a significant increase in exports of goods belonging to the category furniture, beds, mattresses, specifically products such as mattresses. The value of goods exported included in Chapter 94 Furniture, Beds, Mattresses has increased from 29.9 million euros in 2020 to 99 million euros in 2021, with an increase of 231%.

Total imports were dominated by imports of petroleum oils, followed by vehicles, steel rods, medicines, cigarettes, etc. If we look at these, we can clearly see from the list of main products imported during 2021 that the list of imported goods has increased. (Petroleum oils + 111 million euros, vehicles +82 million euros, metal rods +26 million euros), etc.

Foreign trade of Kosovo with EU countries has reached the value of 1.4 billion euros, thus 43% of trade exchanges of Kosovo with EU countries has taken place in the period January – September 2021. With regards to the exports, a large part of the exported goods (after CEFTA) was exported to the EU countries, amounting to 175 million euros or 32.5% of total exports. However, we can consider that the most important countries for domestic exports: Germany, Italy, the Netherlands, etc.

Table 2.8: Trade balance with EU countries (in thousands)

Indicator/year	2020 January-September	2021 January-September	↑↓% 2021/2020
Export	118,752	175,752	48%
Import	1,082,382	1,485,743	37%
Trade balance	-963,594	-1,309,991	36%

In the period January – September 2021 there has been an increase of agricultural products exports towards the EU markets. The value of the agricultural products exported in 2021 is 22 million euros, an increase of 14% compared to 2020 for the same period.

Most exported products from the EU countries for the period January – September 2021 are the following: Ferro alloys in the amount of 50 million euros, propylene polymers in the amount of 10 million euros, etc.

Most imported products from EU countries for the period January – September 2021 are the following: Vehicles and other transport means in the amount of 200.5 million euros, petroleum oils in the amount of 137.4 million euros, electricity in the amount of 63.8 million euros, and cigars in the amount of EUR 47.1 million.

Kosovar goods exported to CEFTA countries reached the value of 83.7 million euros, covering 37.9% of total exports. The share of imports from CEFTA countries is 19% of total imports. The value of goods imported from CEFTA countries amounts to 631.8 million euros.

Kosovo's main trading partners in CEFTA countries remain Albania and Macedonia, where Albania is the most important destination for Kosovo's exports, covering 26.9% of total exports. The following table provides information on exports and the percentage of total exports from CEFTA countries.

Table 2.9: Kosovo exports to CEFTA countries

State	CEFTA's share in 2020	CEFTA's share in 2021	Total share in 2020	Total share in 2021
Albania	53.2%	40.8%	23.9%	15.5%
North Macedonia	20.2%	30.0%	9.1%	11.4%
Serbia	14.2%	15.8%	6.4%	6.0%
Montenegro	8.9%	8.9%	4.0%	3.4%
Bosnia and Hercegovina	3.6%	4.4%	1.6%	1.7%
Republic of Moldova	0.01%	0.01%	0.01%	0.01%
Total CEFTA	100.0%	100.0%	45.0%	37.9%

Most exported products from CEFTA countries for the period January-September 2021 are the following: Waste and iron scrap in the amount of 25.8 million euros, iron or steel pipes and hollow profiles in the amount of 25.1 million euros, waters, including mineral waters, in the amount of 10 million euros, etc.

Kosovo's main trading partners in CEFTA countries are Serbia and Albania as the most important destination for Kosovo's imports, covering 64% of total imports from CEFTA. Most imported products are the following: iron rods in the amount of 85.7 million euros, petroleum oils in the amount of 40.9 million euros, cement 38.2 in the amount of million euros, etc.

Kosovo's exports to other countries of the world amounted to 162 million euros for the period January-September 2021. The most important export partners from these countries were: Switzerland (7.4%), USA (14.2%).

Whereas, Kosovo's imports to other countries of the world reached 1.2 billion euros for the period January-September 2021. The countries with the highest share of imports in this group were: Turkey (12.4%) and China (9.3%).

Medium-term priority objectives:

- Reduction of energy consumption through energy efficiency measures by implementing these measures in public buildings, houses and apartment stores in 2022 and 2023;
- Further development of electricity generating capacities, including coal-based production capacities in order to meet increasing needs for electricity;
- Improving the environment for innovation and entrepreneurship, including increasing the financial and infrastructural support of innovation and entrepreneurship and building human capacity;

- Extension of ICT network infrastructure for socio-economic development, particularly extension of broadband infrastructure to areas not covered and digitalization of businesses.
- Improving business services by building human and technical capacities of KBRA One Stop Shops.
- Increasing cost-effectiveness of international trade transactions by simplifying and standardizing all formalities and procedures at the border, with the aim of aligning practices, in accordance with multilateral agreements.
- Aligning supply and demand through development of occupational standards and curriculum review;
- Promoting quality in vocational education and training based on labour market requirements;
- Increasing access of youth and women to the labour market by providing quality employment services, active employment measures and entrepreneurship;
- Improvement of social and health services through the functioning of the health insurance fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Medium-term Priority Objectives

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

Medium-term priority objectives in the area of approximation:

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

Medium-term priority objectives in the area of translation:

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

3.1. Acquis Chapter 1: Free Movement of Goods

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

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

Legislation of the new global approach covers low voltage devices (LVD), electromagnetic compatibility (EMC), toys, machinery, elevators, noise emissions from equipment for use outside facilities, emissions of pollutants from the engines of non-road mobile machineries, personal protective equipment (PPE), equipment and protective systems intended for use in explosive atmospheres (ATEX), medical equipment, gas equipment, vessels under pressure, cableway installations, construction products, handicrafts recreational requirements of eco-design for energy-related products (ErP), and radio equipment and telecommunications terminal (R & TTE). The old approach legislation covers the areas of motor vehicles and chemicals.¹¹

SAA Requirements

¹¹ Pharmaceuticals and cosmetics are covered in Chapter 28.

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

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

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

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

Requirements under other EU accession mechanisms

EC's Kosovo 2021 Report assesses that Kosovo needs to implement legislation on technical requirements for products and conformity assessment, strengthen capacity of quality infrastructure, and amend the Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).

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

State of Play

Legislative and Policy Framework

Horizontal issues

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

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

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

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

- Law No. 05/L-117 on Accreditation;
- Regulation No. 02/2018 on Professional Council. Professional Council is the advisory body of the Kosovo General Directorate of Accreditation (DAK);
- AI No. 04/2019 on Determining the Form, Content and Usage of the Kosovo General Accreditation Directorate Logo, Accreditation Symbol and Text Reference to Accreditation.
- AI No. 01/2021 on setting up tariffs and fees for accreditation and other services offered by DAK.

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

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

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

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

- Law No. 06/L-037 on Metrology;
- Regulation No. 06/2016 on Measuring Instruments
- Regulation No. 04/2018 on Non-Automatic Weighing Instruments;
- Regulation No. 03/2020 on Pre-packages;
- AI No. 04/2020 on Bottles as Measuring Containers;
- AI (GRK) No. 04/2020 on the Use of Legal Units of Measurement;
- Regulation No. 02/2021 on Legally Controlled Measuring Instruments;
- AI No. 14/2018 for Technical and Metrological Requirements for Measuring Transformers and Measuring Groups on Measuring Electricity;
- AI No. 02/2020 for Determining the Form, Content and Use of the Kosovo Metrology Agency Logo
- AI No. 03/2020 on the Amount and Procedure of Payment for Metrological Services
- Regulation No. 02/2020 on National Measurement Standards and Reference Materials
- Regulation No. 03/2020 on the Metrology Council;
- AI No. 04/2020 on Metrological Supervision.

These normative acts have transposed the following *acquis* acts:

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

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

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

New and global approach

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

The legislative framework in the area of Electromagnetic Compatibility (EMC) consists of the Law No. 04/L-041 on Technical Requirements for Products and Conformity Assessment represents the basis for Regulation No. 01/2017 on Electromagnetic Compatibility, which has partially transposed the Directive 2014/30/EU and its amendments. This Regulation will continue the implementation until its alignment with the new Law No. 06/L-041 on Technical Requirements for Products and Conformity Assessment.

The legislative framework in the area of toys safety consists of the Law No. 0/L-041 on Technical Requirements for Products and Conformity Assessment, which represents the basis for Regulation No. 02/2017 on Toys Safety, which partially transposes Directive 2009/48/EC and its amendments. This Regulation will continue implementation until it is aligned with the new Law No. 06/L-041 on Technical Requirements for Products and Conformity Assessment.

The legislative framework in the area of machinery consists of Law No. 06/L-041 on Technical Requirements for Products and Conformity Assessment, which is the basis for Regulation No. 02/2020 on Safety of Machinery, which partially transposes Directive 2006/42/EC on Machinery.

Legislative framework in the area of noise emissions from equipment used outside facilities consists of the Law No. 02/L-102 on Noise Protection and represents the basis for AI No. 08/2009 on Allowed Values of Noise Emissions from Pollution Sources, which partially transposes the Directive 2000/14/EC.

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

The legislative framework in the area of *Personal Protective Equipment (PPE)* consists of Law No. 06/L-041 on Technical Requirements for Products and Conformity Assessment, which is the basis for Regulation no. 01/2020 on Personal Protective Equipment, which partially transposes Regulation 2016/425/EU on Personal Protective Equipment.

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

The legislative framework in the *area of gas appliances and hot water boilers* consists of Law No. 06/L-041 on Technical Requirements for Products and Conformity Assessment, through Regulation 01/2021 on Gas Appliances, which partially transposes the EU Regulation 2016/426/EU on Appliances.

The legislative framework for the rules on the requirements for the efficiency of new boilers for heating water with liquid or gaseous fuels, consists of Law No. 046/L-041 on Technical Requirements for Products and Conformity Assessment. Directive 92/42/EEC will be transposed into technical regulations during 2023.

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

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

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

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

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

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

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

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

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

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

The following normative acts have transposed Directive 2001/83, Directive 2002/98, Directive 2003/63, Directive 2004/24, Directive 2004/27, Directive 2008/29, Directive 2009/53, Directive 2009/120, Regulation 726/2004, Regulation 1394/2007 – partially, Directive 2001/83, Directive 2011/62, Directive 2001/20, and Directive 2003/94 – partially.

Old approach

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

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

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

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

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

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

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

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

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

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

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

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

Procedural measures

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

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

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

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

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

- Directive 73/44/EEC;
- Directive 96/73/EC;
- Directive 2008/121/EC;

- Regulation (EU) No. 1007/2011 of the European Parliament and of the Council of 27 September 2011 on textile fibre names and related labelling and marking of the fibre composition of textile products.

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

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

Institutional Framework

Horizontal issues

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

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

New and global approach

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

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

Old approach

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

- Ministry of Environment, Spatial Planning and Infrastructure, respectively the Department of Vehicles. The competencies of the "approval authority" are performed by the Ministry of Environment, Spatial Planning and Infrastructure, while the competencies of the "technical services" are performed by private bodies authorized by the Ministry of Environment, Spatial Planning and Infrastructure. The Department of Vehicles within MESPI is the responsible authority to carry out the supervision of motor vehicles market (cars, buses, trucks, tractors) in the territory of Kosovo. Whereas, the Environment structures are responsible for Chemicals and Detergents, and are competent for the transposition of Regulation (EC) 1907/2006;
- Ministry of Industry, Entrepreneurship and Trade, in charge of transposition of EU legislation into national legislation as regards emissions of pollutants from engines of non-road mobile machineries;
- Ministry of Agriculture, Forestry and Rural Development, authority in charge of issuing legislation on fertilizers, while market surveillance is carried out by the Phytosanitary Inspectorate;

- Ministry of Health, authority in charge of legislation on drug precursors, while implementation is the responsibility of the Kosovo Medicines Agency (KMA). Market surveillance is carried out by the KMA and the Health Inspectorate.

Procedural measures

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

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

Donor Support

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

Within the IPA 2021/2022 Programme of the sector “Competitiveness and Innovation” is foreseen the project that will support MIET through human capacity building and support in the drafting and implementation of quality infrastructure legislation and market surveillance, in accordance with the EU requirements. The project is expected to start implementation in the second half of 2022.

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

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

Medium-term Priority Objectives

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

Horizontal measures:

- Adoption of bylaws for implementing the general inspection law, with emphasis on market surveillance;
- Full membership of KAD in EA, signing of MLA with EA;
- Full membership of the Metrology Agency in BIPM, OIML and Euramet;
- Organising awareness-raising activities for businesses regarding the role of quality infrastructure;
- Implementation of at least 20 awareness-raising activities for business on the role of the quality infrastructure;
- Conducting a survey on how well informed the business are about the quality infrastructure, including the SAA;
- Capacity building of the staff in charge of quality infrastructure.
- Transposition of EU Regulation 2019/1020 on Market Surveillance and Compliance of Products and EU Regulation 2019/515 on Mutual Recognition of Goods in primary legislation (Drafting of the new Law on Market Surveillance of Products).
- Implementation of the Programme for elimination of barriers in trade 2021-2025 (according to Articles 34-36 TFEU).

New and global approach

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

3.2. Acquis Chapter 2: Freedom of Movement for Workers

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

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

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

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

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

SAA Requirements

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

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

Requirements from other EU accession mechanisms

EC's Kosovo 2021 Report considers that Kosovo has partial development in the area of freedom of movement of workers. It states that the members of families of EU nationals are not eligible to work in Kosovo without work permit. In addition, the bilateral agreements already reached, as well as the negotiations started in this regard, are praised.

State of Play

Legislative Framework

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

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

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

- Directive 96/71/EC concerning the posting of workers in the framework of the provision of services and amending Regulation (EU) No. 1024/2012 on administrative cooperation through the Internal Market Information System ('the IMI Regulation').
- Directive 96/71 in 2014, which regulates in more detail the issue of the inspection of foreign workers and the process of international cooperation by the competent social security authorities of the countries from which the foreign workers are posted, namely foreign employers located in Kosovo for a certain time.
- The directive which regulates the inspection of foreign workers is Directive 2014/67/EU of the European Parliament and of the Council of 15 May 2014 on the enforcement of Directive 96/71/EC concerning the posting of workers in the framework of the provision of services and amending Regulation (EU) No. 1024/2012 on administrative cooperation through the Internal Market Information System ('the IMI Regulation') Text with EEA relevance.
- Regulation (EC) No. 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems.
- Regulation (EC) No. 987/2009 of the European Parliament and of the Council of 16 September 2009 laying down the procedure for implementing Regulation (EC) No. 883/2004 on the coordination of social security systems.

Institutional and framework includes the following institutions:

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

Medium-term Priority Objectives

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

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

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

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

In connection with the **freedom of establishment and freedom to provide services**, the Services Directive aims to facilitate the establishment and provision of services in other Member States and to provide cross-border services between Member States. Since the directive is a horizontal instrument covering a wide range of services, its implementation requires a combination of legislative, organisational and practical measures. The provisions of the directive to a considerable extent are based on case law of the European Court of Justice in the areas of freedom of establishment and provision of services and complement existing EU instruments. The Directive obliges Member States to create a 'single point of contact' and participate in an electronic information system¹² for information exchange and cooperation in the supervision of services between Member States.

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

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

SAA Requirements

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

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

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

Requirement of other EU accession mechanisms

¹² Internal Market Information System.

Regarding *Freedom to Provide Services*, EC's Kosovo 2021 Report states that Kosovo must remove the identified barriers to the freedom to provide services, by rolling out the action plan for the full implementation of the Law on services.

With regards to the *postal services*, EC's Kosovo 2021 Report requires the completion of alignment with EU *acquis* on postal services, including the Regulation on cross-border parcel delivery services.

In the area of *mutual recognition of professional qualifications*, EC's Kosovo 2021 Report states that Kosovo needs to align legislation with the EU *acquis* on the mutual recognition of professional qualifications. The report highlights that the Division for Regulated Professions within MESTI should be staffed and functionalized. In addition, the State Council for Regulated Professions should be functionalized.

The conclusions from the meeting of the Subcommittee on Internal Market, Competition and Consumer Protection and Health held in 2021 emphasize the need for Kosovo to approximate its legislation with that of the EU, to continue preparations for the establishment of the Single Point of Contact and develop the capacities of institutions dealing with services.

State of Play

Legislative and Policy Framework

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

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

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

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

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

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

Legislative and policy framework on postal services

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

- Law No. 06/L-038 on Postal Services;

- Regulation on the calculation of losses of the universal postal service provider;
- Regulation on the calculation of costs of the universal postal service provider;
- AI No. 2012/05 on Licencing of Private Operators.
- Regulation no. 41 on granting general authorization for provision of postal services,
- Regulation no. 44 for the provision of universal postal services,
- Regulation no. 23 on the quality standards of the universal postal service implementation,
- Regulation no. 11 on periodic statistical data on telecommunication and postal services.

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

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

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

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

- Law No. 05/L-066 on the Regulated Professions,
- AI No. 21/2018 “Duties and Responsibilities of the State Council on Regulated Professions” (approved);
- AI No. 18/2020 – “Criteria and Procedures on Obtaining the Right to Practice a Regulated Profession” (approved);
- AI No. 103/2020 Rules for the Functioning of the State Exam Commission, Compensation of its Members, as well as the Procedures and Manner of Conducting the State Exam, approved;
- AI “on Organization and Functioning of the Professional Body” (in the process of approval).

The above normative act has transposed the following *acquis* acts:

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

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

Institutional Framework

Right of establishment and the freedom to provide services

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

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

Postal services

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

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

Mutual recognition of professional qualifications

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

- Ministry of Education, Science, Technology and Innovation, respectively Division for Examination of Regulated Professions;
- National qualifications authorities.

Donor Support

Within the IPA 2021/2022 Programme of the sector “Competitiveness and Innovation” is foreseen the project that will support Kosovo in improving the internal market through human capacity building and support in the design and implementation of trade policies. The implementation of the project is expected to start in the second half of 2022.

The twinning project “Supporting the implementation of the EU Services Directive”, which aims to further support Kosovo's integration into the global economy and strengthen the role of the Kosovo administration in economic governance through effective regulatory functions, in accordance with the obligations of the Stabilization-Association Agreement. This project started in November 2020 and will provide support to the Department of Trade and the Legal Department.

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

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

Medium-term Priority Objectives

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

The right of establishment and freedom to provide services:

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

- The Law on Electronic Identification and Trusted Services in Electronic Transactions will be implemented.

Postal services:

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

Mutual recognition of professional qualifications:

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

3.4. Acquis Chapter 4: Free Movement of Capital

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

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

Acquis in this area also consists of Conventions No. 141 and No. 198¹³ of the Council of Europe and EU legislation on cooperation in the area of justice and police (including the Joint Action 98/699/JHA, Council Framework Decision 2001/500/JHA and the 2000 Protocol extending the powers of Europol in the area of money laundering). Similarly, the Council Decision 2000/642/JHA of 2000 establishes a framework of cooperation between the Financial Intelligence Units of EU countries.

SAA Requirements

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

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

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

¹³ This complements Convention 141 and is also ratified by the EU.

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

Requirement of other EU accession mechanisms

According to EC's Kosovo 2021 Report, the movement of capital remains largely free in Kosovo, with no restrictions on foreign ownership or investments in the financial sector. However, Kosovo is recommended to further align the payment legislation with the EU Payment Service Directive II.

CBK plans to further liberalize the payment services market by adapting the EU directive known as PSD2 within the law on the Payment System. Regarding the transposition of the PSD2 directive, the CBK supported by the World Bank team has established a working group to draft the new Law on payment services. The CBK team is expected to draft the new law during 2022.

In addition, CBK has developed a national strategy for retail payments 2021-2026, published in July 2021. It foresees for CBK to finalize transposing the relevant EU directives; continuously review the legal and regulatory framework of the country's retail payments market and encourages the use of innovative payment services and instruments. CBK aims to ensure progress in implementation of this strategy, increasing the adult account ownership ratio and the number of cashless payments per capita.

The legislative framework concerning the prevention of money laundering and terrorist financing has yet to be aligned with the EU *acquis*. It also emphasizes that the inter-institutional cooperation should be strengthened to ensure proper investigation and prosecution of criminal offences. Although initial steps were taken, the recommendations of the previous report remain valid.

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

The conclusions of the meeting of the Subcommittee on Internal Market, Competition and Consumer Protection 2021 call for increased efforts to combat economic and financial crime and to harmonize the Law on the prevention of money laundering and terrorist financing with the *acquis*.

The report and conclusions also underline that Kosovo needs to improve its awareness of the risks of money laundering/terrorist financing by certain non-financial businesses and professions and provide evidence through data on suspicious transaction reports received and legal prosecution, including investigations and sanctions by the authorities. In addition, the issue of beneficial owner identification and establishment of a Beneficiary Ownership register, including awareness-raising aimed at promoting an understanding of beneficial ownership beyond the direct holding of 25% or more shares in a company, needs to be efficiently addressed.

State of Play

Legislative and Policy Framework

Liberalization of capital movement

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

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

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

Payment system

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

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

Payment system

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

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

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

- CBK Strategic Plan, which foresees the following:
 - Amendment of the regulation related to the oversight of payment systems in accordance with international standards and best practices;
 - Supporting and further modernization of payment services and promotion of cooperation amongst the stakeholders of the national payment system;
 - Advancement of the role of CBK as a catalyst for progress in the area of payments in the Republic of Kosovo.
- Policies and Standards for the Supervision of Aligned Payment Systems according to CPSS-IOSCO Principles;

Prevention and combating of money laundering

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

- Law No. 05/L-096 on the Prevention of Money Laundering and Combating Terrorist Financing;
- AI MoF (FIU-K) No. 01/2021 for the beneficial owner for reporting entities
- AI on Politically Exposed Persons;
- CBK Regulation on Prevention of Money Laundering and Combating Terrorism;
- AI No. 01/2018 on Keeping Statistics on Prevention of Money Laundering and Combating Terrorism;
- AI MoF-No. 04/2018 on National Money Laundering and Terrorist Financing Risk Assessment;
- UA MoF (FIU-K) No. 02/2017 on Training on Preventing of Money Laundering and Combating Terrorist Financing;
- Regulation MoF (FIU-K) No. 01/2017 on the Compliance Function and the Suitable and Appropriate Criteria for the Compliance Officer;
- AI No. 01/2017 on the Exclusion of Certain transactions from Reporting;
- Guideline to the List of High-Risk Jurisdictions;
- AI MoF (FIU-K) No. 01/2020 on the Prevention and Detection of Money Laundering, Related Criminal Offenses and Terrorist Financing Online;
- Guidelines for reporting entities on the prevention of money laundering and terrorist financing, as well as COVID-19-related ML/TF risks;
- FIUAD Guide 70/2018 on High Risk and Monitoring Jurisdictions published by FATF.

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

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

Institutional Framework

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

Donor Support

Current and planned projects of bilateral donors

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

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

Medium-term Priority Objectives

In order to meet the obligations deriving from the SAA and other EU accession documents and mechanisms in the areas within the scope of Chapter 4, the focus for the period 2021-2026 will be on the following medium-term priority objectives:

Liberalization of capital movement:

- Strengthening the property rights system by adopting and implementing legislation in the area of property rights of foreign nationals, in particular EU nationals in line with the SAA.

Payment system:

- Adoption of the secondary legislation on Law No. 04/L-155 on Payment System for purposes of approximation with Directive No. 2015/2366 on payment services in the internal market.
- Drafting Strategy for the Development of Payment Systems in the Republic of Kosovo.
- Adoption of secondary legislation for the Payment System in order to ensure alignment with the Directive no. 2015/2366 on Payment Services in the Internal Market;
- Drafting of the Strategy for the Development of Payment Systems in the Republic of Kosovo;
- Advanced training on the EU Payment Services Directive known as PSD2;
- Training to build the oversight capacity of the CBK in the area of Payment System Oversight Standards based on the requirements arising from the ECB Regulation and the CPSS-IOSCO principles;
- Training on TIPS - fast payment system, known as Instant Payments;
- Risk assessment training for systemically important payment systems and payment systems oversight.

Prevention of money laundering and financing of terrorism:

- Transposition of Directive 2015/849 and Directive 2018/843 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing through the

amendment of Law No. 05/L-096 Prevention of Money Laundering and Combating Financing of Terrorism;

- Adoption of the Law on Implementation of Targeted International Financial Sanctions;
- Drafting and approval of the Law on the National Register of Beneficiary Owners;
- Improving the quality of information that the IUCN receives from reporting entities;
- 3rd National Money Laundering and Counter Terrorism Financing Risk Assessment;
- Kosovo's membership in Moneyval.
- Increase in the number of FIU staff;
- Provide specific instructions to reporting entities on how to prepare and conduct risk assessments;
- Strengthen the overall structure of the supervisory framework and develop supervision based on risk and on the most vulnerable sectors;
- Strengthen capabilities to identify beneficial ownership and limit abuse of legal entities and legal agreements for the purposes of AML/CFT;
- Review of AML/CFT risk assessment methodology and strengthen of risk assessment, risk management and strategic framework;
- Investigation and prosecution of terrorist financing;
- Capacity building for preventive measures against terrorist financing and on financial sanctions. .
- Implementation of the recommendations of the Kosovo Report on Conformity Assessment with international standards in preventing money laundering and combating terrorist financing (a total of 87 measures under 11 Immediate Results).

3.5. Acquis Chapter 5: Public Procurement

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

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

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

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

SAA Requirements

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

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

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

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

Requirements of other EU accession mechanisms

In the area of public procurement, EC's Kosovo 2021 Report and the conclusions of the Subcommittee on Internal Market, Competition Policy and Consumer Protection highlight the need of Kosovo for further approximation of public procurement legislation with the *Acquis*, including public-private partnerships and concessions, and ensure proper implementation of the Law on Public Procurement. Kosovo should also ensure that the board of the Procurement Review Body (PRB) is fully operational, and that staff capacity constraints are addressed. The EC report and conclusions of the Subcommittee also recommend that Kosovo increase the capacity of all public procurement institutions and their cooperation to ensure the continuous implementation of the public procurement regulatory framework.

In addition, according to the EC report, Kosovo has continued to successfully implement the e-procurement reform, where it has further advanced the e-procurement system by adding modules on contract management and evaluation to the system

Furthermore, the conclusions of the Subcommittee emphasize that the Draft-law on Public-Private Partnership to be harmonized with Directive 2014/23/EU should be consulted with SIGMA and the European Commission before being adopted, including exemptions based on international agreements. The Draft-law was consulted during the public consultation phase by the EU Office in Kosovo (EUSR), where general comments were received, including comments from SIGMA and the same after analysis were included in the Draft-law.

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

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

The conclusions of the Subcommittee further emphasize that the capacity development of procurement officers and economic operators to use the e-procurement platform, including training schemes and guidelines for contracting authorities, should be further improved to encourage the use of the 'most economically advantageous criterion'. 'Based on the concept of 'best price-quality ratio'. Using only the "lowest price" criterion in the production of supplies can lead to higher life cycle costs and poor-quality purchases. Finally, we recommend addressing the findings of the performance audit report conducted at the Central Procurement Agency.

State of Play

Legislative and Policy Framework

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

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

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

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

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

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

The PPRC has initiated the amendment of the Law on Public Procurement upon identification of the emerging needs. This amendment will incorporate the provisions of the new EU Procurement Directives, complete the basis for the proper functioning of the e-procurement platform, define opportunities for SMEs to participate in procurement activities, and eliminate all difficulties encountered during the implementation of the Law on Public Procurement in practice as well as to create more favourable conditions for the development of procurement procedures. The aim is to proceed the new law on public procurement for approval in the second quarter of 2022. The issuance of new bylaws for the implementation of the new Law on Public Procurement will be performed within a period of 6 months after the adoption of the law.

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

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

In order to enable better functioning of the electronic procurement platform, increase transparency in the area of public procurement and implement it more properly, three (3) amendments to the Public Procurement Rules and Guidelines and two amendments to Standard Form B58 and have been made as

well as AI No. 1/2019 on the actions of the PPRC and Contracting Authorities in public procurement procedures in case of obstacles in the functioning of the electronic platform of procurement.

Institutional Framework

Institutional framework in the area of public procurement

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

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

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

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

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

Public procurement reform

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

The PPRC, in view of increasing the use of the electronic procurement system by the economic operators, issued a decision in mid-2018, according to which bids may only be submitted electronically for all centralized procurements carried out by CPA starting from 5 July 2018, whereas bids may only be submitted electronically for all large value procurements published by all contracting authorities starting from 1 September 2018. Hereby, 98% of all procurement activities, including submission of bids, are implemented through the e-procurement platform (excluding contracts with a minimal value under EUR 1000). Whereas starting from August 2021, the procedures of contracts with minimum value (up to EUR 1000) are carried out using the e-procurement system, with the exception of those carried out by the educational institutions.

From June 2021, PPRC has developed and implemented the web-application for publication of open data in public procurement according to the OCDS (Open Contracting Data Standard) standard, and has published the web-application for use by all interested parties. Published procurement data are fully transparent, readable and available for use by all interested parties. The opening of public procurement data has resulted in the increase of transparency and have enabled and facilitated the work of rule of law bodies, such as the National Audit Office, the Anti-Corruption Agency and any stakeholders, which can access all documents from their offices.

Donor Support

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

Current and planned projects supported by IPA

- The reform of the public procurement system in Kosovo is widely supported by relevant projects funded by the EU and the World Bank.
- DAI USAID *“Transparent and Accountable Municipality - Component of Transparency and Accountability Municipality”* Project, which aims to improve administrative capacities in the area of public procurement in Kosovo and is expected to be completed by the end of 2021;
- The UK Embassy is supporting the Procurement Review Body with experts who will contribute to ensure that the PRB's decisions are properly justified and fully implemented. The project is foreseen to last until March 2020;
- Implementation of the project: Technical Assistance to support the implementation of Public Finance Management Reforms, funded by EU funds, commenced in January 2020;
- The project managed by the future Agency for European Integration within OPM (the former MEI) and the Government of Luxembourg, aimed at building institutional capacity for the public administration of Kosovo in meeting its SAA obligations.

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

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

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

The project Technical Assistance in the Context of European Integration implemented by the Office for Economic Criteria / Office of the Prime Minister and funded by the Government of Luxembourg, aims to develop institutional capacity in the public administration of Kosovo in fulfilling the obligations arising from the SAA. . Among other things, it is foreseen to develop the PPRC's capacities in administering the electronic procurement system, efficient monitoring of such activities as well as providing training in public procurement. Similarly, in early 2020, among other things, advanced training in the application of legal changes - in particular the transposition of EU Directives, IT security system training, and training in connection to concession contract awarding under the Public-Private Partnership - is also planned.

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

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

During 2022, among others, it is foreseen the development of the capacities of the 3 Central Public Procurement Bodies (PPRC, PRB, CPA) as well as the procurement officers of the contracting authorities in using the criterion for contract award, the criterion of the Most Economically Favourable Tender, according to EU Public Procurement Directives.

Medium-term Priority Objectives

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

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

3.6. Acquis Chapter 6: Company Law

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

In the area of **company law**, the Directive 2009/101/EC on coordination of safeguards which are required by the companies for the protection of the interests of members and third parties (formerly known as First Company Law Directive) contains requirements for mandatory disclosure. The Second Company Law Directive 2012/30/EU consist in the rules for the establishment of public companies with limited liability and their capital. The Eleventh Company Law Directive (89/666/EEEC) regulates disclosure requirements for branches opened in a Member State and governed by another country. The Twelfth Company Law Directive (2009/102/EC) requires Member States to recognize in their laws single-member limited liability

companies. Directive 2004/109/EC (Transparency Directive) requires alignment of transparency requirements for listed companies. Directive 2017/1132 has been adopted recently, codifying and replacing 6 Directives: 82/891/EEC, 89/666/EEC, 2005/56/EC, 2009/101/EC, 2011/35/EU, and 2012/30/EU.

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

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

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

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

SAA Requirements

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

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

Requirements of other EU accession mechanisms

EC's Kosovo 2021 Report states that Kosovo took concrete steps to implement the Law on business organisations. Kosovo has approved for the first time the Corporate Governance Code introducing the EU corporate governance principles and following the OECD principles. The report highlights the need to further strengthen the institutional audit oversight structures and the professional independence and objectivity of auditors and audit firms. However, it states the need for further alignment with EU company law *acquis*, especially in the implementation of sub-legal acts for the implementation of the Law on Business Organizations, including the area of shareholders rights.

The conclusions of the Subcommittee on Internal Market, Consumer Protection and Competition emphasize the need for future legislative initiatives to be aligned with the provisions of Directive EU/2017/1132 and to further align legislation with that of the EU in the areas where there are deficiencies or partial alignment in the Law on Business Organizations, including the minimum capital requirements, aspects of companies' and their branches' disclosure requirements, cross-border mergers, shareholder protection and company takeovers.

Regarding financial reporting and auditing, EC's Kosovo 2021 Report states that the new Law on Financial Reporting, Accounting and Auditing has already entered into force, and bylaws regarding the licensing of auditors and audit companies have been adopted. The report underlines the need that future initiatives to amend and supplement the Law should take into account the transposition of the *acquis* on the reporting of non-financial components of companies. The report also states that although the Public Oversight Board has been established, a sustainable financial solution has not yet been found which would enable the normal operation of the oversight structures.

The conclusions of the Subcommittee on Internal Market, Competition and Consumer Protection underline the need to provide adequate resources to exercise oversight powers, to conduct quality control inspections of professional associations, audit firms and statutory auditors, and to functionalize the software for obtaining and processing financial statements.

State of Play

Legislative and Policy Framework

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

- Law No. 06/L-016 on Business Organisations;
- AI No. 11/2018 on setting of taxation for services provided by the Business Registration Agency;
- AI (GRK) No. 01/2019 setting forth the requirements, conditions and procedures for the creation of the Unique Identification Number;
- AI No. 01/2020 on storing and using archive material in KBRA;
- AI No. 02/2020 on the Registration Procedure of the Official Name and Trade Name of Business Organizations;
- AI No. 03/2020 on the Manner and Procedure for Registration and Amendment of Data of Business Organizations in the KBRA;
- AI No. 14/2020 on the Deregistration of Businesses in KBRA;
- AI No. 05/2021 on Registration of the Representative Offices of the Foreign Business Organizations;
- Corporate Governance Code;
- AI No. 01/2021 on the Registration of the Business Organizations.

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

- Directive 2009/101/EC of the European Parliament and of the Council on coordination of safeguards which, for the protection of the interests of members and third parties, are required by Member States of companies within the meaning of the second paragraph of Article 48 of the Treaty, with a view to making such safeguards equivalent;
- Council Directive 89/666/EEC concerning disclosure requirements in respect of branches opened in a Member State by certain types of company governed by the law of another State
- Directive 2011/35/EU of the European Parliament and of the Council of 5 April 2011 concerning mergers of public limited liability companies;
- Sixth Council Directive 82/891/EEC based on Article 54 (3) (g) of the Treaty, concerning the division of public limited liability companies (hereinafter Directive 82/891/EEC);
- Directive 2005/56/EC of the European Parliament and of the Council of 26 October 2005 on cross-border mergers of limited liability companies;
- Directive 2012/17/EU of the European Parliament and of the Council of 13 June 2012, amending Council Directive 89/666/EEC and Directives 2005/56/EC and 2009/101/EC of the European Parliament and of the Council as regards the interconnection of central, commercial and companies' registers;
- Partially compliant with the 2012/30/EU of the European Parliament and of the Council of 25 October 2012 on coordination of safeguards which, for the protection of the interests of members and others, are required by Member States of companies within the meaning of the second

paragraph of Article 54 of the Treaty on the Functioning of the European Union, in respect of the formation of public limited liability companies and the maintenance and alteration of their capital, with a view to making such safeguards equivalent Directive 77/91/EEC on coordination of safeguards,

- Directive 78/855/EEC of 9 October 1978 based on Article 54 (3) (g) of the Treaty concerning mergers of public limited liability companies (joint stock companies);
- Directive 82/891/EEC of 17 December 1982 based on Article 54 (3) (g) of the Treaty, concerning the division of public limited liability companies (joint stock companies);
- Directive 89/667/EEC of 21 December 1989 on single-member private limited-liability companies
- Directive 2005/56/EC of the European Parliament and of the Council of 26 October 2005 on cross-border mergers of limited liability companies;
- Directive 89/666/EEC concerning disclosure requirements in respect of branches opened in a Member State by certain types of company governed by the law of another State.

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

- Strategic and Operational Plan 2021-2025;
- Other national and regional strategic documents.

Financial reporting and auditing:

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

It has transposed the following *acquis* acts:

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

Institutional Framework

Institutional framework in the area of Company law

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

Institutional framework in the area of financial reporting and auditing:

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

Donor Support

Current and planned bilateral donor projects

Technical Assistance in the Context of European Integration is a project implemented by the Office of the Prime Minister with financial support of the Government of Luxembourg, which aims to increase the institutional capacity of the Republic of Kosovo in implementing the priorities arising from the SAA.

Medium-term Priority Objectives

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

Company law:

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

Financial reporting and auditing:

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

3.7. Acquis Chapter 7: Intellectual Property Law

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

Government Programme 2017-2021; In the area of industrial property rights, the *acquis* establishes rules for the legal protection of trademarks, industrial designs, patents, geographical indications and origin designations as well as the protection of integrated circuit topography. Membership in the European Patent Convention and the European Patent Organization is important for the EU patent system.

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

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

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

Regarding the enforcement of the rights of intellectual and industrial property, EU legislation requires Member States to apply effective and proportional measures and penalties for counterfeiting and piracy of goods. It aims to establish equal treatment for holders of rights throughout the EU. Regulation (EC) No. 1383/2003 gives customs administrations an important role in preventing and stopping the flow of products that infringe industrial right or copyright. Implementation of the *acquis* in this area requires effective and adequate capacities and structures. There should be an institution that receives the

applications for protection in all areas of intellectual property. EU is a member of the World Trade Organisation, which administers the Agreement on Trade-Related Aspects of Intellectual Property Rights.

SAA Requirements

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

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

- Establish a system of intellectual property in Kosovo in conformity with international standards in the area of intellectual property;
- Pay attention to regional and international cooperation, because Kosovo is not a signatory to any international or regional agreements, likewise, it is not a member of any international and regional organisations in the area of intellectual property;
- Kosovo is obliged to draft legislation and policies in a way that will conform with National Treatment Principle, whereby Kosovo and the EU will give companies of each other treatment no less favourable than what they give to any third country under the Bilateral Agreements;
- Cooperate, in line with SAA Article 109, in the audio-visual area to promote the audio-visual industry in Europe, and support co-production in the areas of cinema and audio-visual media, where, under this Article, cooperation may include programmes and facilities for the training of journalists and professionals in the audio-visual media industry, as well as technical assistance to Kosovo's public and private media, aiming at strengthening their independence, professionalism and ties to the European media;
- Approximate its policies on regulating aspects of content of cross-border broadcasting with those of the EU;
- Align its legislation with the EU *acquis* in the area of the *acquisition* of intellectual property rights for programmes and broadcasts as well as ensure and strengthen the independence of the relevant regulatory authorities;
- Engage in the protection of Geographical Indications and Designations of Origin in accordance with Articles 2, 6, 7, 8 of the Agreement on the Reciprocal Recognition, Protection and Control of Wine, Alcoholic Beverages and Aromatized Wines names;
- Encourage cooperation in civil scientific research and technological development in accordance with Article 118 of the SAA, on the basis of mutual benefit and taking into account available resources, appropriate access to their respective programmes, conditioned by appropriate levels of efficient protection of intellectual, industrial and commercial property rights.

Requirements from other EU accession mechanisms

In the area of *copyright*, EC's Kosovo 2021 Report states the fact that Kosovo has approved the National Strategy for copyright and related rights. This strategy foresees the establishment of a division for promotion and education of copyright and of a division for collective management and supervision of collective management organisations, which are still pending. The report also states that a Commission has been established to set the tariffs for the use of copyright-protected materials and now the implementation of the Government decision, whereby the retransmission of audio-visual materials should be compensated to the copyright holders.

The conclusions of the Subcommittee on Internal Market, Consumer Protection and Competition require the Copyright Office to align its legislation with the relevant EU Directives, namely the Collective Rights Management Directive, and to take the necessary steps to guarantee the reimbursement of right holders.

On the other hand, on industrial property rights, EC's Kosovo 2021 Report states the drafting of the Draft-laws for trade secrets and topographies, but their adoption is still pending. On the other hand, the

implementing legislation addressing the restructuring and staffing needs of the Industrial Property Agency is still pending. The report highlights that the State Intellectual Property Council and Task Force against Piracy and Counterfeiting are the main bodies tasked with coordinating the enforcement, but no meeting has been held during the reporting period.

Conclusions of the Subcommittee on Internal Market, Consumer Protection and Competition require that the Industrial Property Agency continue to harmonize domestic legislation with that of the EU, especially in areas of trade secrets, trademarks, industrial designs, patents, and topographies. Based on the latter, it is required to amend the Law on Patents, the Law on Topographies of Integrated Circuits and the Law on Industrial Design, as well as to draft and adopt the Law on Trademarks and the Law on Trade Secrets, which is also mentioned in EC's Kosovo 2021 Report. It also emphasizes the need to adopt the Industrial Property Strategy and organize public awareness activities on the importance of industrial property.

In the horizontal aspect of the implementation of intellectual rights, EC's Kosovo 2021 Report states that there is a need to strengthen cooperation between the police, customs, and the market inspectorate. In this regard, it is also mentioned the need to obtain permission from the police, market inspectors before undertaking any investigative activity.

State of Play

Legislative and Policy Framework

Legislative and policy framework in the area of copyright consists of the following relevant normative acts:

- Law No. 04/L-065 on Copyright and Related Rights and the Law No. 05/L-047 amending the Law on Copyright and Related Rights;
- Amendment of Regulation No. 21/2018 on mediation in the area of copyright and related rights;
- Regulation No. 20/2018 on the right to special and reproductive compensation;
- Regulation No. 01/2018 on procedures of granting, respectively revoking the licence to associations for collective administration of copyright and related rights.
- Rules of Procedure of the Expert Commission on Agricultural Products and Foodstuffs.

These normative acts have transposed the following *acquis* acts:

- Directive 93/83/ECC on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission;
- Directive 2001/29/EC on alignment of certain aspects of copyright and related rights in the information society;
- Directive 2001/84/EC on the resale right for the benefit of the author of an original work of art;
- Directive 96/9/EC of 11 March 1996 on the legal protection of databases (OJ L 077, 27/03/1996);
- Directive 2006/115/EC on rental right and lending right and on certain rights related to copyright in the area of intellectual property;
- Directive 2009/24/EC on the legal protection of computer programmes;
- Directive 2011/77/EC aligning the term of protection of copyright and certain related rights (OJ L 265, 11/10/2011) amending Directive 2006/116/EC of 12 December 2006;
- Directive 2012/28/EC on certain permitted uses of orphan works (OJ L 299, 27/10/2012);
- Directive 2014/26/EU of the European Parliament and of the Council on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market (OJ L 84, 26/02/2014);
- Directive 2004/48/EC of the European Parliament and of the Council on the enforcement of intellectual property rights.

The Concept Document in the area of Copyright was approved in April 2021. This was followed up by the work for drafting the Draft-law on Copyright. In the framework of the policies in the area of copyright, in April 2021 entered into force the Decision No. 38/2021 for setting the general tariffs for the retransmission of audio-visual works exploitation of copyright-protected subjects. The implementation of the decision has started, but it is considered that there are still delays in the implementation of this decision by cable

operators as users of protected subject. With regards to the implementation of copyright and fight against the physical and digital piracy, the Task Force against Piracy has established points of contact with the responsible officers in 7 main regions for combating piracy and counterfeited goods. Points of contact, in addition to the purpose for the exchange of information aimed at implementing the law and combating the piracy, will also serve for the training and specialization of officers responsible for developing knowledge for investigation and identification of networks that violate the intellectual property rights, namely copyright.

Legislative and policy framework in the area of industrial property consists of the following relevant normative acts:

- Law No. 04/L-029 on Patents;
- Law No. 04/L-026 on Trademarks;
- Law No. 05/L-058 on Industrial Design;
- Law No. 05/L-051 on Geographical Indications and Designations of Origin;
- Law No. 06/L-015 on Customs Measures for Protection of Intellectual Property Rights;
- Law on Market Inspectorate;
- Law No. 03/L-165 On Determining the Rights and Protection of Topographies of Integrated Circuits
- AI No. 09/2018 On Determining Symbols for Geographical Indications, Designation of Origin and Guaranteed Traditional Specialties
- AI No. 06/2018 On Authorized Representatives In The area Of Industrial Property
- AI No. 02/2017 On The Responsibilities, Mandate And Work Of The Appealing Committee Under The Industrial Property Agency
- AI No. 14/2016 On Trademark Registration
- AI No. 13/2016 For On The Procedure For Registration Of Patents
- AI No. 12/2016 On Registration Of The Industrial Design
- AI No. 11/2016 On Registration Procedure Of Geographical Indications And Designations Of Origin
- AI No. 10/2016 On Administrative Fees For Industrial Property Facilities
- Regulation (MTI) No. 01/2020 on the Rules of Procedure of the Expert Commission on Agricultural Products and Foodstuffs.

These normative acts have transposed the following *acquis* acts:

- Regulation (EC) No. 1610/96 of the European Parliament and of the Council concerning the creation of a supplementary protection certificate for plant protection products,
- Regulation (EC) No. 816/2006 on compulsory licensing of patents relating to the manufacture of pharmaceutical products for export to countries with public health problems.
- Directive 98/44/EC of the European Parliament and of the Council on the legal protection of biotechnological inventions;
- Regulation (EC) No. 469/2009 of the European Parliament and of the Council concerning the supplementary protection certificate for medicinal products;
- Regulation (EC) No. 469/2009 of the European Parliament and of the Council concerning the supplementary protection certificate for medicinal products.
- Directive 2008/95/EC of the European Parliament and of the Council to approximate the laws of the Member States relating to trademarks;
- Directive 2004/48/EC of the European Parliament and of the Council on the enforcement of intellectual property rights;
- Directive 98/71/EC of the European Parliament and of the Council on legal protection of designs
- Regulation (EU) No. 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs;
- Council Regulation (EC) No. 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs;

- Regulation (EU) No. 608/2013.

Institutional Framework

Copyright

- Ministry of Culture, Youth and Sport / Office on Copyright and Related Rights.

Industrial property

- Ministry of Industry, Entrepreneurship and Trade/Industrial Property Agency.

Intellectual property law

- Kosovo Customs;
- Market Inspectorate;
- Kosovo Police: Economic Crime Unit and Cybercrime Unit.

Donor Support

Kosovo institutions are supported by the European Commission (through IPA) and other bilateral donors with the projects summarized as follows.

Current and planned IPA projects

EU Support for Intellectual Property Rights in Kosovo: The purpose of this project, which started in 2019, is to support the Industrial Property Agency in drafting legislation and policies, administrative and structural capacity building of the institutions in charge of enforcement of intellectual property rights in Kosovo and raising awareness in the private sector.

Technical assistance in the context of European integration is a project implemented by the Office of the Prime Minister, with the financial support of the Luxembourg Government, aimed at building the institutional capacities of the Republic of Kosovo in the implementation of priorities deriving from the SAA.

This project, expected to commence in 2019, will provide support to the Office on the Copyright and the Industrial Property Agency.

Medium-term Priority Objectives

In order to fulfil the obligations deriving from the SAA and the other EU accession documents and mechanisms in the areas within the scope of Chapter 7, the focus over the period 2022-2026 will be in the following medium-term priorities:

Copyright and Related Rights:

In the medium term, the main priorities to be implemented in the legislative area are the following:

- New Law on Copyright and Related Rights - Concept Document on Copyright has been approved, the working group established within the MCYS is in the process of drafting a new law with the consolidation of the latest amendments in a single law;
- Issuance of sub-legal acts in accordance with the new Law on Copyright.

In the medium term, the main priorities to be implemented in the area of implementation are the following:

- Efforts to ensure the implementation of appropriate collective licensing agreements in order to guarantee the re-enrolment of right holders will continue;
- Raising the awareness of rights holders regarding the importance of the establishment of new Collective Copyright Management Associations;
- Raising the awareness of copyright holders on the importance and benefits of collective rights management (with particular emphasis on publishers' awareness-raising activities);
- Promoting the importance of collective rights management to authors;
- Effective cooperation between the Task Force against Piracy with points of contact established to combat piracy in the 7 main regions, increasing knowledge to combat various forms of piracy, especially the digital one;

- Building capacities in the fight against physical piracy and with a special focus on digital piracy;

Industrial property:

- Alignment with the *acquis* will continue, especially with regard to trademarks, trade secrets, patents and industrial design;
- Work will be done on the implementation of the Industrial Property Rights Directive;
- Increase of human resources at the Agency for Industrial Property, establish the Division of Promotion and Legal Division;
- Capacity building of staff in intellectual property institutions and intellectual property rights enforcement institutions;
- Concrete steps will be taken to increase the capacity and coordination of policy-making institutions and law enforcement agencies - in particular the effectiveness of the IP Task Force and State Council - to enforce intellectual, industrial and commercial property rights and to combat counterfeit goods and piracy. As a result, joint implementation reports will be prepared
- Intensify the inter-institutional cooperation with implementing institutions and policy-making institutions in the area of industrial property;
- Raising awareness of SMEs on the importance of protecting industrial property;
- In addition to public events and business meetings, promotion of IPRs should also be done through information media, where target audiences would also be citizens. The aim of such campaigns would be to raise awareness among consumers not to use counterfeit goods, which among other things pose a risk to health;
- Membership in international and European organisations (WIPO and EPO).

3.8. Acquis Chapter 8: Competition Policy

Competition Policy include anti-trust and state aid control policies. The chapter contains legislation, rules and procedures for non-competitive behaviour of undertakings such as prohibited agreements between undertakings and abuse of dominant position in the market. It also includes analysis of the merger of undertakings and the government's preventive function in providing state aid that distorts competition in the market. EU competition law derives from the Treaty on the Functioning of the EU (TFEU), more specifically, Article 37 which regulates state monopolies of a commercial character, Articles 101 to 105 relating to rules applicable to undertakings, Article 106 on public undertakings and undertakings with special or exclusive rights and Articles 107-109 of the Treaty relating to the rules applicable to state aid.

SAA Requirements

The Stabilisation and Association Agreement, on the other hand, explicitly imposes a set of obligations for Kosovo, included in Title VI, namely Articles 74 and 75 of the SAA.

Under the SAA, in the area of competition policy, Kosovo must implement competition rules and gradually align its legislation with EU legislation starting from the entry into force of the agreement (Articles 74 and 75 of the SAA). Furthermore, Article 75 "Competition and other Provisions" defines the responsibilities of the Competition Authority and provides the framework for the functioning of the agreement on trade between the EU and Kosovo in all agreements between undertakings, decisions by associations of undertakings and concerted practices between undertakings that prevent, restrict or distort competition.

The Agreement impacts on gradual approximation of the legislation of Kosovo with the *acquis*, its effective implementation, and ensures appropriate monitoring and transparency mechanisms compatible with the EU rules. In essence, this is related to:

- Cartels and Agreements between undertakings;
- Abuse with a dominant position; and
- Mergers, acquisitions (of one company from another) in the relevant Kosovo market.

The SAA provisions related to the State Aid (Articles 75.1 – 75.7) require Kosovo to not provide any state aid which distorts or threatens to distort competition by favouring certain undertakings or certain products

insofar as they may affect trade between the EU and Kosovo. Kosovo shall gradually approximate its legislation with the EU's legislation, and establish an operationally independent authority which will have the legal powers necessary to control the state aid.

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

- Adopt the legislation on state aid and ensure that an operationally independent authority is entrusted with the powers necessary for the state aid grants and recoveries;
- Apply the EU rules on the state aids, including exemptions in the block, *de minimis* aid, services of the general economic interest, and the transparency rules for public enterprises;
- Establish an inventory of state aid schemes that exist prior to the entry into force of the law (existing aid schemes) within a period of three years from the entry into force of the Agreement;
- Ensure alignment of state aid schemes within 3 years as of entry into force of the Agreement;
- To draw up a "regional state aid map" which is related to the GDP per capita figures aligned at NUTS II level within four years from the entry into force of the Agreement and to jointly discuss with the European Commission for the needs of alignment with EU rules on regional state aid. In the meantime, for the purposes of the limits of regional aids, the entire territory of Kosovo shall be treated as the less developed regions; and
- To report to the European Commission on yearly basis related to the state aids in Kosovo through an annual report after entry into force of the SAA.
- SAA provisions on state aid emphasize the importance of putting in place legislation compatible with the EU rules and of the establishment of monitoring and transparency mechanisms.

Requirements from other EU accession mechanisms

In the area of *competition*, EC's Kosovo 2021 Report states that the domestic legislation is partially in line with the EU competition *acquis*. In this regard, the need for Kosovo to approve the necessary legislation for the protection of competition in order to address the gaps which hinder the proper implementation of competition rules. The report further requires from the institutional institutions to ensure the functional capacity and operational independence of the competition and state aid authorities and increase inter-institutional cooperation and coordination, including ministries, regulators and judiciary.

Regarding *State Aid*, EC's Kosovo 2021 Report *recognizes* progress in harmonizing domestic legislation with that of the EU. The report notes that beyond the progress made in appointing members of the State Aid Commission, its capacity remains limited. The conclusions of the Subcommittee on Internal Market, Consumer Protection and Competition of 2021 require:

- Adoption of secondary legislation, Regulation on Regional Assistance and Regulation on Horizontal Assistance, Services of General Economic Interest.
- Continue further with the follow-up of cases and the implementation of state aid control.
- Continue with the building capacities and budget of the State Aid Department, in accordance with the requirements of the Law on State Aid.
- Hold professional trainings for state aid staff, staff of grant-receiving institutions as well as prosecutors and judges.
- Establishment of an effective platform for cooperation between the State Aid Commission and the State Aid Department as well as aid providers, in order to meet the obligations of the SAA on state aid.

In the area of Competition, the conclusions of the Subcommittee on Internal Market, Consumer Protection and Competition 2021 require:

- Further alignment with EU *acquis*,
- Strengthen the administrative capacity of the Competition Authority in Kosovo to conduct investigations.
- Take steps to ensure that the principles set out in the TFEU apply to publicly-owned enterprises and enterprises for which special and exclusive rights have been granted, before 1 April 2019, in accordance with the provisions of Article 76 of the SAA.

- Continue to raise awareness so that stakeholders and public staff, especially judges, better understand Competition Policy through training and advocacy
- Revise the legislation on vehicle homologation (AI No. 2/2018, Law on Vehicles in November 2020) in order to be harmonized with the Professional Opinion of the Kosovo Competition Authority and the EU best practices and eliminate non-tariff barriers. New Legislation concerning the homologation of vehicles has been adopted, which has been influenced by the Professional Opinion issued by the Kosovo Competition Authority;

State of Play

Legislative and Policy Framework

Competition

The legislative framework in this area is regulated by the Law No. 03/L-229 on Protection of Competition as amended by the 2014 Law No. 04/L-226. *This law defines rules and measures for the protection of free and effective competition in the market, the competences and organisation of the Authority for the Protection of Competition and the procedures for enforcing this law.*

In May 2018, a working group was established to amend the Law on Protection of Competition. Among the main reasons for amending the law is the further approximation with the European legislation. In addition, collision within the law itself has been noted, and there is a need to change the percentage of dominant position.

During 2019, the draft concept document for the law on protection of competition was completed through all the procedures provided and was approved by the Government. During 2020, the Kosovo Competition Authority has finalized the Draft-law on Competition, while during 2021 it was approved by the Government, passed in the Parliamentary Committee and is expected to be approved by the Assembly.

Bylaws for the implementation of the basic Law on Competition consists of 13 secondary legislative acts. Bylaws partially transposing the EU legislation includes:

- AI No. 05-2012 on Terms and Conditions for Assigning Small Value Agreements;
- AI No. 06-2012 on the Manner of Presenting and Ascertaining Concentration of Enterprises;
- AI No. 07-2012 on the Criteria for the Release from or Reduction of Administrative Measure;
- Regulation No. 01-2017 on Investigation Procedures of the Kosovo Competition Authority;
- AI No. 02/2017 on Group Exemption of Horizontal Agreements between Entrepreneurs;
- AI No. 03/2017 on Group Exemptions of Vertical Agreements between Entrepreneurs;
- AI No. 04/2017 on Group Exemptions of Agreements in the Sector of Transport;
- AI No. 05/2017 on Group Exemptions of Agreements in the Sector of Insurance;
- AI No. 06/2017 on Group Exemption of the Agreement on Motor Vehicle Distribution and Service;
- AI No. 01/2018 on the criteria for imposing administrative sanctions;
- AI No. 02/2018 on the manner of defining the relevant market;
- Regulation No. 01/2019 on Categories of Specialization Agreements;
- Regulation No. 02/2019 on Some Categories of Research and Development Agreements.

These normative acts have transposed the following *acquis* acts:

- Articles 101-105 of the TFEU;
- Commission Notice on agreements of minor importance which do not appreciably restrict competition under Article 81(1) (now Article 101) of the Treaty establishing the European Community (*de minimis*) (OJ/C 368/13 of 22 December 2001);
- Some elements of the request and criteria for merger/concentration defined in Commission Regulation No. 802/2004 implementing Council Regulation No. 139/2004 on the control of concentrations between undertakings;

- Commission Regulation (EC) No. 773/2004 of 7 April 2004 relating to the conduct of proceedings by the Commission in accordance with Articles 81 and 82 of the EC Treaty as amended by Regulation No. 2015/1348;
- Commission Regulation (EC) No. 1217/2010;
- Commission Regulation (EC) No. 1218/2010.

The Kosovo Competition Authority has signed a Memorandum of Understanding with the Tax Administration of Kosovo (TAK), whereby the parties are committed to deepen cooperation in several important aspects related to the work and mandate of both institutions. - Kosovo Competition Authority has signed a memorandum of cooperation with “University of Business and Technology UBT” and University “Haxhi Zeka”.

State Aid

The basic legislation regulating this area consists of the Law No. 05/L-100 on State Aid which entered into force in January 2017. The law established the basis for the development of the state aid system, principles and procedures for granting state aid. Furthermore, the law contains basic definitions including the definition of state aid and establishes the mechanism and framework for state aid control. It also establishes the basis for the establishment of a comprehensive state aid inventory and the reporting system.

Regarding the secondary legislation, these are the existing regulations:

- Regulation on Procedures and forms of State Aid Notification, which is revised and drafted according to the new Law on State Aid. This Regulation partially transposes Commission Regulation (EC) No 794/2004 of 21 April 2004 implementing Council Regulation (EC) No 659/1999 laying down detailed rules for the application of Article 93 of the EC Treaty.
- Regulation on the State Aid Commission was approved in 2019. While the rules of organization and functioning of the State Aid Commission including duties and responsibilities are regulated by Regulation No. 01/2013 of the Ministry of Finance on Organization and Functioning of the State Aid Commission.
- Regulation de minimis - The proposal for drafting a regulation for de minimis assistance was made in accordance with the work plan of the Ministry of Finance for 2019 and the Legislative Programme of the Government of the Republic of Kosovo for the implementation of the SAA. Furthermore, this Regulation is drafted in accordance with the Law No. 05/L-100 on State Aid, whereby the drafting of sub-legal acts is determined, and in accordance with Commission Regulation (EU) No. 1407/2013 of 18 December 2013 on the implementation of Articles 107 and 108 of the Treaty on the Functioning of the European Union on de minimis assistance. This regulation sets out the criteria, scope and procedures for granting de minimis assistance. The total amount of de minimis assistance granted to a single enterprise must not exceed the limits set out in the regulations for a period of three (3) fiscal years. The provisions of this regulation apply only to the assistance, which can be pre-calculated accurately to the value of the ex-ante equivalent of gross aid, without having to carry out a risk assessment (transparent aid), as provided for in the Law No. 05/L-100 on State Aid.
- The Regulation on the Treatment of Compensation for the Provision of Services of General Economic Interest (SGEI) is in line with the EU Commission Decision No. 2012/21/EU of 20 December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest; EU Framework for State Aid in the form of public service obligation compensation; and EU Commission Regulation No. 360/2012 of 25 April 2012 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid granted to undertakings providing services of general economic interest.

In the first part of 2021, the Concept Document for state aid was finalized and approved by the Government. The concept reviews the key aspects of state aid policy and proposes certain changes in order

to further align and improve state aid control. Based on this, the review of the law on State Aid was initiated. The Draft-law is expected to be finalized and approved during 2022.

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

- KCA - Strategy for Implementation of European Reforms, it represents the two main tasks of the Authority that are part of the implementation of the European Reform Agenda (ERA) and the SAA for the scope of the Kosovo Competition Authority, which are the following:
- Strengthening internal procedures and capacities of KCA: The Kosovo Competition Authority, in addition to identifying monopolies, will also identify other commercial undertakings that have significant relevant market power, where the Authority will make appropriate recommendations based on the Law on Protection of Competition. If the Kosovo Competition Authority identifies, during this research, any anti-competitive behaviour by the undertakings in the respective markets, the Authority will exercise its legal powers and will act promptly in accordance with the provisions of the Law on Protection of Competition.
- KCA has researched and identified monopolies in Kosovo in 14 markets (telecommunications, transportation, gambling, energy, media and cinematographic productions, mining, insurance, procurement, waste, petroleum products, banks, water supply, pharmaceuticals, and fiscal equipment), and the Monopoly Research Report in the Republic of Kosovo (on the state of play of monopolies and recommendations) has been shared with the Government, Parliament and the European Commission. Based on its findings, the Authority has taken concrete steps in some of the markets investigated.

Institutional Framework

Competition

Pursuant to the Law on Protection of Competition, the Kosovo Competition Authority (KCA) is the main institution for the prevention and prohibition of anti-competitive practices including prohibited agreements, abuse of dominant position, concentrations or the sale and purchase of shares in the undertaking, and aspects of advocacy in the area of competition. The Authority has the powers to initiate investigative procedures, oversee the market and propose measures to restore competition in cases of obstruction, restriction or disruption of the competition in the market.

The term of the Kosovo Competition Commission expired in June 2021; a new Commission needs to be appointed and approved as soon as possible.

State Aid

The institutional framework consists of the State Aid Commission and the State Aid Department. After receiving the information and analysis, SAD drafts the evaluation report and submits it to the State Aid Commission (SAC) for decision-making, drafts the annual report for the Department, controls the aid at the national level, compiles the de minimis aid register and the general register, compiles the Inventory of aids and harmonizes them with the state aid rules, creates the regional map and annually updates it with data, and drafts secondary legislation. So far, DSA has handled 34 cases, of which 23 are decisions, 3 decisions during 2019 (6 cases have been handled), 19 decisions during 2020 (28 cases have been handled, of which 3 opinions from DSA and 19 decisions from SAC), 1 decision during 2021 (4 cases pending in SAC for decision, and 10 cases are in the process of evaluation in DSA).

The Department has seven (7) employees, the Director, two Heads of Divisions and 4 officials. So far, SAD has drafted 15 evaluation reports and submitted them to SAC. SAC was inquorate from September 2021 until March 2022, when its mandate expired entirely. A new SAC needs to be in place as soon as possible.

Donor Support

The Kosovo Institutions are supported by the European Commission (through IPA) and by other bilateral donors with the projects summarized as follows.

Current and planned bilateral donor projects:

- The EU Project under IPA II 2014-2020 for “*Technical Assistance to Support the Competition Authority and the State Aid Commission* (State Aid Department) is launched in 2019 and will last until 2021, with a total cost of EUR 3 million.
- The UK Embassy project backed the Competition Authority for professional capacity building.
- *Technical assistance in the context of European Integration* is a project implemented by the Office of the Prime Minister with the financial support of the Government of Luxembourg, which aims to build the institutional capacity of the Republic of Kosovo in implementing the priorities deriving from the SAA.
- This project, launched in 2019, is providing support to the Kosovo Competition Authority and State Aid Department.

Medium-term Priority Objectives

Competition:

- Drafting bylaws deriving from the new Law on Competition;
- Further approximation with the EU *Acquis*;
- Reaching Memorandums of Understanding with relevant institutions;
- Developing a strategy to raise awareness of competition policy;
- Organizing workshops with Courts, Business Associations, Lawyers and Civil Society;
- Institutional and human capacity building, including capacities for ex-ante analysis and ex-post evaluation, professional training programmes of Competition Authority staff.

State Aid:

- Further approximation of the national legislation with that of the EU, i.e. transposition of Commission Regulation (EC) No. 794/2004 of 21 April 2004 implementing Council Regulation (EC) No. 659/1999 laying down detailed rules for the application of Article 93 of the EC Treaty;
- Development of other secondary legislation
- Drafting and approval of the Draft Regulation on sectorial assistance.
- Delivery of awareness-raising activities for state aid institutions and trainings for SAD staff
- Finalization of state aid schemes inventory and alignment of the schemes with SAA requirements;
- Development of the information system for monitoring state aid;

3.9. Acquis Chapter 9: Financial Services

The *acquis* in the area of financial services includes rules for the authorisation, operation and supervision of financial institutions in the areas of banking, insurance, pensions, investment services and securities markets, and in relation to the infrastructure of the financial market. The new European System of Financial Supervision (ESFS) has entered into force in January 2011. This system consists of a network of national supervisory financial authorities working together with three new European Supervisory Authorities (ESAs), the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA), and the European Insurance and Occupational Pensions Authority (EIOPA). Besides this, the European Systemic Risk Board (ESRB) has been established to monitor and assess potential threats towards financial stability that may arise due to macro-economic developments and from general developments in the financial system.

In the area of **banks and financial conglomerates**, the *acquis* sets out the requirements for the authorization, operation and prudential supervision of credit institutions and the requirements concerning the calculation of the capital of credit institutions and investment firms. Current directives related to the capital requirements, which translate international standards of Basel II into the EU's law, were superseded in 2014 by a package based on Basel III accords. The *acquis* in this sector also lays down rules relating to the supervision of financial conglomerates, as well as the taking up, the pursuit and prudential supervision of the business of electronic money institutions. The *acquis* establishes rules relating to the annual consolidated accounts of banks and other financial institutions.

In the area of **insurance and occupational pensions**, some Directives establish rules concerning the authorization, operation and supervision of life and non-life insurance, and reinsurance of enterprises. The *acquis* establishes rules for the supervision of supplementary group insurance. Special provisions exist in the non-life sector for co-insurance, tourist assistance, and credit insurance and legal expenses insurance. This includes a cautious regulatory framework for reinsurance activities in the EU aimed at removing obstacles to achieve business reinsurance.

In the area of **securities markets and investment services**, Directive 2004/39/EC on markets in financial instruments (MiFID), along with its changes and implementing measures, determines a full regulatory regime which covers authorization, operation and supervision of investment firms and regulated markets. As regards the financial market infrastructure, the *acquis* aims to remove obstacles in the trade zones by increasing the efficiency of market infrastructure and promoting financial stability.

Finally, the *acquis* has a comprehensive regulatory and supervisory framework for alternative investments, capital and social funds, increasing transparency towards investors and public authorities.

SAA Requirements

Within the SAA, Chapter 9 Financial Services provides for obligations of the Central Bank of Kosovo (CBK) in the area of financial services, namely, in relation to the establishment and freedom of providing banking, insurance and other financial services, and the approximation and implementation of legal and regulatory framework (namely, Articles 50, 96 and Annex 6 of the SAA), with the EU legislation, the Statute of European Central Bank and the European System of Central Banks.

Requirements from other EU accession mechanisms

Based on EC's Kosovo 2021 Report, Kosovo is moderately prepared in the area of financial services. Some progress has been made in terms of implementing the Solvency I framework and developing a roadmap for implementing the Solvency II measures. As the recommendations in the previous report were not fully addressed, in the coming year Kosovo needs the following in particular:

- Functionalizing the Non-Executive Governing Board of the Central Bank;
- Continuing the implementation of the roadmap for the implementation of Solvency II measures and enhancing the supervisory role in the insurance sector;
- Further advance in implementation of the Basel III framework and review the legal framework governing microfinance institutions and non-banking financial institutions in accordance with the best practices;
- Take immediate action to address the issue of uninsured, unregistered vehicles.

From the 2021 Subcommittee call for full implementation of the Solvency I measures and the finalization of the roadmap for the implementation of the Solvency 2 measures. In addition, the approval of the Law on Banks and the Draft-law on Microfinance and Nonbanking Financial Institutions is required by the end of 2021. CBK should establish an independent settlement function within it as well as continue increasing its supervisory role in the insurance industry.

On **banks and financial conglomerates**, in March 2017, the Central Bank of Kosovo signed a memorandum of understanding with the European Banking Authority establishing a framework for cooperation and information exchange and on the European Single Supervisory Mechanism. On 26.11.2018, the Central Bank signed a memorandum of understanding with the European Central Bank. The legislation on microfinance institutions and nonbanking financial institutions is undergoing approximation with the EU *acquis*, Law on accounting, financial reporting, which depends on the adoption of the Law on MI and NBFI, which have been processed several times; however, it has not been adopted yet.

In the case of **insurance and occupational pensions**, the Solvency I measures must be fully implemented and a map for the implementation of the Solvency II measures has been prepared. The insurance law is aligned with the EU *acquis* on the exercise and pursuit of the business of insurance, reinsurance and insurance mediation. The oversight and supervision of occupational pension funds needs to be improved.

Some progress was made on improving the transparency of insurance services, namely by publishing annual audit reports online, but additional efforts are still needed to increase the conditions for granting licences to new insurance companies. Stronger inter-institutional coordination is required to address the issue of non-insured, non-registered vehicles. Due to Kosovo's inability to partake in the 'green card' system, vehicle insurance continues to be required for foreign-registered vehicles entering Kosovo and for vehicles with Kosovo registration plates leaving Kosovo. This is not the case for countries with which Kosovo has bilateral vehicle insurance arrangements.

On **securities markets and investment services**, the Central Bank auctions government securities and maintains records, which are stored and processed electronically.

State of Play

Legislative Framework

In relation to the **banking sector**, legal and regulatory framework on licencing, regulation and supervision of banks in the Republic of Kosovo includes:

- Law No. 05/L-150 amending the Law No. 03/L-209 on Central Bank of the Republic of Kosovo (hereinafter the Law on CBK);
- Law No. 04/L-093 on Banks, Microfinance Institutions and Non-banking Financial Institutions (Official Gazette of the Republic of Kosovo, No. 11/ 11 May 2012) (hereinafter the Law on Banks);
- Law No. 04/L-155 on Payment System (hereinafter the Law on Payment System).

During 2019, a working group within the CBK drafted the new draft banking law, supported by the relevant experts from the US Treasury, IMF and EBRD. The draft law is in accordance with the EU Directives and best international banking standards.

In the beginning of 2022, the Ministry of Finance initiated the establishment of working group for further processing the draft law on banks, and the CBK already sent the names of their representatives. According to the government legislative program, the draft law on banks is scheduled to be approved by the government by September 2022.

In the framework of the existing legislation, the following presents the secondary legislation (rules, regulations and instructions) issued by the CBK based on and through implementing the above laws (Law on CBK, Law on Banks and Law on Payment System), addressing licensing, organization, operation, risk management requirements and prudential supervision requirements of banks, microfinance institutions and non-banking financial institutions. This framework for the regulation and supervision of banks is based on the Basic Principles of the Basel Committee and the Basel II and III Standards.

During 2021, the regulation on the Liquidity Coverage Ratio (LCR) and the Regulation on the Net Sustainable Financing Ratio (NSFR) were finalized. The said regulations are expected to be approved by the decision-making bodies of the CBK after completion of the CBK Board. The drafting of these Regulations is done in accordance with EU Regulation 2015/61 on the liquidity coverage requirement of 10 October 2014, EU Regulation 2018/1620 on supplementing regulation 2015/61 on liquidity coverage requirement of 13 July 2018, as well as EU Regulation 2019/876 on the Net Sustainable Financing Indicator.

In addition, during 2021, the Regulation on Risk and Transfer of Kosovo was drafted, which is expected to be finalized during 2022, and the Regulation on Liquidity Risk Management was revised, whereby the same was supplemented in order to be in accordance with the Basel Committee's Principles for Sound Liquidity Risk Management and Supervision, and it is expected to be finalized and approved during 2022.

Other applicable regulations stemming from the Law on Banks are listed below:

- Bank Directors and Senior Managers;
- Regulation on bank capital adequacy;
- Bank External Audit;
- Mergers and Acquisitions of Banks;
- Capital Equivalency Deposit for Branches of Foreign Banks;

- Regulation on large exposures;
- Opening and Closing Inside and Outside the Republic of Kosovo of Branch Offices and Subsidiaries of Banks;
- Opening of a Representative Office inside and outside the Republic of Kosovo;
- Regulation on guarantee instruments and agreements between the licensed financial institutions and Kosovo credit guarantee fund;
- Internal Control and Internal Audit of Banks;
- Regulation on Residential Mortgages Lending;
- Limits to Holdings of Real Estate and Movable Property;
- Regulation on minimum security requirements;
- Regulation on letter of credit and bank guarantee;
- Regulation on issuance of licensing or registration certificates for financial institutions;
- Consolidated Supervision of Banking Groups;
- Regulation on emergency liquidity assistance;
- Operational Risk Management;
- Liquidity Risk Management;
- Regulation on management of interest rate risk in banking book;
- Minimum Reserve Requirements;
- Changes in Capital Accounts;
- Effective Interest Rate and Bank Disclosure Requirements;
- Publication of Information by the Banks;
- Regulation on use of external credit assessments for the purpose of calculation of regulatory capital;
- Regulation on corporate governance of banks;
- Regulation on the application of international financial standard 9;
- Regulation on non-performing exposures and forbearance;
- Regulation on credit risk management;
- Regulation on the internal capital adequacy assessment process for banks;
- Regulation on the repurchase of securities with the Central Bank of the Republic of Kosovo;
- Regulation on transactions to bank-related persons and exposures to bank employees;
- Regulation on the leverage ratio;
- Foreign Exchange Risk;
- Regulation on distribution of loan assets for banks;
- Regulation on safe deposit box;
- Regulation on payment system operators;
- Regulation on electronic payment instruments;
- International payments;
- Regulation on reporting payment instruments statistics;
- Register of Bank Account Holders;
- Regulation on electronic payment instruments;
- Regulation on the Interbank Payment System;
- Regulation on Bank Account Standard Numbering System.
- Regulation on Intraday and Overnight Lending
- Regulation on Licensing of Banks and Branches of Foreign Banks
- Regulation on Reporting of Banks
- Regulations on Information Technology for Banks
- Methodological Instruction on Reporting of Banks
- Methodological Instruction on Reporting of Leverage Indicator
- Methodological Instruction on Capital Adequacy
- Instruction on Loan Restructuring Due to COVID-19

The Law on Banks and regulations mentioned above have established the legal basis for adopting the requirements of Directive 2006/48/EC of the European Parliament and the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions and Directive 2006/49/EC of the European Parliament and the Council of 14 June 2006 on the capital adequacy of investment firms and credit institutions, which were superseded in 2013 by the adoption of Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV) and Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms (CRR).

CBK is in the process of revising the current Law on Banks, Microfinance Institutions and Non-banking Financial Institutions, with the purpose to draft a new Law that will apply only to banks. With the revision of the existing Law, in particular, it has been worked on Chapters X and XI in order to ensure that these chapters comply with the Directive 2014/59/EU of the European Parliament and the Council or "BRRD".

Regarding the **Deposit Insurance Fund**, the same was established in 2011 under the Law No. 03/L-216 on the Establishment of a Deposit Insurance System for Financial Institutions in Kosovo as amended by the Law No. 04/L-133 amending the Law No. 03/L-216 on the Establishment of a Deposit Insurance System for Financial Institutions in Kosovo. This law regulates the insurance of deposits of natural and legal persons, the establishment, governance, and authority of the Deposit Insurance Fund of Kosovo.

The Deposit Insurance System ("SSD") was established as a development project in the framework of bilateral German-Kosovan cooperation, whereby the Tripartite Financing and Project Agreement was signed in 2011 between the Government of Kosovo (through MoF), the German Government (through KfW) and DIFK (as the Project Execution Agency) for establishing a deposit insurance system in Kosovo through a donation contribution to the FSD in a total amount of 15.5 million, out of which 11 million were granted by the Government of Kosovo (through MoF) while the German Government (through KfW) has provided EUR 4.5 million on capital contribution and 0.5 million in associated advisory services. The third instalment paid by the Government of Kosovo (through MoF) in the amount of EUR 2.9 million was financed by IDA's loan (via WB). In support of the increase of the insurance limit to 5,000 from 01.01.2018, DIFK has received an additional contribution from the German Government (through KfW) in the amount of EUR 2 million in 2013. This three-year project was concluded in July 2015.

Main features of the DIS in Kosovo are the following: independence of the deposit insurance agency, mandatory membership of all institutions receiving deposits, "upfront" financing ("ex-ante"), differential premiums system, insurance coverage of natural and legal persons, limited amount of deposit insurance, deposit insurance rule: for a depositor, for every bank, the targeted DIF level, conservative investment policy.

Regarding the Deposit Insurance System, the legislative framework includes the following acts:

- Law No. 03/L-216 on the Establishment of a Deposit Insurance System for Financial Institutions in Kosovo as amended by Law No. 04/L-133 amending the Law No. 03/L-216 which regulates the ensuring of deposits of natural and legal persons and the establishment, governance and authorizations of the Deposit Insurance Fund of Kosovo;
- Law No. 03/L-216 on the Establishment of a Deposit Insurance System for Financial Institutions in Kosovo;
- Law No. 04/L-133 amending the Law No. 03/L-216 on the Establishment of a Deposit Insurance System for Financial Institutions in Kosovo.

Under the existing legislation, the bylaws is presented also in the following (rules, regulations and guidelines) issued by DIFK based on and in compliance with the above mentioned laws that address the obligations of member banks related to the insurance of natural and legal persons deposits, requirements on the structure and format of data to be submitted by member banks for the accurate and rapid determination of the insured deposits, calculation and collection of initial and on-going premiums, information of member clients, etc. This regulatory framework has been complemented in 2013-2016:

- Regulation on the participation of member banks in DCS testing and submission of data in required format and specification to determine insured deposits;
- Rule on the quarterly reporting by members on deposits and depositor's overdue liabilities to the deposit insurance fund of Kosovo;
- Rule on calculation and collection of on-going and initial premiums;
- Rule on Administrative Sanctions for members of the Deposit Insurance Fund;
- Rule on informing the clients of members DIFK- amended;
- Rule on selection process and selection criteria for pay-out agent bank;
- Rule on emergency funding;
- Regulation on compensation procedures of insured deposits;
- Rule for the general procedure for consultation with stakeholders;
- Investment guidelines of the deposit insurance fund of Kosovo;
- Public awareness policy;
- Guide for depositors on the compensation process of insured deposits.

In relation to insurances, the legal and regulatory framework for licencing, regulation and supervision of insurances in the Republic of Kosovo includes:

- Law No. 03/L-209 on the Central Bank of the Republic of Kosovo;
- Law No. 04/L-018 on Compulsory Motor Liability Insurance (hereinafter referred to as Law on Motor Liability Insurance);
- Law No. 05/L-045 on Insurances, which has repealed Regulation No. 2001/25 on Licencing, Supervision and Regulation of Insurance Companies and Insurance Intermediaries (hereinafter referred to as Regulation No. 2001/25).

The Law No. 04/L-018 on Compulsory Motor Liability Insurance and related regulations for its implementation are partially in compliance with the Directive 2009/103/EC of the European Parliament and the Council, dated 16 September 2009, relating to insurance against civil liability in respect of the use of motor vehicles, and the enforcement of the obligation to insure against such liability.

In order to harmonize and approximate the legislation in the area of insurance with European Directives, at the beginning of 2016, Law No. 05/L-045 on Insurance, approved by the Assembly of the Republic of Kosovo, repealing the Regulation No. 2001/25 on licensing, supervision and regulation of insurance companies and insurance intermediaries (hereinafter Regulation No. 2001/25) which has been in force. This law is partially aligned with the European Directive 2009/138 EC of the European Parliament and the Council dated 25 November 2009 on the taking up and the pursuit of the business of insurance and re-insurance (Solvency II) and the European Directive 2002/92/EC of the European Parliament and the Council dated 9 December 2002 on Insurance Intermediaries. This Law sets the basis for further approximation with the EU *acquis*. The abovementioned Law defines principles and basic rules for licencing, regulation and supervision of insurers, re-insurers, insurance intermediaries and other relevant entities, so that the insurance industry in the Republic of Kosovo can operate in a safe, stable and transparent manner in protection of the rights and interests of women and men policy holders. All legal acts (regulations) issued under Regulation 2001/25 have remained in force as long as they are not in contravention of the Law on Insurance. The reviewing process of all the regulations has started aiming the full alignment of regulations with the requirements of the Law on Insurance, whereby several regulations have been issued so far.

The process of reviewing all regulations has commenced, aiming at full harmonization of the regulations with the requirements of the Law on Insurance, resulting in the issuance of several regulations as follows.

- Regulation on calculation of the minimum solvency margins, capital adequacy and guarantee fund for non-life insurers;
- Regulation on insurance actuaries;
- Regulation on the external audit of insurers, insurance intermediaries, claim handlers and the Kosovo insurance bureau;

- Regulation on mergers and acquisitions;
- Regulation on delegation of functions;
- Deposit of assets as a guarantee, capital adequacy, financial reporting, etc;
- Regulation on establishing and closing insurers' branches and subsidiaries within Kosovo and abroad;
- Regulation on the opening of representative offices by foreign insurers in the republic of Kosovo;
- Regulation on investment of assets covering technical and mathematical provisions and investment of charter capital for insurers;
- Regulation on internal controls and internal audit of the insurance;
- General conditions of motor liability insurance policy;
- Regulation on risk retention and reinsurance coverage requirements;
- Procedures on handling complaints for motor liability insurance damage compensation;
- Regulation on arbitration tribunal procedures;
- Regulation on publication of information by insurers;
- Regulation on determination of the criteria for the assessment of non-material damages covered by motor liability insurance;
- Regulation on reporting of insurers to the CBK;
- Regulation on consolidated supervision of groups of insurers;
- Regulation on financing and calculation of compensation fund;
- Regulation on the licensing of insurance claim handlers;
- Regulation on insurers' liquidation;
- Regulation for sale of compulsory motor liability insurance and management of insurers' expenses;
- Standards on reporting and oversight of Kosovo insurance bureau;
- Regulation on premium's structure insurance;
- Regulation on calculation and retention of technical and mathematical provisions for non-life and life insurers.

The following regulations have been approved during 2021:

- Regulation on Insurer Liquidity Risk Management;
- Regulation on Insurers' Operational Risk Management;
- Regulation on Related Persons.

These regulations and rules are partially aligned with the EU directives in the area of insurance, which regulate issues such as non-life insurance, life insurance, insurance intermediation, compulsory motor liability insurance, prudential risk management requirements, minimum capital requirements, and other issues of importance in the area of insurance, in a continuous effort to align the legislation in the area of insurance with the EU *acquis*, as was mentioned above.

With regard to pensions, the Law on CBK defines pension funds as financial institutions. Therefore, this law establishes the exclusive competence of the CBK to license, regulate and supervise Kosovo Pension Funds.

The legal and regulatory framework for licencing, regulating and supervising the pension funds in the Republic of Kosovo includes the Law No. 04/L-101 on Pension Funds of Kosovo (Law on Pension Funds) and CBK Regulations on Pension Funds.

Law No. 04/L-101 on Pension Funds and relevant regulations for its implementation are partially in compliance with the EU Directive 2003/41/EC of the European Parliament and the Council dated 3 June 2003 on the activities and supervision of institutions for occupational retirement provision, which set the basis for full alignment with requirements of this directive.

At the end of 2015, the revision of the Law No. 04/L-101 on Pension Funds of Kosovo (Law on Pension Funds) has started, and in September 2016 it underwent the first reading in the Assembly of the Republic of Kosovo. The amendment of the Law in question was adopted and published in January 2017.

Regulations adopted under the Law on CBK and the Law on Pension Funds: the regulatory framework for the regulation and supervision of pensions after the entry into force of the Law on Pension Funds, are the following:

- Regulation on the establishment of the supplementary individual pension by pension providers;
- Reports and information requested by the Kosovo Pension Savings;
- Regulation on investment of pension assets;
- Regulation on internal controls and internal auditing of pension funds;
- Regulation on licensing of pension fund asset managers;
- Regulation on Licensing of Individual Supplementary Pension Providers;
- Regulation on Individual Accounts of Participants;
- Rule on the custodian of pension assets;
- Regulation on pension assets and valuation of pension assets;
- Regulation on individual savings pension payment
- Regulation on defining the conditions and criteria for withdrawal of funds from KPST by participants with permanent emigration;
- Regulation on reporting of supplementary pension funds;
- Regulation on Kosovo Pension Savings Fund reporting
- Regulation on funding and actuarial valuation of defined benefit pensions;
- Regulation on licensing of supplementary employer pension funds;
- Regulation on asset managers of pension assets;
- Regulation on pension benefits by supplementary individual pensions;
- Regulation for the establishment of the supplementary employer pension fund;
- Regulation on the Amount of Pension Contributions.Regulation on Keeping Notes in Pension Funds and Pension Providers was approved.

In the area of *financial market*, the domestic debt market has been developed so far by issuing Government of Kosovo securities, which operates through the electronic platform for trading securities. This activity is realized through the organisation of auctions announced by the Government of the Republic of Kosovo and is managed by the Central Bank of the Republic of *Kosovo*. The organisation of government securities auctions is based on the system of primary actors (commercial banks), whereby physical and legal persons can participate in the market through the primary stakeholders mentioned above.

The first issuance of securities of the Government of Kosovo was conducted on January 17, 2012, whereby one instrument with 3 months maturity was issued, and the process continued by issuing 6 and 12 months maturity instruments. Apart from treasury bills, bonds with maturity period of 2, 3, 5, 7, and 10 years are also issued.

The market of securities of the Republic of Kosovo is regulated by the Law 04/L-175 on Public Debt, applicable since November 2009, as well as by the bylaws, Regulation MoF-CBK No. 01/2014 for the primary and secondary market of Government Securities of the Republic of Kosovo, adopted in 2012 (amended in 2014).

On 25 April 2019, the Executive Board approved Regulation on the repurchase of securities with the CBK. This Regulation defines the terms and conditions to be fulfilled regarding collateralized lending by the Government of Kosovo through the Central Securities Depository System (CSD) by executing a repurchase agreement with the Central Bank of the Republic of Kosovo. This lending is intended to assist member banks in managing their liquidity efficiently in the short-term.

Among the strategic goals is also the **provision of efficient and quality interbank systems for transferring funds and securities**, which implies further advancement of the Central Securities Depository - CSD,

Electronic Trading Platform – ETP, and the engagement in establishing a modern interbank money and capital market system.

Institutional and Policy Framework

Pursuant to Articles 11 and 140 of the Constitution and according to the provisions of the related law, the Central Bank of the Republic of Kosovo (CBK) is a public legal entity. CBK is the key participating and regulatory institution in the financial system of the Republic of Kosovo and has administrative, financial and management independence and autonomy. CBK activity is provided by its decision-making bodies and its staff.

Kosovo Pension Savings Trust (KPST) is an independent public institution established by the Assembly of the Republic of Kosovo. The general activity of KPST is regulated by the Assembly of Kosovo and supervised by the Central Bank of Kosovo (CBK). KPST is created based on the model of defined pension contribution, which means that each contributor saves for pension in a personal account. KPST is an institution established in December 2001 and its activity was launched in August 2002 with a primary task to administer and manage mandatory (and voluntary) pension contributions of the employed persons in Kosovo.

The powers and responsibilities of the KPST over administering the pension funds are vested pursuant to Law No. 04/L-101 on Kosovo Pension Funds (Article 5.1), through its Board of Directors, including the rights relating to pension funds (Article 5.2). KPST has its main and sole office in Prishtina, while other services relating to contributors and beneficiaries are also carried out in six other centres of the Tax Administration of Kosovo (TAK), such as: Mitrovica, Peja, Gjakova, Prizren, Ferizaj and Gjilan.

The Kosovo Insurance Bureau was established on 07 August 2011 by ten insurance companies licensed to operate in the Republic of Kosovo, based on Law No. 04/L-018 on Compulsory Motor Liability Insurance. The Kosovo Insurance Bureau is a professional organisation with legal entity capacity, established for non-profit purposes. The Government of the Republic of Kosovo recognizes the institutional status of the National Insurance Bureau with unrestricted rights, in the capacity of a payment and treatment bureau, guaranteeing the implementation of all obligations stipulated under the international insurance card system. The Bureau is funded by its members and its activity is supervised by the Central Bank of Kosovo. Within the Kosovo Insurance Bureau operate the Compensation Fund, Border Insurance, Insurance Information Centre and the Green Card.

Donor Support

CBK is supported by the project implemented by the Government of Kosovo and supported by the Norwegian Government, which intends supporting Kosovo's public administration in implementing the SAA and increasing its readiness for EU membership in several chapters, including statistics. This project will strengthen the institutional capacities of Kosovo's public administration, specifically in the chapter of Financial Services by providing specialized training on the content of requirements and requirements deriving from EU, transposing *Acquis* acts into national legislation, and policy-relevant forms.

Medium-term Priority Objectives

Legislative priorities

Banking sector:

- Adaptation of the requirements for the Liquidity Coverage Ratio and the Net Sustainable Financing Ratio;
- Adaptation of the requirements for the Internal Liquidity Adequacy Assessment Process
- Adoption of the risk liquidity

The standards in question are part of Directive 2013/36/EU, Regulation (EU) No. 575/2013 of the EU, EU Regulation 2015/61 on liquidity coverage requirement dated 10 October 2014, EU Regulation 2018/1620 to supplement Regulation 2015/61 on liquidity coverage requirement dated 13 July 2018, and EU

Regulation 2019/876, thus the standards are part of the EU *Acquis* and are envisaged for adoption for the full approximation of legislation regarding the area of banking supervision in the framework of full compliance with the requirements provided by the SAA, respectively Article 96 and its Annex 6 pertaining to financial services.

Implementing priorities

- Capacity building of the staff (training or bilateral visit to regulatory authorities) regarding the implementation of ILAAP
- Capacity building of the staff (training or bilateral visit to regulatory authorities) with the aim of harmonizing CBK regulations with the Regulations, Directives and new Basel Standards.

Insurance sector:

- Further approximation of the insurance regulations in Kosovo with the relevant European Directives. Existing regulations will be subject to amended in order to implement the Law on Insurance.
- Training and qualification of insurance supervision staff in the application of Solvency II standards;
- Commencement of the implementation of solvency (Solvency II);
- Trainings for the preparation and implementation of IFRS 17 (2022-2023);
- Guideline on the Implementation of IFRS 17;
- Staff training (amendment and adaptation of regulations and supervisory procedures and staff training);
- Development of specific methodologies related to the prevention and addressing of challenges faced by institutions with unsatisfactory performance in the insurance sector.

Pensions sector:

- The CBK regulatory framework in the area of pensions will be amended in line with the requirements of the Law on Pension Funds and the EU *acquis* in the area of pensions. At the request of civil society organisations dealing with gender equality, gender mainstreaming should be ensured in this process, in accordance with the Law on Gender Equality.
- Review of the on-site manual for supervision of pension funds on risk-based approach
- Drafting guidelines for setting parameters/standards for evaluating the performance of pension funds.
- Drafting guidelines for risk management of supplementary pension funds
- Training and qualification of pension supervision staff in the application of IOPS standards and basic principles;
- Training of staff in the area of consolidated pension supervision;
- Analysis and adaptation of best practices of EU countries in the area of protection of participants and beneficiaries in/from pension funds.

Banking sector:

- Training and qualification of the bank supervision staff on application of the Basel Capital Framework standards and the International Financial Reporting Standards. Training related to these two points, including technical assistance, is done in cooperation with the IMF under the FSSR;
- Analysis and adoption of best practices of the EU countries in the area of customer protection;
- Capacity building for administering the emergency situations in the event of crisis and resolution of troubled banks.

Implementing priorities

- Regulation of counterparty credit risk adjustment;
- Development of banking regulations for cybercrime risk;
- Development of 'climate finance' in the banking sector.
- Development of regulations for ILAAP

- Training of staff on ILAAP
- Training of staff on securitization
- Training of staff on bank recovery and resolution (recovery and resolution framework);
- Training of staff on Basel III Standards.

Deposit Insurance Fund:

- Advance collaboration with safety net partners and strengthen cooperation with stakeholders in the financial sector;
- Increase of public awareness through continued and effective communication;
- Advance differential premium system and reporting by member banks.

3.10. Acquis Chapter 10: Information Society and Media

This chapter covers electronic communication, information society services and audio-visual policy by which the European regulations promote and encourage competition, development and a more comprehensive approach to modern services and technologies, with particular emphasis on the interests of end users. In the area of electronic communications, the EU *acquis* aims to implement the objectives specified in Law No. 04/L-109 on Electronic Communications, Electronic Communication Sector Policy – Digital Agenda for Kosovo, as well as in the EU Regulatory Framework for provision of broadband services, safety of electronic communications networks and services, by promoting and protecting effective competition through the implementation of adequate mechanisms which guarantee the protection of competition and the provision of appropriate and appropriate services throughout the territory of the Republic of Kosovo.

The main issues that are covered in the area of electronic communications are the following: the provision of high-speed broadband services within the shortest time possible, with high security and reasonable prices for consumers, provision of universal services, planning and the evaluation of frequency bands of special economic importance as well as the security of electronic communications networks and services. Main issues in the area of information society services include the following: information security, e-governance, e-health., e-signature, e-commerce and public sector. Main issues in the area of audio-visual policy are the following: audio-visual media services, public services for radio emission, minors' protection, film heritage and cultural diversity.

SAA Requirements

The relevant SAA provision are part of Chapter VIII, Article 101, on cooperation in the area of information society, mainly supports the gradual approximation of Kosovo's policies and legislation with that of the EU. Global objectives will be to prepare society as a whole for the digital age and to identify measures to ensure the interoperability of networks and services. Article 109 regulates the cooperation and promotion of the audio-visual industry in Europe and the support of co-production in the areas of cinema and audio-visual media, including, among others, programmes and facilities for training journalists and professionals in the audio-visual media industry. This article also addresses the technical assistance to the public and private media of Kosovo, in order to strengthen their independence, professionalism and connections with the European media, to ensure approximation of policy on regulating the content of cross-border broadcasts with those of the EU, alignment of legislation, and appropriation of copyright, and to strengthen the independence of regulatory authorities. Article 111 deals with the strengthening of cooperation in the areas of networks and electronic communications services, with the ultimate objective of Kosovo's adoption of EU legislation in the sector five years after the entry into force of this Agreement, paying special attention to ensuring and strengthening the independence of regulatory authorities.

Requirements deriving from other EU accession mechanisms

With regard to the requirements of the EC, Kosovo 2021 Report in the area of electronic communications, information society services, and audio-visual policies, Kosovo is needed to continue its efforts in approximating and completing the legislative framework in terms of alignment with EU *acquis*. Moreover, in the context of increasing professional and institutional capacities, it is recommended to strengthen the

independence and capacity of the Telecommunication (RAEPC) and Media Regulatory (IMC). The report also estimates that Kosovo has not marked progress in the process of switching from analogue to digital television. The report also recommends reviewing the “*Law on the Independent Media Commission*” in order to increase the availability of data in the audio-visual sector and expand the regulatory, monitoring and enforcement powers of the regulator, namely the IMC.

Inter alia, in the area of electronic communications and information society, the report considers that Kosovo needs to make more efforts regarding implementation of the e-government frameworks and services. The report also urges Kosovo to implement number portability in order to ensure effective use of numbering and foster competition. Another recommendation is to staff the Computer Security Incident Response Team with sufficient and trained personnel. It is also recommended that the Computer Security Incident Response Team is staffed with sufficient and trained personnel. Among others, the report urges Kosovo to revise and adopt the new digital Strategy.

In the area of audio-visual policies, the report estimates that the IMC has failed to make any progress in the digitalisation process, although the ITU deadline was June 2015. Consequently, the report calls on Kosovo to accelerate its efforts and ensure that the transition from the analogue system to the digital platform be carried out in full transparency and in accordance with EU standards. Kosovo is also requested to release the first digital dividend, namely to release frequencies. On the other hand, in the area of media, the report requests Kosovo to find a sustainable solution for financing the public broadcaster.

Based on the requirements of the *Subcommittee on Innovation, Information Society and Social Policy (2020)* in the area of electronic communications, information society and audiovisual policies, the completion of the legal and strategic framework is envisaged. Furthermore, the Government of Kosovo should provide adequate budgetary resources in the area of information society services, in particular for the implementation of the e-Government Strategy and the Cyber Security Strategy. The government should also take steps to transpose the eIDAS Directive (on electronic identification and trust services for electronic transactions). On the other hand, the EC report estimates that Kosovo should take the necessary steps to link Kosovo to the GEANT Network, starting with a feasibility study. In terms of assistance, the EC invites Kosovo to use EU funds (EUR30 million) for technical assistance for broadband projects within the WBIF. Kosovo is also required to ensure synergies between digital and green policies

Furthermore, the Government of Kosovo, in the area of audio-visual policy, should take all necessary steps to implement the crossover from analogue system to *digital* transmission system. Consequently, Government of Kosovo should adopt the Strategy on Crossing the *Digital* Transmission as soon as possible so that the Independent Media Commission implements the Law and Strategy on the relevant matter.

Among other things, Kosovo institutions should provide a model that ensures sustainable financing of RTK. In the context of strengthening the professional capacities, Government of Kosovo should provide adequate capacities and resources aiming the functioning of RAEPC and IMC. Likewise, Kosovo institutions should ensure the minimum capacities in national CERT (Computer Emergency Response Team – CERT), respectively computer emergency response team, in accordance with the ENISA recommendations.

On the other hand, Kosovo needs to take concrete steps towards the successful implementation of the 5G Memoranda of Understanding and interoperability in line with EU practices, signed at the Tirana Digital Summit.

State of Play

Legislative and Policy Framework

Electronic communications

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

- Law on Electronic Communications;
- Regulation No. 05/2017 on construction, installation and supervision of electronic communications

infrastructure;

- Regulation No. 1/2018 on for data collection for electronic communications infrastructure;
- Regulation on technical and operational issues of access to electronic communications network in bitstream, with Prot. No. 034/B/20 dated 07.07.2020;
- Regulation on the reference offer for open access to the local loop and bitstream; 032/B/20 dated 07.07.2020;
- Regulation on open access to the local loop or part of it; 030/B/20 dated 07.07.2020;
- Regulation on interconnection service in electronic communications networks, Prot. No. 028/B/20 dated 07.07.2020;
- Regulation on payments for market surveillance of electronic communications and Postal Services, Prot. No. 025/B/20 dated 07.07.2020;
- Regulation on the shared use of associated facilities; 113/B/19, dated 18 October 2019;
- Regulation on market analysis; 110/B/19, dated 18 October 2019
- Regulation No. 40 on use of radio frequency bands exempted from individual authorization and technical conditions for use of radio equipment in these band (046/B/18, 03 August 2018);
- Regulation No. 39 on Universal Services in Electronic Communications (036/B/18, 04 July 2018);
- Regulation No. 38 on contracts, transparency and disclosure of information, and other safeguards for end-users for the provision of electronic communications networks and services (022/B/18, 19 April 2018);
- Regulation No. 37 on general authorisations (019/B/18; 16 April 2018),
- Regulation No. 36 on the quality of electronic communication services (016/B/18 16 April 2018)
- Regulation No. 35 on payment for the supervision and the right to use the radio frequencies (005/B/18; 19 January 2018);
- Regulation No. 33 on Number Portability for the Subscribers of Public Electronic Communication Services (043/B/17, 26 June 2017);
- Regulation No. 32 on the National Numbering Plan for Electronic Communications Networks in the Republic of Kosovo (038/B/17, 16 June 2017);
- Technical Regulation No 31 on Radio Equipment (032/B/17, 31 December 2017);
- Regulation No. 29 on technical and organisational standards for the security and integrity of networks and/or electronic communications services (046/B/16; 22 November 2016);
- Regulation No. 24 on Accounting Separation (012/B/14 01 April 2014);
- Regulation No. 22 on allocating and usage of radiofrequencies (054/B/13, 31 December 2013);
- Regulation No. 42 on Market Analysis (110/B/19; 18 October 2019);
- Regulation on Cost Accounting to the Fully Distributed Costs (FDC) Method (FDC 043/B/12; 22 June 2012);
- Regulation No. 43 on Common Use of Accompanying Facilities (113/B/19, 18 October 2019);

These normative acts have transposed the following acts of *acquis*:

- Regulation No 2015/2120;
- Directive 2002/21/EC as amended by Directive 2009/140/EC;
- Directive 2002/19/EC as amended by Directive 2009/140/EC;
- Directive 2002/20/EC as amended by Directive 2009/140/EC;
- Directive 2002/22/EC as amended by Directive 2009/136/EC;
- Commission Directive 2002/77/EC;
- Directive 2002/58/EC as amended by Directive 2009/136/EC concerning the processing of personal data and the protection of privacy;
- Directive 2009/136/EC;
- Directive 2009/140/EC;
- Directive 1999/5/EC;
- EC Recommendation 2003/311/EC; EC Recommendation 2007/879/EC; and
- EC Decision on classification of radio and terminal devices 200/299/EC.

- Directive 2014/53/EU;
- Decision No 376/2002/EC;
- Decision ECC Dec. (08) 04);
- Decision ECC Dec. (06)04);
- Recommendation 2014/710/EU;
- EC Recommendation 98/322/EC;
- European Commission Recommendation 2005/698/EC on accounting separation and cost accounting systems under the regulatory framework for electronic communications
- Guidelines published by the EU Agency for Network and Information Security (ENISA); and
- Communication from the Commission dated 26/08/2010 “A digital Agenda for Europe.

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

- The Electronic Communication sector Policy – Digital Agenda for Kosova 2013–2020;
- Development of the Electronic Atlas for Broadband Telecommunications Infrastructure.

Information society

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

- Law on Information Society Services;
- Law on Preventing and Combating Cyber Crime;
- Law on General Administrative Procedure;
- Law on Government Bodies for the Information Society; and
- Interoperability Framework of the Republic of Kosovo;

These normative acts have transposed the following *acquis* acts:

- Regulation 910/2014/EU
- Directive 1999/93/EC;
- Directive 2000/31/EC;
- Directive 2007/64/EC; and
- Directive 2006/123/EC.

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

- Kosovo Information Technology Strategy, including Action Plan for the period 2016-2018; and
- National Cyber Security Strategy and Action Plan 2016-2019.

Legislative and policy framework in the area of audio-visual policy

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

- Law No. 04/L-44 on the Independent Media Commission;
- Regulation on the Protection of Children and Minors in Audio-Visual Media Services;
- Regulation on Copyright;
- Regulation on Evaluation of the Applications for the IMC License;
- Rules for Distribution of Audio and Audio Visual Media Service Providers; Application Form;
- Regulation for Commercial Audio-Visual Communication;
- Code of Conduct for Audio-visual Media Services in the Republic of Kosovo;
- Regulation on Multiplex Operators at state level;
- Regulation on Audio and Audio Visual Media Service Providers;
- Regulation on the Annual License Fees;
- Regulation on Mandatory Carriage of the Audio-visual Media Services in Multiplex Operators;
- Regulation on Logical Ordering of Channels;
- Regulation on Support of Local and Regional Audio-visual Media Service Provider.

These normative acts have transposed the Directive AVMSD 89/552/EEC.

Institutional framework

Electronic communications:

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

Information society:

- Ministry of Economy (ME);
- Ministry of Internal Affairs (MIA), namely the Information Society Agency.

Audio-visual policy:

- Independent Media Commission.

Donor Support

Regarding the support and funds provided by external donors for the implementation of various activities in the area of electronic communications, funds have been donated by donors such as: World Bank, IPA, etc. MEE in cooperation with the World Bank is developing the programme for Kosovo Digital Economy. KODE components are based on projects that will develop broadband interconnection infrastructure in uncovered areas, human capital and digital businesses to introduce Kosovo into the digital economy of the future. It will provide high-speed (broadband) infrastructure and will support access to labour markets, new sources of knowledge and public services for families and institutions in underdeveloped rural areas. Kosovo is doing all the preparatory work to connect to the Pan-European Network for Research and Education Network - GEANT and by the end of 2021 all Higher Education Institutions will be connected to GEANT through KREN.

In the framework of the KODE Project during the years 2019-2020, the implementation of 50 sub-projects has been completed. -mobile network connections. In order to achieve the strategic objectives for the development of the information society (and the Kosovo Strategy for Information Technology), support and funds have been provided from various donors, such as the WB and the EU.

Kosovo Digital Economy Project - KODE that is under development by the ME with the cooperation of the WB, respectively the second component of KODE based on projects that will develop human capital and digital businesses to introduce Kosovo in the digital economy of the future, will support access to labour markets, etc. At the national level, the project will provide training and connect young people with online employment opportunities; and improve access to knowledge resources, including better opportunities and cooperation, for higher education institutions.

With regard to the EU funds, namely IPA related funds, this sector is being supported by the project "EU Support for the Competitiveness of the Kosovo ICT Sector" (3 million euros) which is being implemented. Since the end of 2020 and until now, $200 + 300 = 500$ young people have been trained in two generations (groups) for one of these modules: Java Development, Cyber Security, or Web Development. Third generation trainings are underway. By the end of the project, or namely 2023, 1440 young people will receive training. The main beneficiary of this action is ME. The overall objective of the project is to increase the competitiveness of Kosovo's digital and traditional businesses by supporting the growth of Kosovo's ICT sector leading to the growth and creation of new jobs. The specific objectives of the project are to bridge the gap between digital skills and business needs in a sustainable way, which meets the needs of the market and increases their competitiveness, as well as increases the exports of Kosovar businesses by exploiting the full potential of digital technologies.

Under IPA 2019 will be made the system for electronic identification and authentication and trusted services in electronic transactions. The project is worth 4 million euros, has started to be implemented and will be finalized by 2023. The overall objective of this project is to increase the efficiency and productivity of the private sector by increasing the use of ICT, creating e-business security / e-commerce ecosystem, and improving e-services for citizens and businesses.

Medium-term Priority Objectives

In order to meet the obligations deriving from the SAA and the other EU accession documents and mechanisms in the areas within the scope of Chapter 10, the focus over 2021 – 2024 will be in the following medium-term priorities:

Electronic communications:

- Drafting and adoption of primary and bylaws in the area of electronic communications;
- Adoption and start of implementation of the new Digital Strategy of Kosovo (2021-2030);
- Connection with fixed broadband infrastructure of unconnected stacks of mobile telecommunication networks to adapt to new generation technologies (5G ready), during 2021-2023;
- Implementation of the Memorandum of Understanding signed with the Republic of Albania for the 5G corridor, as well as the Memorandum of Understanding with WB6 for the implementation of 5G networks for digital transformation in the Western Balkans, (2021-2023);
- Opening of frequency bands with special economic value for the provision of IMT services
- Promoting competition in the broadband electronic communication market in order to increase the efficiency of market regulation and to make efforts to provide high-speed Internet access to all inhabitants of Kosovo;
- Reduction of roaming tariffs with European Union countries.

Information society:

- Drafting and adoption of primary and bylaws transposing the EU NIS Directive and EU eIDAS Regulation;
- Implementation of Kosovo strategy for information technology and its re-creation;
- Enhancement of the Interoperability Platform, and interconnection of most of the existing electronic systems through this Platform;
- Developing the "e-Kosovo" services portal, in order to increase the number of electronic services for citizens and institutions; and
- Establishment of the Disaster Recovery Centre.

Audiovisual policies:

- Drafting the license package for multiplex at state and regional level;
- Amendment of secondary legislation/legal framework of IMC, in accordance with the amended Law on IMC, to be harmonized with Directive 2018/1808 on Audio-visual Media Services; and
- Implementation of the process of transition to digital terrestrial broadcasting.

However, the planned drafting of these regulations, and the whole process of switching to digital transmission depends on the approval of the strategy for switching to digital terrestrial transmission by the Government.

3.11. Acquis Chapter 11: Agriculture and Rural Development

The agriculture chapter covers a large number of binding rules, many of which are directly applicable. The proper application of these rules and their effective enforcement and control by an efficient public administration are essential for the functioning of the Common Agricultural Policy (CAP). Running the CAP requires the setting up of management and quality systems such as a paying agency and the integrated administration and control system (IACS), and the capacity to implement rural development measures.

Chapter 11 requires that Member States must be able to apply the EU legislation on direct farm support schemes and to implement the common market organisations for various agricultural products.

SAA Requirements

With regard to the SAA requirements concerning the legislative framework (approximation with EU *acquis*) the obligation for chapter 11 stems from Article 74 and 102 of the SAA. According to Article 102 of the SAA, the cooperation between the Parties shall be developed in all priority areas related to the EU *acquis* in the area of agriculture, as well as on quality schemes for agricultural and food products, food safety, veterinary and phytosanitary domains. According to SAA, the cooperation shall notably aim to modernise and

restructure the agriculture and agro-industrial sector in Kosovo, in particular to achieve EU sanitary requirements. In addition, cooperation under the SAA also aims to improve water management and rural development, to develop the related aspects of the forestry sector in Kosovo, and to support the gradual approximation of Kosovo legislation and practices to those of the EU.

Requirements from other EU accession mechanisms

In the area of agriculture and rural development, EC's Kosovo 2021 Report states that Kosovo in general has limited progress, especially in the implementation of the annual agri-rural development programmes and its evaluation, but progress on land consolidation and land protection was insufficient. Since not all 2020 recommendations have been implemented, in the next year, Kosovo should in particular:

- Carry out a qualitative evaluation of the effectiveness of the support measures envisaged in the agriculture and rural development program;
- Adopt the law on common market organization;
- Take urgent, effective measures to stop the loss of agricultural land and enforce spatial planning legislation;
- Include "cross compliance" measures within the agriculture program;
- Take steps towards the registration of agricultural products with geographical indicators in accordance with EU legislation; and,
- Make an ex-post evaluation of the programs implemented within the financial framework 2014-2020 in order to better prepare and approve the 2021-2027 strategy and programme for agriculture and rural development.

The report states that progress has been made in terms of increasing the budget for grants and subsidies, while the 2020 Programme for Agriculture and Rural Development includes significant support for households, processing and marketing of agricultural products, diversification of farms and irrigation of agricultural land. Likewise, another aspect to represent progress was considered to be the preparation of the 2021-2027 Programme for Agriculture and Rural Development based on sectoral studies in order to achieve efficiency and effectiveness for direct payments and grants.

However, the report also mentions the challenges faced by the agricultural sector, where among others it is said that *land consolidation and protection* remains a challenge and is at an insufficient level. The recommendations here are the drafting of a clear action plan as well as a working group with all stakeholders for the protection of agricultural land from further degradation and loss.

Regarding the *establishment of market organization*, the EC notes that no progress has been made. In this regard, Kosovo must take steps to establish the legal basis for their establishment and operation. The Law on Market Organization as well as the relevant implementing legislation, foreseen for 2020, have been postponed to 2022.

In terms of *policies related to quality*, some secondary legislation has been adopted, but no progress has been made in aligning the relevant legislation with the EU *Acquis*. The report calls for the drafting of a *rural development strategy*. Whereas, *organic agriculture* is based on the action plan 2018-2021, where in the absence of a local agency, certification is provided by two international organizations.

Other obligations of Kosovo with regard to EC requirements arising from the Subcommittee on "Agriculture and Fisheries" in the sector of agriculture are the approval of concept documents for the new law on wines, agricultural lands and land regulation. It also requires the approval of the programme for agriculture and rural development 2021-2027, the law on agriculture and rural development and the law on spirit drinks, whereby the two Draft-laws have already been adopted by the Government on 10/11/2021. Furthermore, another requirement is establishment of certification by MAFRD for the purpose of registering Sharr cheese as a geographical indicator. In general, the results achieved with the assistance of EU should be used in an effective manner, as they are designed to ensure the effective and sustainable development of Kosovo's agricultural and rural sector.

With regard to horizontal issues, the EC seeks to continue with the further harmonization of the legal framework with the EU *Acquis*, as well as continue with the provision of equipment and staffing for all bodies involved in the management of agriculture, food safety and fisheries in line with EU *Acquis*. The report highlights the dominance of the small farm sector and fragmented arable land, which remain challenges to be addressed in the future. Furthermore, it was emphasized that ‘cross compliance’ measures should be included in the framework of the agriculture program. Another recommendation was improving the interconnectedness of existing elements, which include the Integrated Administration and Control System, the Agricultural Market Information System and the Farm Accounting Data Network in the process of establishing an integrated agricultural information system.

State of Play

Legal, policy and institutional framework

Rural development

The legislative framework in this area consists of the Law No. 03/L-098 on Agriculture and Rural Development, which has transposed the Council Regulation (EC) No 73/2009; and Council Regulation (EC) No. 1217/2009. As regards the bylaws in the area of rural development sector, a total of 12 AIs have been adopted.

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

- Agriculture and Rural Development Programme 2014-2020;
- Rural Development Programme 2018.

The institutional framework in the rural development sector is composed of the Department of Rural Development Policy/Managing Authority

Agriculture

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

- Law No 04/L-253 on Agricultural Census;
- Law No 02/L-26 on Agricultural Land;
- Law No 04/L-040 on Land Regulation;
- Law No 03/L-198 on irrigation of agricultural lands;
- Law No 02/L-98 Plant Variety Protection;
- Law No 2003/5 on Seeds;
- Law No 2003/10 on Artificial Fertilizers;
- Law No 04/L-085 on Organic Agriculture,;
- Law No 04/L-041 on Production, Gathering, Processing and Marketing of Tobacco;
- Law No 2003/9 on Agricultural Cooperatives;
- Law No 04/L-191 on Agriculture Livestock; and
- Law No 02/L-85 on Fisheries and Aquaculture.

Regarding bylaws in the agricultural sector, a total of 12 AIs have been adopted.

These normative acts have partially transposed the following acts of the *acquis*:

- Regulation No 1166/2008 of the European Parliament;
- Council Directive No 157/2009/EC;
- Council Directive No 87/328/EEC;
- Council Directive No 88/661/EEC;
- Council Directive No 90/118/EEC;
- Council Directive No 90/119/EEC;
- Council Directive No 89/361/EEC;
- Council Directive No 90/427/EEC;
- Council Directive No 91/174/EEC;

- Council Directive No 94/28/EC;
- European Council (EC) Directive No 2100/94;
- Commission Implementing Directive No 97/2014/EC;
- Council Implementing Directive No 90/2008/EC
- Council Directive No 66/402/EEC;
- Regulation (EC) No 2003/2003 of the European Parliament;
- EU Regulation (EC) No 834/2007;
- EU Regulation (EC) No 889/2008;
- Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products;
- Commission Regulation (EC) No 889/2008 of 5 September 2008 laying down detailed rules for the implementation of Council Regulation (EC) No 834/2007 on organic production and labelling of organic products with regard to organic production, labelling and control.

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

- Agriculture and Rural Development Plan 2014-2021;
- Direct Payment Programme 2018;
- Land Consolidation Strategy 2010-2020;
- Horticultural Sector Strategy 2009-2013;
- Green Report 2017, 2018, 2019, 2020;
- Action Plan 2010-2020 for the implementation of the strategy;
- Action Plan for Organic Agriculture 2018-2021.

Land sector: the institutional framework in this sector consists of the Department for Agricultural Policy and Markets.

Viticulture

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

- Law No 02/L-08 for wines as amended by Law No 04/L-019;
- AI No 01/2017 on registration of vineyards, mandatory declarations, accompanying documents and evidence in wine cellars.

These normative acts have partially transposed the following acts of the *acquis*:

- Commission Regulation (EC) No 436/2009;
- Council Regulation (EC) No 479/2008;
- Commission Regulation (EC) No 555/2008;
- Council Regulation (EC) No 479/2008;
- Commission Regulation (EC) No 606/2009;
- Commission Regulation (EC) No 607/2009;
- Council Regulation (EC) No 491/2009; and
- Regulation of the Commission and European Council (EU) No 1308/2013.

The policy framework in this area consists of the Viticulture and Vineyard Sector Strategy 2018-2022.

The institutional framework in the area of viticulture consists of the Department for Vineyards and Wine, and the Sector of Advisory Services.

The legislative framework in the sector of advisory services consists of the Law No 04/L-074 on Agriculture and Rural Development Advisory Services, which partially transposes the Council Regulation (EC) No. 73/2009.

Regarding bylaws in the sector of advisory services, a total of 9 AIs were adopted.

The policy framework in this area consists of the Strategy of Advisory Services for Agriculture and Rural Development 2015-2020.

The institutional framework in the area of advisory services consists of the Department of the Advisory and Technical Services.

MAFRD executive agencies are the following: Agency for Agricultural Development and Kosova Forestry Agency.

Donor Support

In the area of agriculture, the main projects in recent years are targeting the Agricultural and Rural Development Programme/rural grant schemes to increase the competitiveness of the sector in general.

The projects that have started to be implemented during 2020 are from the IPA-2015 programme, "Agriculture and Rural Development Support Grant Scheme 2015" in the amount of EUR8.8 million, which started being implemented as of February 2020 and the project "Capacity Building for Kosovo in relation to the EU Common Market Organization (CMO) and Agricultural Statistics" with a contract value EUR 1,476,866.00. The overall objective of this contract is to ensure improved access and competition in agricultural markets. In order to support Kosovo's alignment with EU standards and practices regarding the common market organization in agricultural products, supporting Kosovo in implementing a comprehensive and integrated agricultural information system. Consequently, it is expected the drafting of primary and secondary national legislation for the organization of the market of agricultural products of Kosovo in order to be in line with relevant EU regulations and practices, capacity building for the implementation of CMO legislation and the management of Integrated Agricultural Information System in Kosovo.

MAFRD, under IPA 2021, is expected to receive a grant of EUR 10 million from the EU, GIZ and the Italian Agency for Development Cooperation. The aim of this project is to improve the competitiveness of the agriculture and food sector in Kosovo through intervention in two areas. In the first area, the project will improve the implementation and performance of Kosovo's agricultural and rural policy, with particular emphasis on strengthening management and control systems as well as providing investment grants to agricultural and rural operators of Kosovo. With regard to the second area, the project aims to ensure gradual approximation of the phytosanitary sector in Kosovo with the organizational, institutional and regulatory standards of the EU, both in a legal and practical manner through the development of methods, operational procedures and technical capacities of plant protection laboratories in accordance with applicable EU and international standards.

The German GIZ, through the project "Creating Employment through Export Promotion (CETEP)" assists in providing relevant information to providers and business development companies, through market research on EU market demands. This project delivers capacity building training to its partners and creates links between Kosovar and German companies, through export promotion activities such as: B2B, fairs, sales missions, study visits. Furthermore, the project establishes cross-sectorial business links with local and international businesses. The project also supports the berry, fruit and vegetable value chain and through the distribution of in-kind grants to small farmers (260 beneficiaries). The project is committed to increasing production capacity dedicated to exports and innovation through the "Innovation Fund". Furthermore, it also supports MAFRD and AAD in absorbing the IPA III Funds.

The FAO programme supports the strengthening of sustainable and multi-purpose forest management to improve livelihoods in rural areas and address climate change in Kosovo within the period of 2019-2023. This programme will support Kosovo's development agenda as outlined in the National Development Strategy 2016-2021, and in particular Kosovo's efforts to improve sustainable forest management, as an important resource for the territory. The results and activities of the programme are in line with Kosovo's existing and proposed new rules governing forestry, the EU forestry strategy, the EU Pre-Accession Instrument, the Policy and Strategy Paper (PSP) 2010-2020 for the development of the forest sector, as well as Kosovo's forest policies that are in process. The total budget is \$5,300,000. In the long term, the programme brings legitimacy and sustainable management practices, providing a state that enables sustainable and participatory forest management which also leads to the development of other

comprehensive value chain practices. The programme will address these problems through three different but complementary components.

- Component 1: Creating conditions that enable the improvement of legality, trade and law enforcement in the forest sector;
- Component 2: Increasing transparency and strengthening institutional capacity in good governance and implementation of forest policies, strategies and programmes;
- Component 3: Introducing multi-purpose forest management and comprehensive forest value chains to alleviate the poverty of men and women from rural areas.

The result of the programme is that Kosovo forests in the target regions are more efficiently managed with a multi-purpose, participatory approach, strengthened in accordance with the relevant rules pertaining to the forest sector and supported by responsible climate and gender value chains for poverty alleviation.

Medium-term Priority Objectives

In order to meet obligations derived from SAA and other EU accession documents and mechanisms within the scope of Chapter 11, during 2020-2023 the focus shall be on the following medium-term priorities:

- Drafting of Agriculture and Rural Development Policies in accordance with the Common Agricultural Policy (CAP) and review of the legal framework;
- Support to businesses in the development of rural areas by increasing employment and social capital;
- Growth of competitiveness in agriculture, especially in the agro-food sector, promoting development and employment opportunities, and improving the quality of life in rural areas;
- Growth of farms potential production that enables the increase of domestic production and reduced import of agricultural products;
- Sustainable management of natural resources (agricultural land, forests and irrigation water);
- Improving policies for the management and conservation of agricultural land;
- Comprehensive institutional and sectoral reforms to create efficient services;
- Capacity building for implementation of Common Market Organization (CMO) legislation and management of the Integrated Agricultural Information System in Kosovo.

3.12. Acquis Chapter 12: Food Safety, Veterinary, and Phytosanitary Policy

The integrated approach of the EU on food safety aims to ensure a high level of food safety, animal health, animal welfare and plant health within the EU through coherent measures farm-to table and appropriate monitoring, ensuring the effective functioning of the internal market.

Chapter 12 covers detailed rules in the area of food safety. The general foodstuffs policy sets hygiene rules for foodstuff production. Furthermore, the *acquis* provides detailed rules in the veterinary area, which are essential for safeguarding animal health, animal welfare and safety of food of animal origin in the internal market. In the phytosanitary area, EU rules cover issues such as quality of seed, plant protection material, harmful organisms and animal nutrition.

SAA Requirements

The obligation for Kosovo legislation approximation with Chapter 12 to that of the EU derives from the Articles 74 and 102 of the SAA. Article 102 of the SAA provides for cooperation between the Parties to be developed in all priority areas related to the EU *acquis* in the area of agriculture, as well as on quality schemes for agricultural products and foodstuffs, food safety, veterinary and phytosanitary domains. Cooperation shall notably aim at modernising and restructuring the agriculture and agro-industrial sector in Kosovo, in particular to reach EU sanitary requirements, to improve water management and rural development as well as to develop the related aspects of the forestry sector in Kosovo and at supporting the gradual approximation of Kosovo legislation and practices to the EU *acquis*.

Requirements from other EU accession mechanisms

In addition to the obligations arising from the SAA, Kosovo must also meet the requirements arising from EC's Kosovo 2021 Report and the meeting of the Subcommittee on Agriculture and Fisheries, 20 May 2021. These documents highlight some of Kosovo's key areas for improvement, such as: ensuring an integrated food control system, including the transfer of municipal inspectors to the FVA; full functioning of the existing traceability control management system as well as the Laboratory Information Management System (LIMS); implementation of disease control and surveillance programs; continuing alignment of the legal basis with EU *Acquis*; selection of the operator for the management of the factory for the processing of animal by-products and the functioning of the collection system of these by-products; planning and long-term implementation of programs for the eradication of endemic diseases in Kosovo; approval and implementation of the multiannual programme for control and surveillance of animal diseases; provision of sufficient funds and capacities for the full implementation of the multiannual programme for the control and surveillance of animal diseases; improving the identification and registration of animals, in particular the reporting of animal movement; adoption of necessary measures for the implementation of relevant regulations at the level of animal markets, slaughterhouses and animal transport; securing funding and full ownership of vaccination campaigns to eradicate rabies; intensifying efforts towards the inclusion of 'cross-compliance' measures in the area of food safety and animal health and welfare; improving the harmonization of legal acts in the area of phytosanitary; implementation of quality assurance system and accreditation of plant protection laboratory; international accreditation for the Food and Veterinary Laboratory; approval of AIs for the establishment of health rules for animal by-products, which transpose EU Regulations 1069/2009 and 142/2011, approval of a plan or strategy for the advancement of agricultural and food enterprises, strengthening of cooperation mechanisms with Serbia in the fight against illegal trade in livestock and agricultural and food products.

State of Play

During 2021, the process of transferring 75 municipal veterinary, phytosanitary and sanitary inspectors from the municipal level to the central level (FVA) was carried out, thus ensuring an integrated food control system.

Legal, Policy and Institutional Framework

Food safety

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

- Law No. 03/L-016 on Food;
- La No. 04/L-114 on Flour Fortification
- Law No. 2003/22 on the Sanitary Inspectorate of Kosovo
- Law No. 02/L-109 for Prevention and Fighting against Infectious Diseases
- Law No. 04/L-156 on Tobacco Control.
- Law on Spirit Drinks.

These normative acts have transposed the following *acquis* acts:

- Regulation No. 178/2002 of the European Parliament and of the Council
- Regulation No. 882/2004 of the European Parliament and of the Council;
- Regulation No. 852/2004 of the European Parliament and of the Council;
- Regulation No. 853/2004 of the European Parliament and of the Council;
- Regulation No. 854/2004 of the European Parliament and of the Council;
- Regulation No. 2073/2005 of European Commission;
- Regulation No. 1169/2011 of the European Parliament and of the Council;
- Regulation No. 1331/2008 of the European Parliament and of the Council;
- Regulation No. 1332/2008 of the European Parliament and of the Council;
- Regulation No. 1333/2008 of the European Parliament and of the Council;
- Regulation No. 1334/2008 of the European Parliament and of the Council;
- Regulation No. 1881/2006 of European Commission;

- Regulation No. 333/2007 of European Commission;
- Regulation (EC) No. 183/2005 of the European Parliament and of the Council.
- Regulation No. 110/2008 of the European Parliament;
- Council Directive No. 80/777;
- Council Directive No. 98/83;
- Directive No. 94/36 of the European Parliament and of the Council;
- Council Directive No. 88/388;
- Council Directive No. 2001/110;
- Directive No. 2000/13 of the European Parliament and of the Council;
- Council Directive No. 2001/111; and
- Council Regulation No. 1601/91.

The policy framework in this area consists of National Annual Plan of controls and Sampling as well.

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

- Ministry of Agriculture, Forestry and Rural Development;
- Ministry of Environment, Spatial Planning and Infrastructure;
- Ministry of Industry, Entrepreneurship and Trade;
- Ministry of Health;
- Food and Veterinary Agency;
- Municipalities (Municipal Inspectorates).

Veterinary

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

- Law No. 2004/21 on Veterinary;
- Law No. 02/L-10 on Animal Welfare;
- Law No. 03/L-016 on Food;
- Law No. 02/L-111 Apiculture;

During 2021 two AIs were adopted, regulating 1) Identification and registration of pets, and 2) Financial compensation of veterinary services.

These normative acts have partially transposed the following *acquis* acts:

- Regulation (EC) No 1760/2000 of the European Parliament and of the Council repealing Council Regulation (EC) No 820/97;
- Regulation No. 494/98 laying down detailed rules for the implementation of Council Regulation (EC) No 820/97;
- Regulation No 911/2004 implementing Regulation (EC) No 1760/2000 of the European Parliament and of the Council;
- Regulation No 21/2004 amending Regulation (EC) No 1782/2003 and Directives 92/102/EEC and 64/432/EEC; and Directive 2008/71/EC;
- Commission Regulation (EC) No 1251/2008 implementing Council Directive 2006/88/EC;
- Council Directive 2003/85/EC repealing Directive 85/511/EEC and Decisions 89/531/EEC and 91/665/EEC and amending Directive 92/46/EEC, 2004/07;
- Council Directive 2005/94/EC repealing Directive 92/40/EEC;
- Council Regulation No. 1/2005 and amending Directives 64/432/EEC and 93/119/EC and Regulation No. 1255/97;
- Council Directive 93/119/EC;
- Council Directive 2008/119/EC;
- Council Directive 98/58/EC;
- Council Directive 2008/120/EC;
- Commission Regulation No. 1881/2006 amended by Commission Regulation No. 1126/2007 and Regulation No. 565/2008;

- Council Directive 96/23/EC repealing Directives 85/358/EEC and 86/469/EEC and Decisions 89/187/EEC and 91/664/EEC, Commission Decision 97/747/EC, based on the Council Directive 96/23/EC and Commission Decision 98/179/EC;
- Directive 91/496/EEC;
- Directive 97/78/EC;
- Commission Regulation No. 605/2010.

The policy framework in this area consists of National Annual Plan for Official Controls as well.

Institutional framework in the area of veterinary

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

- Ministry of Agriculture, Forestry and Rural Development;
- Food and Veterinary Agency;
- Municipalities (Municipal Inspectorate);
- Veterinary Chamber of Kosovo;
- Customs;
- Kosovo Police.

Legislative and policy framework in the area of phytosanitary

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

- Law No. 03/L-029 on Agricultural Inspectorate;
- Law No. 02/L-95 on Plant Protection;
- Law No. 03/L-042 on Plant Protection Products;
- Law No. 03/L-016 on Food;
- Law No. 2004/13 on Planting Material;
- Law No. 2003/5 on Seeds in Kosovo;
- Law No. 2003/10 on Fertilizers;
- Law No. 04/L-019 amending the Law No. 02/L-8 for Wines;
- Law No. 02/L-98 on Protection of Plants Varieties.

During 2021, two bylaws were adopted, regulating 1) Registration, licensing and tax setting for importers, exporters and traders of planting material, and 2) Cereal seeds.

These normative acts partially transposed the following *acquis* acts:

- Directive 2000/29/EC;
- Council Directive 91/414/EEC;
- Regulation of Parliament and Council No. 1107/2009, which repeals Council Directive No. 79/117/EEC and Directive No. 91/414/EEC;
- EC Regulation No. 1907/2006;
- Regulation (EC) No 396/2005 of the European Parliament and of the Council amending Council Directive 91/414/EEC;
- Regulation No. 178/2002 of the European Parliament;
- Directive No. 2008/72/EC;
- Commission Regulation (EC) No. 436/2009 laying down detailed rules for the application of Council Regulation (EC) No. 479/2008;
- Council Regulation (EC) No. 479/2008;
- Commission Regulation (EC) No 555/2008 laying down detailed rules for implementing Council Regulation (EC) No 479/2008;
- Commission Regulation (EC) No 606/2009 laying down certain detailed rules for implementing Council Regulation (EC) No 479/2008;
- Commission Regulation (EC) No 607/2009 laying down certain detailed rules for the implementation of Council Regulation (EC) No 479/2008;

- Council Regulation (EC) No. 491/2009 amending Regulation (EC) No. 1234/2007;
- Regulation (EU) No 1308/2013 of the European Parliament and of the Council establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007;
- Council Regulation (EC) No. 2100/94; and
- Commission Implementing Directive 2014/97/EU implementing Council Directive 2008/90/EC.

Institutional framework in the area of phytosanitary:

- Ministry of Agriculture, Forestry and Rural Development;
- Food and Veterinary Agency;
- Municipalities (Municipal Inspectorate);
- Customs;
- Kosovo Police.

Donor Support

Under IPA 2015, KFVA benefit through the project:

- "Support to the Food and Veterinary Agency in capacity development to implement the integrated food safety system, including the improvement and functionalization of the information technology system.

Under IPA 2017, projects supporting the Agency are the following:

- The project for the construction of five regional offices for the Kosovo Food and Veterinary Agency, where the contract amount is EUR 2,526,056.37; and
- Project for support to the establishment of disease surveillance and control programs and alignment with Chapter 12 of the *Acquis*, with a contract amount of EUR 1.8 million. The said project commenced in May 2021 and will last 36 months. The main goals of the project are the following:
 - To strengthen mechanisms of monitoring, control and eradication of animal diseases in Kosovo in line with EU standards;
 - To prepare "guidelines" for the approximation of national legislation with the EU *Acquis* and further strengthen administrative capacity in these areas.

Support is expected to continue within IPA 2021 with a project that aims to support MAFRD phytosanitary laboratories to strengthen their technical and organizational capacity.

In addition, from the project funded by the Government of Luxembourg together with the Norwegian Embassy: "Human Capacity Development Fund for the SAA", FVA is the beneficiary of a project with four (4) objectives in human capacity building, where two (2) of them have been completed during 2020, namely: delivery of Training on movement, health and animal markets and Technical Assistance in drafting the AI for the implementation of the AI on setting health rules for animal by-products and their derivatives, which are not intended for human consumption, transposing Regulation (EC) No. 142/2011. Training of Trainers for veterinary inspectors on collection and categorization of animal by-products.

In 2021 support is foreseen for four (4) activities within this project, respectively:

- Technical assistance for the approximation of legislation in accordance with EU Regulation 2016/429;
- Technical assistance for the approximation of legislation in accordance with EU Regulation 2017/625;
- Expert support in drafting 14 SOPs for monitoring quarantined plant organisms;
- Study visits of animal health and welfare staff in monitoring, controlling and managing outbreaks of animal diseases.

Medium-term Priority Objectives

In order to meet obligations deriving from the SAA and other documents and mechanisms of EU accession within the scope of Chapter 12, during 2021-2024 the focus will be in the following medium-term priorities:

- Completion of the legislative framework regulating food safety, animal and plant health, partially transposing EU *acquis*, such as: Regulation No. 2016/429 of the European Parliament and of the Council; Council Directive 66/402/EEC; Council Directive 66/401/EEC; Council Directive 2002/53/EC; Council Directive 2002/54/EC; Council Directive 2002/55/EC; Council Directive 2002/56/EC; Council Directive 2002/57/EC; Council Directive 68/193/EEC; Council Directive 1998/56/EC; Regulation 2016/2031 of the European Parliament and of the Council; Council Regulation (EEC) 2075/92; Council Regulation 1636/98 amending Regulation 2075/92; Directive (EC) 2001/37; Directive 2009/54/EC of the European Parliament and of the Council; Regulation No. 998/2003 of the European Parliament and of the Council; Commission Regulation No. 1082/2003; Council Directive 88/166/EEC; Council Directive 98/58 EC; Directive 2002/46/EC; Council Directive 89/108/EEC; Directive 2009/54/EC of the European Parliament and of the Council; Regulation (EC) No. 258/97; Regulation No. 2003/2003 of the European Parliament and of the Council; Regulation (EC) No. 1107/2009 of the European Parliament and of the Council, repealing Council Directives 79/117/EEC and 91/414/EEC; Council Directive 66/402/EEC; Regulation No. 396/2005/EC; and Regulation No. 92/70/EEC; Directive 2000/29/EC; Directive 2100/94; Directive 2014/97/EU; Directive 2008/90/EC; EC Regulation 1107/2009; Council Regulation 834/2007; and EC Regulation 889/2008.
- Drafting the Multi-Annual National Control Plan;
- Transfer of veterinary and phytosanitary inspectors from the municipal level to the central level;
- Further advancement of the Animal Identification and Registration Database;
- Improvement of infrastructure at border veterinary inspection points and provision of quarantine facilities for animals;
- Further capacity-building on emergency response in case of outbreaks of disease;
- Inclusion of 'cross-compliance' measures in the area of food safety and animal health and welfare under the agriculture programme;
- Operational capacity-building of institutions in charge of plant health to ensure an effective system of control and plant diseases;
- Continue of empowering mechanisms of cooperation with Serbian counterparts in the fight against illegal animal trade and agricultural and food products.

3.13. Acquis Chapter 13: Fisheries

Acquis Chapter 13 on Fisheries provides rules for the conservation of living aquatic resources and management of the fleet capacity; control and enforcement; structural actions for operators in the sector; implementation of common marketing standards and joint fishery market organisation and inclusion of producing organisations in implementing these rules. As it is very important in identification of these rules, special emphasis is given to the assessment of existing fish stocks and collection reliable data on fisheries sector. Implementing legislation and policies of Chapter 13 requires inclusion of measures to prepare administration and operators for participation in joint fisheries policy and to gain experience in implementing fisheries legislation and policies.

It should be noted that the final legislative amendments in this chapter lay down detailed and strict rules to be applied effectively not only from member states but also from third countries exporting to the EU. This implies undertaking actions for preparing administration and operators to participate in the common fisheries policy, which covers market policy, resource and fleet management, inspection and control, structural actions and state aid control. In some cases, existing fisheries agreements and conventions with third countries or international organisations need to be adapted.

SAA requirements

According to Article 103 of the SAA, the Parties shall consider the possibility of identifying mutually beneficial areas of common interest in the aquaculture and fishery sectors. Cooperation shall take due account of priority areas related to the EU *acquis* in these areas and of principles of management and conservation of fisheries resources based on rules developed by relevant international and regional fisheries organisations.

Requirements from other EU accession mechanisms

Regarding the fisheries sector, EC's Kosovo 2021 Report, states that Kosovo should start developing a concept of fisheries policy and development, where the EC provides support with expertise in this regard. On fish inventory in Kosovo's rivers, the EC wants to start in small ponds, due to the lack of capacities to create a fish inventory at the national level.

In the framework of the conclusions drawn from the meetings of the Subcommittee on "Agriculture and Fisheries" held on 20 May 2021, regarding the fisheries sector, the EC emphasizes that Kosovo is still at an early stage of preparation in the area of to align its market policy with the *acquis*, establish an inventory of fish species in a pilot area, and use TAIXEX to advance fisheries legislation and policies.

The EC requires to harmonize the policies of this sector with the *acquis*, increase and strengthen the administrative capacity for management, inspection and control of fisheries policies and to make an inventory of fish. Whereas, MAFRD has provided grants and subsidies to registered farmers based on the potential to create jobs and production capacity; however, it did not consider the market value and export potential.

State of Play

Legislative, policy and institutional framework

The aquaculture and fisheries sector is comprised by these relevant normative acts:

- Law No. 02/L-85 on Fisheries and Aquaculture, adopted by the Assembly on 08.07.2013. The law has not yet been aligned with EU *acquis*.
- AI No. 27/2007 on recreational sport fishing and recreational sport fishing equipment,
- AI No.09/2008 on Licensing of aquaculture activities,
- AI No. 07/2009 on the areas-regions for fishing.

The fisheries sector in Kosovo is not very developed, however, Kosovo has a considerable potential of fresh water, which can ensure great employment opportunities, profits and other opportunities for the country's economic development. The aquaculture sector in Kosovo compared to regional countries and Europe is small and produces a minimum amount of meat fish at about 614 t/year. Trout fish is being cultivated in Kosovo, which is mainly consumed in restaurants, and little or almost nothing available on the market.

MAFRD in cooperation with the Federation of Sport Fishermen of Kosovo (KFRSF) decides on fishing areas, the amount of fish for fishing, fishing equipment, etc. While in aquaculture decisions taken by the MAFRD only and as such are executed by the Inspectorate. According to legislation, licensing in the area of aquaculture at the national level is the responsibility of MAFRD, while the licensing of fishermen for recreational sport fishing is under the competencies of KFRSF. Federation of Sport Fishermen of Kosovo reports to MAFRD on the number of licenses issued. At the same time, MAFRD is notified from the KFRSF on developments in fisheries, restocking and the amount of fish caught by the sports fishermen.

Medium-term Priority Objectives:

- Inventory of fish;
- Approximation of aquaculture legislation with *Acquis*.

3.14. Acquis Chapter 14: Transport Policy

This chapter covers part of transport policy stemming from the SAA. EU transport legislation aims to improve the functioning of the internal market by promoting safe, efficient and environmentally sustainable services with an integrated transport system as environmentally friendly as possible.

Furthermore, the transport *acquis* covers the road, rail, water, multimodal transport, aviation and maritime transport sectors. In this context, the transport legislation is related to technical standards; safety standards; social standards; including state aid control and market liberalisation in the context of the internal transport market. In addition, the transport policy is also covered by the Title VI, articles 90-100 of the TFEU.

SAA Requirements

Transport under the SAA is covered by Chapter II of the Agreement - Provision of Services. Relevant articles are Articles 53, 60, 61, 62 and 113. Article 53 provides for obligations that will derive from the Treaty of Transportation and the obligations assumed through the Treaty of the European Common Aviation Area (ECAA). Article 60 except for taking into account the Treaty of Transport Community and the ECAA Agreement, it also provides for a gradual approximation of legislation in the area of transport in order to promote the liberalization of mutual market access of the Parties and facilitate the movement of passengers and goods and the inclusion of any international conventions relating to road safety. Articles 61 and 62 are mainly focused on transportation of goods in transit from Kosovo through EU territory and destined for a third country or vice versa. Article 113 provides for cooperation between the Parties on priority areas related to the EU *acquis* in the area of transport.

Requirements from other EU accession mechanisms

In the context of requirements arising from EC's Kosovo 2021 Report, in the area of road transport, Kosovo must continue its efforts to prevent road accidents with the aim of reducing deaths, investing in road maintenance, prevention campaigns and establishing a systematic monitoring mechanism for the collection of accident data.

Kosovo also needs to further approximate the primary and bylaws with the EU *acquis*, namely to adopt legislation on Intelligent Transportation System (ITS) and develop a strategic framework for the implementation of ITSs over basic networks, providing sufficient capacities and resources for its implementation. CR also recommends further steps to be taken for purposes of harmonizing road transport legislation with the EU *acquis*.

As far as connectivity reform measures are concerned, CR requires further efforts to implement measures with a particular focus on measures related to border crossings, road safety and maintenance plans (road and rail).

In addition, CR 2021 considers that Kosovo should develop a comprehensive road safety strategy for the period 2021-2030, including objectives and more reliable collection of data related to accidents. Other requirements of the report include the implementation of the recommendations of the CONNECTA report on the maintenance of railways and roads, road safety inspections, intelligent transport systems and the establishment of an accident data system. In order to reduce the number of fatal accidents, the report recommends that educational policies should be developed, followed by training of staff and effective enforcement of traffic rules. The report also considers that Kosovo should prioritize the review and implementation of the multimodal transport strategy as well as the development of combined transport. Kosovo should strengthen the capacity of the railway regulator, by ensuring financial and operational independence and updating the legal framework.

In the area of civil aviation, the report considers that Kosovo has made progress in aligning with the *acquis* and has implemented almost all the requirements of the first transitional phase of the European Common Aviation Area (ECAA) Agreement, with the exception of some provisions in the area of economic regulation dealing mainly with labour law. Kosovo should continue its efforts to harmonize Kosovo's Regulation on Aviation with the agreement of the European Common Aviation Area.

Meanwhile, in the framework of the requirements derived within the Subcommittee "INFRA" 2021, Kosovo should continue with the further approximation of the legal framework on the transport sector with EU legislation in accordance with best practices. Furthermore, the responsible institutions should implement the reform measures deriving from the connectivity agenda in the area of road and rail transport. In this

regard, Kosovo should approve the AI on the framework for the installation of intelligent transport systems.

Regarding road transport, institutional efforts should be increased in the implementation of legislation as well as to improve the quality of road safety data as preconditions for improving road traffic safety, as mentioned in the context of Vienna's soft measures. In this regard, adoption of instructions for Road Safety Inspection and drafting of a three-year inspection plan is required. Furthermore, taking direct measures to establish a Road Accident Registration database is required. Kosovo authorities are also required to fully implement the actions set out in the Regional Road Safety Action Plan adopted in October 2020. Furthermore, they are required to draft a comprehensive national strategy on road safety 2021-2030, including by setting the targets, as well reflecting in the institutional structure of road safety to address the challenges.

On the other hand, Kosovo institutions are required to tackle with priority the solution of the issue of homologation of old vehicles; it is specifically required that the legislation on vehicle homologation (AI No. 2/2018) be reviewed in order to be aligned with EU best practices and eliminate non-tariff barriers.

In addition, the "INFRA" 2021 Subcommittee considers the need to work together with other Western Balkan countries to exchange knowledge and best practices and to reduce the large number of road deaths and serious road traffic injuries in the region. Institutional efforts should be stepped up for adoption and implementation of Intelligent Transport System (ITS) legislation, as well as for implementation of CONNECTA recommendations.

Meanwhile, regarding rail transport, it is required to sign the 2020-2024 financial agreement, presented by INFRAKOS in October 2019, between the Infrastructure Manager and the authorities in charge. It is also required to appoint a new board of Directors of the Railway Infrastructure / INFRAKOS and to approve measures in order to increase the number of passengers in rail transport. It also calls for continued efforts to transpose the EU *acquis* on passenger rights in all modes of transport.

In the area of civil aviation, some of the remaining requirements of the first phase of the European Common Aviation Area Agreement (ECAA) on the regulation of labour relations in line with the *acquis* should be met and the Kosovo Civil Aviation Strategy should be finalized and approved. The government should also ensure that the reorganization and administrative reforms of the Civil Aviation Authority are based on the principles of public administration reform and relate to the specific circumstances and requirements of the aviation sector.

In addition, the Subcommittee "INFRA" 2020 and 2021 to approve the Sectoral Strategy of Multimodal Transport that includes the civil aviation strategy.

State of Play

Legislative, Policy and Institutional Framework

Road transport

The Law on Road Transport; legislative framework in this area consists of the following relevant normative acts:

- Law on the Establishment of the Transport Community Treaty;
- Law on Roads;
- Law on Road Transport;
- Law on Railways;
- Law on Civil Aviation;
- Law on Driving Licence;
- Law on Vehicles;
- Law on Road Traffic Provisions; and
- Law on Land Transport of Hazardous Goods.

In terms of completing and further aligning the bylaws, MoI has adopted 23 AIs.

These normative acts have transposed the following *acquis* acts:

- Directive 2006/126/EC;
- Directive 2000/30/EC;
- Directive 96/96/EC;
- Directive 96/35/EC
- Directive 2008/68;
- Directive 1071/2009;
- Directive 1072/2009;
- Directive 1073/2009.
- Directive 95/50;
- Directive 96/35/EC as amended by Directive 2008/68/EC;
- European Agreement concerning the International Carriage of Dangerous Goods by Road (ADR);
- International Convention concerning the Carriage of Goods by Rail (CIM) and Convention concerning International Carriage by Rail (COTIF); and
- Regulation concerning the International Carriage of Dangerous Goods by Rail (RID).
- The European Agreement Concerning the Work of Crews of Vehicles Engaged in International Road Transport (AETR).

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

- Sector and Multimodal Transport Strategy 2015-2025 (SSTMM) and the 5-year Action Plan; and
- Strategy on Road Traffic Safety 2016-2020 and Programme for Road Traffic Safety.

Institutional framework:

- Ministry of Environment, Spatial Planning and Infrastructure;
- Inspectorate Department;
- Department of Road Infrastructure;
- Department of Road Transportation;
- Department of Vehicles;
- Department of Driving Licence; and
- Coordination Department of the Council on Road Traffic Safety;

Civil aviation

Legislative framework in this area consists of the following main normative acts:

- Law on Civil Aviation;
- Law on the Establishment of the Air Navigation Services Agency;
- Regulation No. 01/2016 amending General Basic Standards on Civil Aviation Security;
- Regulation No. 04/2017 laying down Detailed Measures for the Implementation of the Common Basic Standards on Aviation Security; and
- Regulation No. 01/2017 on the Investigation and Prevention of Accidents and Incidents in Civil Aviation, a regulation transposing EU regulations No: 996/2010 (26 October 2017, AAIC).

These normative acts have transposed the following *acquis* acts:

- Kosovo institutions (MI and CAA) have transposed all legislation deriving from the first phase of the European Common Aviation Area Agreement (ECAA), in addition to the Directive 2003/88 which is expected to be transposed by amending the Law on Labour;
- CAA has also transposed 71 regulations deriving from Phase II of the European Common Aviation Area (ECAA) Agreement;
- EU Regulation no. 1141/2011 amending Regulation (EC) no. 272/2009;
- EU Regulation no. 245/2013 amending Regulation no. 272/2009;
- Regulation (EU) No. 2015/1998 amending Regulation (EU) No. 185/2010;

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

- Sector and Multimodal Transport Strategy 2015-2025 (SSTMM) and the 5-year Action Plan;
- National Programme for Civil Aviation Safety has been approved by the MIA on 4 October 2017 and aims to protect passengers, crew, terrestrial staff and the general public from illegal interventions;
- National Programme for Civil Aviation Safety Quality Control that aims to determine compliance with the effectiveness assessment of the National Programme for Civil Aviation Safety through audits, tests and inspections;
- National Training Programme for Civil Aviation Safety, providing equal opportunities and treatment for both genders, which provides the creation of trained staff for the standardized implementation of preventive security for the safe operation of international flights; and
- National Programme for Civil Aviation Safety in the Republic of Kosovo.

Institutional framework:

- Ministry of Environment, Spatial Planning and Infrastructure;
- Civil Aviation Authority of Kosovo;
- Ministry of Internal Affairs
 - Division for Civil Aviation Safety;
- Aeronautical Accident and Incident Investigations Commission (AAIIC).

Railway transport

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

- Law No. 04/L-063 on Kosovo Railways;
- 28-Regulations covering the licensing, security, interoperability and market regulation; and
- 4 AIs covering licensing, security, interoperability and market regulation.

These normative acts have transposed the following *acquis* acts:

- EU Directive 2004/49;
- EU Directive 2001/14;
- EU Directive 91/440 and 95/18;
- EU Directive 2007/59;
- EU Directive 2008/57;
- EU Directive 2012/34.

The policy framework in this area consists of the Sector and Multimodal Transport Strategy 2015-2025 (SSTMM) and the 5-year Action Plan.

Institutional framework:

- Ministry of Environment, Spatial Planning and Infrastructure;
- Railway Regulatory Authority (RRA);
- Aeronautical Accident and Incident Investigations Commission (AAIIC); and
- Infrakos.

Donor Support

The budget for the implementation of medium-term priorities will be planned within the MTEF as well as including the continuation of support from IFN, as well as potential donors. In this context, the total cost of rehabilitation of the railway line 10 calculated in 2015 at 208,400,000 euros, is now estimated at 245,000,000.00 euros of which 40 million euros are loans from the EBRD, 80 million euros are loans from the EIB, 89 million euros are grants from the EU, while for 36 million euros are expected to find funding. The cost for the implementation of the preliminary project-design for the railway line 7 amounts to 1,250,000 euros and is a grant of WBIF, while the cost of the feasibility study for the railway line Prishtina - Airport amounts to 1.1 million euros which is also a grant of the WBIF.

Kosovo has also expressed interest for support by WBIF regarding the financing of the M7 Besi - Merdarë Road. The application for grant investment is still in process. It is worth mentioning that this project is part of the Priority List of Projects.

Medium-term Priority Objectives

In order to meet the obligations deriving from the SAA and the other EU accession documents and mechanisms in the areas within the scope of Chapter 14, the focus during 2021 – 2024 will be on the following medium-term priority objectives:

- Amending the Law on Kosovo Railways;
- Drafting of the law on safety in railway transport;
- Amending the Law on Land Transport of Dangerous Goods;
- Drafting the law on multimodal / combined transport;
- Commencement of the implementation of the 4th Railway Package, which includes standards and authorization for rolling stock, training of the workforce, independent infrastructure management, and liberalization of internal market for passengers and goods;
- General rehabilitation and modernization of the 10th Railway Line (Serbia border - Leshak - Fushë Kosovë - Hani i Elezit - North Macedonia border);
- Draft design for the Klina - Prizren south-western line.
- Concept project for the Prishtina - Peja railway line;
- Feasibility study for the construction of the Kosovo-Albania Railway Line
- Rehabilitation of the Railway Line 7 (Fushë Kosovë - Podujevo - Merdarë).
- Progressive implementation of the obligations arising from Phase II of the ECAA Agreement;
- Implementation of the State Security Programme and the accompanying State Aviation Security Plan, in accordance with Regulation (EU) no. 2018/1139.

3.15. Acquis Chapter 15: Energy

This chapter contains the EU energy *acquis*, i.e., the objectives of EU energy sector policy are the following: competitiveness, security of supply and sustainability. The EU *acquis* on Energy consists of rules and policies, notably regarding competition and state aids including the coal sector, conditions for equal access to the resources for exploration and conditions of production in the sector of hydrocarbons. This chapter also determines the conditions of internal energy market, promotion of renewable energy sources, energy efficiency, nuclear security and radiation protection.

SAA Requirements

The obligation to approximate Kosovo's legislation with that of the EU in the energy sector derives from Article 74 and Article 114 of the SAA. These provisions oblige Kosovo to technically align its national legislation with that of the EU, but also to ensure its implementation. Article 114 states that cooperation between the parties will focus on priority areas related to the *acquis* of Energy Community. This cooperation will reflect the principles of the market economy and is based on the Treaty establishing the Energy Community, with a view to gradually integrate Kosovo into European energy markets.

It also envisages the possibility of inclusion for assistance in terms of improving and diversifying energy supply and access to the energy market and the application of EU rules on transit, transmission, distribution and restoration of energy interconnections of regional importance to neighbouring countries. It also envisages the implementation of the EU *acquis* on energy efficiency, renewable energy sources and the environmental impact of the energy sector, thus promoting energy efficiency and renewable energy.

Measures by the Council of Ministers of the Energy Community: Kosovo is a contracting party to the Energy Community Treaty and as such has the obligation to approximate and implement the *acquis* of the European Union listed in Article 10 of the Treaty establishing the Energy Community.¹⁴

¹⁴ <https://www.energy-community.org/legal/treaty.html>.

Energy efficiency and renewable energy sources

According to Article 114 of the SAA, the Republic of Kosovo must approximate and implement the EU *acquis* on energy efficiency, renewable energy sources and the environment affected by energy activities, to promote energy saving, energy efficiency, utilization of energy from renewable sources, reduction of environmental emissions, and research and development in these areas.

Security of Supply and Internal Energy Market

Requirements from other EU accession mechanisms

In addition to the obligations of the SAA, Kosovo must also meet the requirements arising from EC's Kosovo 2021 Report and meetings of the SAA Subcommittee on Transport, Environment, Energy and Regional Development, held in March 2021.

EC's *Kosovo 2020 Report* states that Kosovo has to some extent achieved preparations in the energy sector. There has been some progress in this sector, particularly in aligning with the EU *acquis* and increasing investment in renewable energy sources. Good progress has been made in terms of security of supply through the functioning of the 400kV interconnection line with Albania. However, the diversification of the energy sector is slow and Kosovo remains highly dependent on coal, which in addition to being a dominant source of greenhouse gas emissions, poses serious risks to health and the environment. Kosovo needs a strategic focus on a comprehensive green agenda, in line with EU goals, including a gradual shift from coal to renewables and increasing energy efficiency across sectors.

In terms of strategic documents, Kosovo's energy strategy needs to be updated with a main focus on renewable energy, energy efficiency and decarbonisation targets. It is recommended in particular to start the implementation of the *acquis* on energy supply security, to prepare for the decommissioning of TPP Kosova A and the environmental advancement of TPP Kosova B as well as to ensure the establishment of new generation capacities. It is also stressed that there is no progress made in terms of approximation of legislation in the area of mandatory oil reserves with *Acquis* and the domestic legal framework should be aligned with the EU Directives on large combustion plants and industrial emissions.

Regarding the *internal energy market*, it should be started with the implementation of opening the retail market, as well as the gradual adjustment of energy tariffs, reflecting the expected increase in costs and mitigation measures for vulnerable consumers. Work should be continued on implementing energy connectivity reforms.

In the framework of the *Subcommittee of SAA "Infrastructure"*, held in March 2020 and 2021, it is emphasized that Kosovo should make urgent efforts to open the electricity market and implement the requirements of the third energy package. The conclusions emphasize the alignment of the regulatory and contractual framework with the requirements for the creation of the "Day ahead" market and the mutual market with Albania. In addition, adoption of the law on mandatory oil reserves and the law on trade in renewable oil products and fuels in Kosovo remains a priority, as well as AI for bio-oils and bio-fuels. The Energy Strategy and Action Plan should be revised, also ensuring its coherence with the National Integrated Energy and Climate Plan.

In the framework of the decommissioning project of TPP Kosova A, the conclusion remains to continue with the process and to make a decision on the location that will be designated for the storage of hazardous waste and to prepare an environmental impact assessment in order to make the final decision for the location. In line with the sustainable green transition in Europe and the development of new energy sources, Kosovo will participate in the comprehensive study to assess alternative sources of sustainable energy. The appointment of the chairman of the ERO board remains a challenge. Take the necessary measures to make the biomass plant in Gjakova operational. Kosovo needs to adopt a plan that includes a gradual adjustment of energy tariffs, reflecting expected cost increases and mitigation measures for vulnerable consumers.

State of Play

Legislative and policy framework

On 25 October 2005 the Republic of Kosovo signed the Treaty establishing the Energy Community (TEC) and is a contracting party to the Energy Community.

Policy development, organisation, regulation and management of the energy sector in the Republic of Kosovo is done through a package of laws that are generally in line with the EU *acquis* in the area of energy. Institutions in this sector also include government and regulatory institutions and energy companies.

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

- Law No. 05/L-081 on Energy;
- Law No. 05/L-085 on Electricity;
- Law No. 05/L-084 on the Energy Regulator;
- Law No. 05/L-052 on Thermal Energy;
- Law No. 05/L-082 on Natural Gas; and
- Law No. 06/L 079 on energy efficiency.

These normative acts have transposed the following *acquis* acts:

- Regulation No. 715/2009/EC on conditions for access to the natural gas transmission networks – partially;
- Regulation No. 714/2009/EC on conditions for access to the network for cross-border exchanges in electricity – partially;
- Directive No. 2009/72/EC of the European Parliament and of the Council concerning common rules for the internal market in electricity – partially;
- Directive No. 2009/28/EC of the European Parliament and of the Council on the promotion of the use of energy from renewable sources – partially;
- Directive No. 2009/73/EC of the European Parliament and of the Council concerning common rules for the internal market in natural gas – partially;
- Directive 2012/27/EU of 25 October 2012 on energy efficiency, amending the Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8 /EC and 2006/32/EC – partially.

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

- Energy Strategy of the Republic of Kosovo 2017-2026;
- Kosovo Heating Strategy 2011-2018; and
- Strategy Implementation Programme 2018-2020.

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

- Ministry of Economy and Environment (MEE);
- Ministry of Infrastructure (MI);
- Ministry of Finance (MoF);
- Energy Regulatory Office (ERO);
- Kosovo Energy Corporation (KEC);
- Kosovo Electricity Transmission, System and Market Operator (KOSTT);
- Kosovo Energy Distribution Services (KEDS);
- Kosovo Company for Supply of Energy (KESCO); and
- District Heating of Cities (Termokos-Prishtina, Gjakova,)
- Kosovo Energy Efficiency Fund.

In the context of security of supply, regarding the approximation of legislation in the area of oil, the law on mandatory oil reserves has not been adopted for several years as a result of major budgetary implications caused by the implementation of this law. While, the Draft-law on trade of petroleum and petroleum products was approved at the Government meeting with Decision No. 07/17 dated 25.06.2021. While, the AI (AI) on biofuels is expected to be adopted within 2022.

In the process of defining new long-term strategic orientations, analytical activities have been undertaken for the purpose of identifying the requirements for the implementation of the Green Agenda for the Western Balkans and the 2022 -2031 Energy Strategy is being drafted. The Energy Strategy and Action Plan for its implementation are expected to be approved in 2022.

On developments to make the Kosovo – Albania joint energy market operational, the agreement for the data exchange process was signed for the final settlement of the exchanged energy between the two regulatory areas of the Transmission System Operators of Kosovo and Albania, as well as the memorandum on the capacity methodology of transmission network calculation, between the two regulatory zones, KOSTT and OST, were signed on 30 October 2020, in Tirana. By signing these agreements, KOSTT and OST agreed to implement the rules and recommendations ENTSO-E for cross-border energy exchanges, by respecting the "Regulation no. 714/2009 of the European Parliament on conditions for access to the network for cross-border exchanges in electricity" Namely Regulation (EC) 714/2009 of the European Parliament. These important steps bring KOSTT closer to membership in the European Network of Transmission System Operators-ENTSO-E. As of 14 December 2020 KOSTT has is functioning as an Independent Control Zone within the Albania-Kosovo Control Bloc.

Regarding the developments made in terms of the functionalization of the Kosovo-Albania common energy market, in May 2021, ALPEX (joint electricity exchange) has established its branch in the Republic of Kosovo and the head of branch has been appointed. On 21 October 2021, in Tirana, the Agreement on the merger of the electricity markets of Kosovo and Albania was signed between the Energy Regulatory Office (ERO) and the Energy Regulatory Authority (ERE) together with the Transmission System Operators of both countries, namely KOSTT and OST. Through this agreement, the signatory parties recognize the Albanian Electricity Exchange ALPEX as the sole electricity exchange for trading day ahead and intra-day for the trade zones of both countries. At the same time this agreement is also a precondition for subsequent agreements that enable the operationalization of the joint electricity exchange - ALPEX. The signing of the agreement took place in the framework of the meeting of the legal working group for the definition of activities and agreements that are to be implemented in order for the ALPEX joint energy exchange to become operational during 2022. With the signature of the ENTSO connection agreement, the interconnection capacity allocation in the borders with Albania, Montenegro and North Macedonia is carried out by SEE CAO while capacity allocation with Serbia remains pending as a result of EMS's unreadiness to sign the agreement for calculating and allocating interconnection capacity with KOSTT. The politically motivated EMS has blocked the allocation of Kosovo-Serbia interconnection capacities since 14 December 2020. This action has had negative effects not only in Kosovo but also in the region. In this regard, KOSTT has initiated a complaint to the Secretariat of the Energy Community.

In order to open the perspective of development of the natural gas sector and fulfil the obligations that Kosovo has as a member of the Energy Community Treaty, Kosovo has adopted the Law on Natural Gas, which addresses the elements and requirements of the package third part of the EU legislation related to natural gas (Directive No. 2009/73/EC and Regulation No. 715/2009/EC). In addition to the primary legislation, the AI on security of natural gas supply has been adopted.

In Kosovo: there is currently no physical infrastructure, functional infrastructure and natural gas market, however, energy laws and energy strategy 2017-2026 foresee the development of natural gas infrastructure. A joint gas pre-feasibility study between Kosovo and Albania (ALKOGAP Project) was conducted through the WBIF/EBRD Platform. Through a grant under WBIF-IPF9, the joint feasibility study for the North Macedonia - Kosovo gas interconnector is being drafted and is expected to be finalized in the second half of 2022. The study for the preparation of the Master Plan of Gas for Kosovo is being conducted through WBIF, too, and it is expected to be finalized in the second half of 2022.

Electricity production is based on coal (94.96% of total domestic production), while the rest of the supply, 5.04%, is based on RES. Gross electricity consumption for 2020 was 6167 GWh (household consumption participates 45.04%, commercial sector 15.62%, industry sector 12.90%). Losses in the distribution network to gross consumption are quite high: commercial losses to gross consumption account for 11.55%, technical

losses to 11.30%, while losses to transmission 1.74%, and the domestic consumption for the needs of KEK, at 1.85%, must also be added here. The percentage of losses to distribution load: commercial losses – 12.84%, technical losses – 12.56%.

New generation capacities from RES: In order to address the long-term problem of security of energy supply, the Energy Strategy 2017-2026 envisages a capacity of 1,436 MW in 2025, 450 MW of which are derived from renewable sources. With this production capacity it is foreseen to produce about 7,703 KWh annually, while 924 KWh, or 12.1% of them, derive from renewable sources.

Regarding the production of electricity from wind, there are four (4) projects with an installed capacity of 114.4 MW. Selac 1 wind turbine with a capacity of 34.47 MW is in operation; "Selac 2," with a capacity of 34.47 MW, has been licensed by ERO for production of RES and is in operation, while the wind park "Selac 3", with a capacity of 34.47 MW, is expected to enter into operation by the end of this year. All of them are in the municipality of Mitrovica. Furthermore, the wind farm "Budakova", with a capacity of 11 MW, is expected to enter into operation in 2023. The biomass generator of the enterprise DH "Gjakova", with an installed capacity of 1.2 MW, was built and inaugurated in November 2021. There were no developments regarding new projects from solar energy.

A total of 30 RES generators are already in operation, with a total installation capacity of 228 MW: 19 HC (80 MW); 6 PV Solar (10MW) and five (5) wind turbines (137 MW). Furthermore, the Assembly of the Republic of Kosovo appointed the chairman and two members of the Board of the Energy Regulatory Office (ERO) on August 2, 2021. The ERO Board has thus become functional and consists of five members in total.

Donor Support

Kosovo institutions are supported by the European Commission (through IPA) and by other bilateral donors with the following summarized projects:

Current and Planned IPA Projects

Donor Support is mainly concentrated on the project regarding the de-commissioning process of facilities related to TPP "Kosova A" that do not have an impact on the operation of TPP "Kosova A", the project for rehabilitation of Gjakova Heating Plant and expansion of the Termokos Network, as well as the project for rehabilitation of the 'Kosovo B' TPP, environmental section.

Under IPA 2014, all activities related to the Decommissioning process are being carried out in accordance with the decision of the Government of the Republic of Kosovo on Decommissioning and dismantling of nitrogen, gasification, heating and other accompanying facilities which do not impede the normal operation of active units of TPP Kosova A.

The first phase of the project is supported within the programme and was completed in early November 2020. In this phase, a detailed dismantling plan, environmental and social impact assessment study, tender dossier for dismantling works and other documents were prepared necessary. **The second phase** includes dismantling of nitrogen facilities, gasification, heating and other ancillary facilities which do not hinder the normal operation of active units of Kosova A TPP and clearing the terrain. This activity will start following the first phase and is expected to be supported within the IPA programme, and according to preliminary plans the cost of implementation is about EUR 50 million.

The IPA 2018 programme for TPP "Kosova B" supports the project for installation of electrostatic precipitators (ESP), reduction of dust emissions (particles) and reduction of nitrogen oxides (NOx) at a cost of EUR 76 million. As a result of circumstances created by COVID-19, this has been postponed to 2022 whereby work will start with dilations of the boilers in units B2 and B1 of TPP Kosova B. Regarding the start of works for the replacement of electrostatic precipitators (ESP) and measures to reduce of nitrous oxide (NOx) in unit B2 of TPP Kosova B the same is planned to commence in 2023 while for unit B1 in 2024.

Following the submission of the action plan on the project for doubling the generation capacities and expanding of network, the EU Office has expressed readiness to finance the project with EUR 13 million

under IPA 2020, while the European Investment Bank is ready to give a loan of EUR 12 million to double the generating capacity. In addition, POE Termokos JSC for the project of doubling of generation capacities and expanding of network within IPA 2020 commits for co-financing of the project from 2021-2025 with EUR 500,000.00 per year in total EUR 2.5 million.

POE "City District Heating" JSC Gjakova is the beneficiary of the funds allocated under the IPA II 2015 programme, for the construction of a biomass heating plant with co-generation technology. The contract for design and construction was signed with the Austrian company URBAS in the amount of EUR 13,978,180.63, while for the supervision of the works a contract was signed with the company EGIS International in the amount of EUR 850,000.00. According to the dynamic work plan until June 2021 all tests have been performed. The supply of Biomass has started from July and "Ngrohtorja e Qytetit" JSC since 22 October has started providing heating, where the possibility of measurements for environmental permits has been used. After submitting the measurement reports, the environmental permit was obtained for the two thermal boilers with which the operation is continuing.

The beneficiaries of the HCDF project funded by the Norwegian Embassy for 2021 are those from the area of energy where the objectives are capacity building in the approximation of legislation (training for officials within the country and abroad) and within the "gap analysis" for the sub-sectors of this chapter.

Medium-term Priority Objectives

In order to meet the obligations deriving from the SAA and other EU accession documents and mechanisms in the areas within the scope of Chapter 15, the focus during 2021 – 2024 will be on the following medium-term priority objectives:

- Review of the energy law;
- Review of the law on electricity;
- Review of the law on the energy regulator;
- Drafting of the programme the implementation of the energy strategy;
- Drafting and adoption of new cross-border balancing rules;
- Carrying out activities for decommissioning of gasification, nitrification, heating plant and other facilities that do not obstruct the normal operation of active units of Kosova A TPP;
- Common energy market Kosovo-Albania, made operational;
- Membership of KOSTT in ENTSO-E (European Network of Transmission System Operators);
- Membership of ERO in ACER (Agency for the Cooperation of Energy).

Energy efficiency and renewable energy sources

SAA Requirements

Under Article 114 of the SAA, the Republic of Kosovo should align and implement the EU *acquis* on energy efficiency, renewable energy sources and the environment affected by energy activities, to promote energy saving, energy efficiency, the use of renewable sources energy, the reduction of environmental emissions and the research and development in these areas.

Requirements from other EU accession mechanisms

In addition to the obligations of the SAA, Kosovo must meet the requirements arising from EC's Kosovo 2021 Report and the meetings of the SAA Subcommittee "Transport, Environment, Energy and Regional Development", to be held in March 2020 and 2021. These documents set out some of Kosovo's key areas for equipment, as follows:

Challenges identified by EC's Kosovo 2021 Report, include: Kosovo should prioritise energy efficiency investments in residential buildings and the private sector, increasing efforts to monitor and verify energy savings, including making the online platform for energy efficiency monitoring and verification operational. Kosovo should take into consideration the replenishment of the fund and enforce secondary legislation needed to implement the Law on energy efficiency. The fund should mobilise investments for energy in the residential and private sectors. A revolving mechanism needs to be designed for residential

and private sectors to ensure long-term sustainability of the EE fund. New projects on small hydropower plants must be in compliance with the EU Law on concessions and the environment as well as take into account the impact on natural protected areas. An assessment of sustainable alternative energy sources needs to be carried out, in line with the sustainable green transition in the EU. Measures should be taken to operationalize the biomass heating plant in Gjakova. While the legislation is partially aligned with the *Acquis*, the electricity market needs to be restructured in order to enable the integration of renewable energy generation. A market-based scheme to support independent generators should be introduced. There has been no progress in terms of meeting the criteria for the use of bi-fuels in transport. The report emphasizes the need to step up efforts for the monitoring and the verification of energy savings, including the operationalization of an online platform for monitoring and verifying energy efficiency.

Meanwhile, the challenges arising from the meeting of the SAA Subcommittee ‘Infrastructure’ 2021 are the following: changing the support schemes for RES by introducing competitiveness (competitive auctions). Taking measures for the planning of the supplement of “verification the Energy Efficiency Fund and taking into account its scope for energy efficiency in residential buildings. Energy efficiency incentives should be adopted for the private sector and households focusing on social aspects and low-income households (state incentives) or utilizing existing EU programs in Kosovo. Kosovo should properly evaluate projects proposed for hydropower plants, including through Environmental Impact Assessments, and the issuance, transfer and cancellation of guarantees of origin for RES, as well as the implementation of the sustainability criterion for biofuels and bioliquids. The system for issuing, transferring and cancelling guarantees of origin should be implemented.

State of Play

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

- Law on Energy Efficiency;
- Law No. 05/L-101 on Energy Performance of Buildings;
- Regulation for Inspection of Heating and Air-Conditioning System;
- Regulation on the Minimum Calculation Methodology for Energy Performance;
- Regulation on the Certificate of Energy Performance of Buildings;
- Regulation No. 05/2020 on the system of energy service providers and minimum criteria for energy audit.
- Regulation on minimum criteria for energy audits, including those performed as part of energy management systems;
- Regulation on minimum requirements for billing and billing information based on current consumption;
- AI on energy targets from renewable sources;
- AI on promoting the use of energy from renewable sources;
- AI on fuel energy content designated for end use;
- AI regarding the requirements for energy efficiency for the purchase of products, services and buildings from central level institutions;
- AI on the potential of energy efficiency in heating and cooling;
- AI on the methodology regarding the determination of efficiency from the co-production process;
- AI for calculation of electricity from cogeneration;
- AI on general conditions for cost-benefit analysis in relation to measures for promoting heating and cooling efficiency;
- AI on certificate/guarantee of origin for electricity produced by high efficiency cogeneration.
- AI on cancelling energy efficiency criteria for energy network regulation and for electricity network tariffs;
- AI on energy efficiency requirements for transmission system operator and distribution system operator;
- AI amending the AI (MED) No. 03/2019 on energy content of selected fuels for end use;

- AI No. 01/2017 on the promotion of joint regional investments in the energy sector;

These normative acts have transposed the following *acquis* acts:

- Directive 2012/27/EU on Energy Efficiency – partially;
- Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources – partially; and
- Directive 2010/30/EU on the indication by labelling and standard product information of the consumption of energy and other resources by energy-related products – partially.

The *policy framework* in this filed consists of the following documents:

- Kosovo Energy Strategy 2017-2026;
- Third National Plan of Action for Energy Efficiency 2017-2019;
- Fourth national plan for EE 2019-2021;
- National Renewable Energy Action Plan 2011-2020;
- Kosovo Energy Efficiency Action Plan (KEEP) 2010-2018;
- Municipal energy efficiency plans.

In the context of implementation in the area of energy efficiency during 2021, three AIs have been adopted, as follows:

- AI on energy efficiency criteria for energy network regulation and for electricity network tariffs;
- AI on energy efficiency requirements for transmission system operator and distribution system operator; and
- AI amending the AI (MED) No. 03/2019 on energy content of selected fuels for end use.

The AIs mentioned below are also under the process of drafting and the same are expected to be approved by the end of 2021:

- AI on energy services (ESCO) for the private sector and households; and
- AI on the general reporting framework for energy efficiency.

Regarding the developments in the area of renewable energy sources (RES) and EE during 2021, the situation is as follows: within the RES, a concept document (CD) for RES has been drafted, with the same expected to be approved by the end of 2021. CD for RES will define policies in this area which aim to promote economic and sustainable use of local potentials of RES and among others will guide the form of the new support scheme for RES. While, with the assistance of the Western Balkans Investment Framework (WBIF-IPF7) the following study is being conducted: “*Assessment of the potential to provide renewable energy at the scale of renewable services in Kosovo*”.

Furthermore, the incentive fee for support from renewable sources for new projects was terminated on 10 December 2020. Meanwhile, a gradual transition to premium fees and auctions for the 2021-2030 targets is expected.

With regard to energy efficiency (EE), work has begun on drafting the CD on Energy Efficiency, which is expected to be approved in 2022. This CD will propose the drafting of a new law on energy efficiency in line with the EU *Acquis* and will define policies in the area of EE.

Furthermore, an advanced draft of the CD for the area of energy performance in buildings has been drafted, whereby the same is expected to be approved in the first quarter of 2022. The concept document addresses the energy efficiency of buildings and proposes the drafting of a new law on energy performance in buildings) which brings local legislation in line with the EU *Acquis* in the area of energy efficiency in buildings.

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

- Ministry of Economy;
- Ministry of Environment , Spatial Planning and Infrastructure;
- Ministry of Finance, Labour and Transfers;
- Kosovo Energy Efficiency Agency;

- Kosovo Energy Efficiency Fund;
- Energy Regulator Office;
- Kosovo Energy Corporation;
- Kosovo Transmission System and Market Operator (KOSTT).

Support from donors and international financial institutions

With regard to IPA 2021, the environmental improvement component "Design - EU support for cleaning of the air in Kosovo, Phase 3" was supported. Whereas, in the IPA 2022 the action documents that contain the component of energy efficiency and renewable sources that aim to improve energy efficiency and the application of energy technologies from renewable sources were supported with the amount of about EUR 90,000,000.00. Regarding the support within the WBIF instrument, the development of the project application for EE measures in the residential and SME sectors is in progress.

Regarding IPA 2021 programming, the environmental improvement component of "Design - EU Support for air cleaning in Kosovo, Phase 3" was supported. In addition, action documents containing the energy efficiency component and that of renewable sources are sought to be supported under IPA 2022 programming, aiming to improve energy efficiency and apply energy technologies from renewable sources, in the amount of about EUR 90,000,000. In terms of support under WBIF, the project application for EE measures in the residential and SME sectors is being developed.

In support to the World Bank project for the financing of energy efficiency measures in the buildings of central level institutions and the promotion of energy from RES through a soft loan worth USD 31 million, within KEREK (Kosovo Energy Efficiency & Renewable Energy Project), in 2021 the renovation of 30 buildings of the 5th package has been completed. Whereas, for 2022, the 6th package remains to be implemented, which includes the renovation of 15 public buildings in the municipalities of Prishtina, Gjiilan, Gjakova and Prizren. Within this project also the study for "Lower cost planning for optimal mixing of renewable energy" is being carried out followed by another RES study named "Lower cost generation planning and analysis of integration of variable renewable energy network".

In continuation of energy efficiency projects, the Kosovo Energy Efficiency Fund (KEEF) during 2021 has completed the activities for package 1 (55 projects) and package 2 (19 projects) for the implementation of EE measures in public buildings. In addition, from the publication of tenders for both packages, the evaluation of bids is expected to be completed by the end of the year, in which case for the realization of package 1 the value of works is estimated at around EUR 8 million, while for package 2, EUR 3.5 million. Also 21 other projects are expected to be included within the figure amounting to EUR 14.3 million (EUR 5 million transferred to KEEF from the above loan from the World Bank and EUR 9.33 million from the European Union) referring to the IPA II project 2017 - "EU support for the Kosovo Energy Efficiency Fund". In addition to this figure, the implementation and completion of 95 projects in total, including package 1 & 2, is expected to be completed in 2022. In addition, another 50 project proposals from the 2021 call are awaiting the provision of additional funding for which the amount of EUR 3 million was promised by the EU at the beginning of 2022 (under IPA III). Furthermore, during 2021 the agreement for IPA 2020 has been completed, which includes the project for district heating - "Increase of thermal energy production in Termokos" with an amount of EUR 25 million (of which EUR 17.6 million from the EU and the rest in the form of co-financing from Termokos and the Municipality of Prishtina). These funds are expected to be combined with another EUR 25 million financed by loans from international financial institutions.

Whereas, regarding the IPA III projects, for the years 2021 and 2022, two projects are programmed: "Construction of the Photovoltaic Solar Power Plant" in the amount of EUR 15 million, as well as "EU support for the Kosovo Efficiency Fund of Energy" in the amount of EUR 3 million, as an additional contribution to KEEF (mentioned above).

On the other hand, within the projects of the Western Balkans Investment Framework (WBIF), currently in the energy three technical assistance projects are under implementation: "District Heating Systems in Kosovo" with an amount of EUR 2 million and which includes the Study of Feasibility and Environmental

and Social Impact Assessment. This project started implementation in October 2021 and the implementation phase is expected to last 18 months.

Kosovo Gas Master Plan" in the amount of EUR 1 million where the study for this project began in July 2021 and is expected to be completed by June 2022; as well as, "North Macedonia-Kosovo Gas Interconnection" as a regional project where Kosovo is the beneficiary while North Macedonia is the leader of the EUR 650,000 project, which also includes the feasibility study and ESIA. This project commenced implementation in February 2021 and is expected to be completed 12 months after the date of implementation.

In addition, within the framework of WBIF, this year, an application has been made and a response is expected from the European Commission for the project "Energy Efficiency Measures in the Residential Sector and SMEs" in the amount of EUR 200,000 in the form of technical assistance. Whereas, for IPA III for 2023 and 2024 Kosovo is still in the phase of approval/ drafting of projects.

Medium-term Priority Objectives

In order to fulfil the obligations arising from the SAA and other EU accession documents and mechanisms within the scope of Chapter 15, the focus during the period 2022–2025 will be on the following mid-term priority objectives:

- Revision of the Law on Energy Efficiency;
- Implementation of energy efficiency measures in households through the "Reliable Energy Landscape" project (RELP) in 1,200 homes and in 10 multi-storey buildings, and installation of meters for measuring heat consumption and thermostatic valves for about 4500 families in Prishtina;
- Allocation of grants for efficiency measures for women-owned businesses within the "Reliable Energy Landscape";
- Adoption of incentives policy and implementation of energy efficiency measures in the household and business sector;
- Adoption of legislation to support competitive schemes and announce RES auctions;
- Implementation of the capital investment plan to strengthen, expand the network and medium voltage projects to reduce technical and commercial losses
- Finalization of the national plan for increasing the number of nearly zero energy buildings NZEB.

Radiation Protection and Nuclear Safety

SAA Requirements

One of Kosovo's commitments under the SAA, namely under Article 114, is the approximation of legislation in the area of nuclear safety and ionizing radiation protection. Moreover, all provisions in the area of nuclear radiation generation, nuclear safety are based on the EURATOM Treaty (Treaty establishing the European Atomic Energy Community, 1957), which provides that members of the European Community must establish and provide uniform standards of security from nuclear technology to protect the population and the health of workers.

Requirements from other EU accession mechanisms

In addition to the obligations of the SAA, Kosovo must also meet the requirements of EC's Kosovo 2021 Report and the meetings of the SAA Subcommittee "Transport, Environment, Energy and Regional Development", held in March 2020 and 2021.

EC's Kosovo 2021 Report, *in the area of radiation protection and nuclear safety states that* the capacities of the Agency for Radiation Protection and Nuclear Safety remain weak. Kosovo must approve the Regulation on Emergency and Radiation Monitoring as well as the Radiological Emergency Plan.

Meanwhile, the challenge arising from the meeting of the SAA Subcommittee 'Infrastructure' 2021 includes the approval of the Regulation on Emergency and Radiation Monitoring.

State of Play

Legislative and policy framework

- Law No. 06/L-029 on Radiation Protection and Nuclear Safety;
- Regulation No. 18/2018 on Radiation Sources and Practices; and
- Regulation on authorization.
- Regulation on dose limits and protection from radiation;
- Guideline for recognizing experts who provide professional and technical services for protection and safety from ionizing radiation.

These normative acts have transposed the following *acquis* acts:

- Directive No. 2013/59/EURATOM laying down basic safety standards – partially;
- Directive No. 2011/70/EURATOM for the responsible and safe management of spent fuel and radioactive waste – partially;
- Directive No. 2013/51/EURATOM with regard to radioactive substances in water intended for human consumption – partially;
- Directive No. 2006/117/EURATOM on the supervision and control of shipments of radioactive waste and spent fuel – partially; and
- Directive No. 2014/87/EURATOM establishing a Community framework for the nuclear safety of nuclear installations – partially.

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

- Ministry of Defence;
- Ministry of Environment, Spatial Planning and Infrastructure;
- Ministry of Economy;
- Ministry of Health;
- Ministry of Finance, Labour and Transfers;
- Ministry of Industry, Entrepreneurship and Trade;
- Kosovo Agency for Radiation Protection and Nuclear Safety.
- Institute of Physics within the University of Prishtina.

In the framework of the adoption of primary and secondary legislation, the law on radiation protection and nuclear safety, three regulations and a guideline have entered into force. During 2022, the Regulation on Radiological Emergencies and Monitoring is expected to be adopted.

During 2021, at the request of ARPNS and with funding from the Government of Norway (HCDF Project) a gap analysis "audit" of the Agency was performed by an expert of the European Union in the area of radiation protection and nuclear safety in the framework of approximation of local legislation with EU *Acquis*. Conclusions and recommendations from the gap analysis are the following: ARPNS has fully transposed the Council of Europe Directives: 2013/59/EURATOM, 2013/51/EURATOM and partially Directives 2006/117/EURATOM, 2014/87/Euratom and 2011/70/EURATOM.

In the context of this project, a workshop was organized in the area of radiation protection and nuclear safety whereby a presentation was made and comments were provided regarding the final audit report of the Agency. Participants in this workshop were all officials of the Agency, radiation protection experts and medical physics experts.

Regarding the implementation of the legislation *in the area of radiation protection and nuclear safety*, during 2021 the following activities have been undertaken: in terms of the process of Authorization (Registration, Licensing) of ionizing radiation practices and import and transport permits of radioactive sources, the agency has issued: 63 Licenses, 9 registrations and 52 permits for import and transport of radioactive sources. In addition, the agency has issued one (1) recognition for medical physics experts and two (2) radiation protection experts as well as five (5) expert recognitions as well as 53 authorizations for the development of radiological practices for radiation protection experts.

In addition, in the area of radiation protection 70 professional employees have been trained in the area of radiation from the Institute of Physics of the Faculty of Mathematical-Natural Sciences at the University of Prishtina (recognized with No. 40-01/19 by ARPNS as a technical service professional in the area of education and training).

Regarding radiation monitoring (specifically for potential locations with depleted uranium), the agency through a cooperation agreement with the Institute for Radio Elements IRE-ELiT carries out radiological monitoring of water and soil in the territory of Kosovo with special emphasis on potential locations with depleted uranium). Furthermore, 64 inspections were carried out during 2021 aimed at radioactive environmental monitoring (air, water and soil) as well as monitoring of all radioactive sources (lightning rods, industrial sources, health sources) and radioactive waste throughout the territory of the Republic of Kosovo. Until 2020, 100 water samples and 16 soil samples have been collected and analysed. While, during 2021, 20 water samples were collected and three (3) soil samples which were sent for analysis to the Institute for Radioelements 'IRE' in Brussels. It should be noted that during these years of monitoring, analyses of water and soil samples indicate that there is no trace of depleted uranium in the territory of the Republic of Kosovo.

Regarding the control of radioactive waste, ARPNS based on the annual radioactive waste inspection plan, carries out regular inspections of radioactive waste together with KFOR in the territory of Kosovo.

Donor support

European Commission project "Emergency Preparedness and Response in the Western Balkan Region" (Europe Aid/140203/DH/SER/MULTI). The project implements the installation and use of the programme "JRODOS" which is an important part of decision-making in nuclear emergency situations and develops the capacities of the Agency in the area of radiological emergencies.

The project with Ref No.: MC 3.01/18 from the US Department of Energy for Nuclear Safety in the framework of strengthening the border belt of the Republic of Kosovo. The project is implemented pursuant to the Memorandum of Understanding between the ARPNS and the US Department of Energy.

Medium-term priority objectives

In order to meet the obligations arising from the SAA and other documents and mechanisms of EU accession, within the scope of Chapter 15, the focus during the period 2022–2025 will be on these medium-term priority objectives:

- Drafting and approval of the national plan for radiological emergencies;
- Full membership in the IAEA (International Atomic Energy Agency);
- Drafting and approval of the regulation for inspection; and
- Drafting and approval of the regulation for the transport of radioactive waste and nuclear materials and closed sources with high activity in the territory of the Republic of Kosovo.

3.16. Acquis Chapter 16: Taxation

The *acquis* in taxation consists in aligned legislation on indirect taxation (i.e. value added tax) and excise duties. The *acquis* defines the scope, definitions as well as principles of VAT. VAT legislation provides for equal treatment in terms of taxation for national and international transactions (imports). VAT is also based on the principle of neutrality, whereby the applied taxation is proportional to the price, independent to the number of intermediate transactions.

Excise duties for tobacco, alcoholic beverages and energetic products are also subject to the EU *acquis*. The EU *acquis* establishes the excise duties structure to be charged, as well as the minimal tariff system for each of the product groups. The goods are subject to charged excise duties if produced within the EU or imported from abroad. However, excise duties are paid only in the Member State where the goods are set in circulation/for consumption (with a few exceptions) under the excise duties system of that particular State. The EU *acquis* contains provisions on the production, retention and movement and monitoring of excise duty goods.

On **direct taxation**, the *acquis* covers some aspects of taxing income from savings of individuals and of corporate taxes. The focus is to eliminate distortion of cross-border economic activities between Member State companies. Furthermore, all Member States are committed to complying with the principles of the Code of Conduct for Business Taxation, aimed at the elimination of harmful tax measures.

Administrative cooperation and mutual assistance amongst Member States aims at ensuring normal functioning of the internal market, in terms of taxation and ensures means to prevent fiscal evasion and tax avoiding within the Community. Member States should ensure there are sufficient capacities in place for implementation and enforcement, including linkages to the digital taxation systems used by the EU. As part of the operational capacity and digitalization, *acquis* on VAT covers the system of information sharing, allowing for direct electronic exchange of data between Member States' administrations. Similar IT systems are required also in the area of excise duties as well as direct taxes, in order to allow for information sharing between Member States. In addition, a specific IT system (VoeS) is required in order to enable information sharing between Member States, in relation to the special scheme on e-services provided by the non-resident EU traders to EU citizens.

SAA Requirements

The area of taxation is one of the most important areas covered by the Stabilisation Association Agreement (SAA, Article 39, Article 40, Article 70 and Article 105). Article 39 prohibits fiscal discrimination, while Article 40 covers taxes of fiscal nature. Article 105 covers Kosovo's development in terms of taxation and measures envisaged for further reforms of Kosovo's fiscal system. In addition, the above mentioned article also covers the restructuring of the tax administration in order to ensure the effectiveness of tax collection and fiscal fraud.

Moreover, it is these articles that envisage the priority areas linked to EU *acquis*, specifically, combating unfair taxation competition. EU *acquis* taxation legislation in the area of fighting unfair taxation competition is based on the Code of Conduct for Business Taxation, adopted by the Council and the Representatives of the Member States Governments.

In order to support the implementation of the measures against tax frauds as well as tax evasion, the cooperation will aim at promoting good governance principles in taxation area, including transparency, information sharing as well as fair tax competition in Kosovo.

With regard to EU company establishment in Kosovo, Kosovo will support the establishment of activities by EU companies in its territory. With a view to facilitating the process of company establishment, Kosovo will provide for equal treatment of its companies with those of a third country.

Requirements from other EU accession mechanisms

Based on EC's Kosovo 2021 Report, Kosovo needs to proceed with further harmonization of the tax legislation including personal income tax (PIT) and value added tax (VAT) with the EU *acquis*. Kosovo in particular needs to systematically implement strategies to combat the informal economy, money laundering, terrorist financing and financial crime. Kosovo also needs to systematically implement strategies to combat informal economy, money laundering, terrorist financing and financial crime. The report also calls for increased co-operation with law enforcement and judicial institutions to ensure timely adjudication of tax evasion and fraud cases, especially in high-risk sectors. Capacities of the Tax Administration need to be further strengthened and merit-based and transparent selection processes ensured.

The conclusions of the 2021 Subcommittee require adoption of the Law on Tax Administration and Procedures and laws in the area of tax (Value Added Tax, Corporate Income Tax and Personal Income Tax), in accordance with the recommendation of IMF and best practices of the EU. The findings highlight the need to improve the register of taxpayers by improving statistics according to industry codes. Authorities should strengthen the case selection approach for tax audit based on compliance risk assessment and publication of implementation reports. The authorities must also make the sale prices of real estate received

from the Kosovo Cadastral Agency public. In addition, a conclusion is the harmonization of the tax system of Kosovo with the minimum standards of the inclusive framework of BEPS/OECD.

State of Play

Legislative Framework

The legislative framework in this area consists of these main normative acts:

- Law on Personal Income Tax
- Law on Corporate Income Tax
- Law on Value Added Tax
- Code No. 03/L-109 Customs and Excise Code of Kosovo
- Law No. 04/L-021 on Excise on Tobacco Products
- Law No. 04/L-185 on Special Excise Rates on Initial Production and Small Production of Alcoholic Products Manufactured in Kosovo
- Law on Public Debt Forgiveness
- Law on Pension Funds of Kosovo
- AI No. 02/2010 on Electronic Reporting of Tax Deduction at Source from Salaries and Pension Contributions
- AI No. 12/2009 amending the AI No. 06/2009 on the Use of Fiscal Electronic Devices

The Law on Personal Income Tax, the Law on Corporate Income Tax and the Law on Value Added Tax are planned to be amended in the medium-term to ensure further alignment with EU legislation but also to adapt to the economic circumstances after COVID-19.

Policy Framework

In the area of taxation, some strategic documents have been adopted and are being implemented. The Strategic Plan of TAK for the period 2021-2025 as the highest document in the hierarchy of TAK documents; in this Strategic Plan, TAK presents the values, priorities and objectives for the period 2021-2025. The Tax Administration of Kosovo, in order to ensure a high level of tax compliance, is consistently focused on three main issues: voluntary compliance, the provision of professional services and fair and equal treatment of all taxpayers. The 2021-2025 Strategy defines the future priorities, i.e., strategic goals and key performance indicators, such as: reducing the tax gap, collecting and handling tax debts, as well as the development of the Organization in accordance with the best European standards.

The Compliance Strategy for the period 2021-2025 aims for a compliant environment by facilitating the compliance process through continuous improvement of the quality of services for all taxpayers who voluntarily fulfil their legal obligations. On the other hand, the implementation of the rule of law based on risk through the identification and treatment of all those taxpayers who are hesitant or have decided not to fulfil their legal obligations.

In August 2021, the 2021 - 2023 Medium-Term Action Plan for Reforms was approved and the same reflected 8 areas with a total of 17 objectives to be achieved by 2023.

Institutional Framework

The institutional framework in this area consists of the **Tax Administration and Kosovo Customs** - executive agencies of the relevant Ministry of Finance. TAK is the key tax institution in the Republic of Kosovo, which functions as part of the Ministry of Finance, and is the authority responsible to implement fiscal legislation and to administer taxes and international tariffs. TAK's main objective is to support the taxpayers in paying their tax obligations in line with the applicable legislation and to ensure that the tax revenues go to the state budget, by offering the taxpayers an effective payment system. While, Customs is in charge of collecting VAT at the border for all imports. With the legislation on the Customs Code and Excise Duty, the Customs is an institution responsible for collecting excise revenues.

In addition, all tax payment statements are carried out in an electronic manner through the system Electronic Declaration of Incomes (EDI), which allows for a swift, simple and secure declaration by the taxpayers. The system has allowed the achievement of good results. Various IT modules have been created, thus making taxpayers statements as well as the internal work management processes easier. In addition, the electronic certification product for individuals and businesses has become operational. Through the EDI System, it is also possible to provide new services in the case of the COVID-19 pandemic, with taxpayers electronically submitting their requests to benefit from the Emergency Fiscal Package measures, such as compensation of workers' salaries, compensation of payment of rent, request for additional payment for at-risk employees – in direct contact with the customer.

Complaints Division - The mission of the Division is to resolve tax disputes, without litigation, on a fair and impartial basis for the Government or the taxpayer, which will foster voluntary compliance and public confidence in the integrity and efficiency of the Tax Administration. During the period January - November 2021, the number of complaints received is 434, while the total reviewed complaints were 341.

Donor Support

Since its establishment, the Tax Administration of Kosovo has been continuously supported by different international organisations.

The IMF has carried out three technical assistance missions to build capacity in connection with the modernization of the new IT debt collection system; drafting the strategic plan of TAK 2022 - 2026; and capacity building in the area of tax compliance management. In addition, during the reporting period a mission that was carried out was the one pertaining to capacity building and drafting procedures related to the application of minimum standards of BEPS in the area of direct taxes, as well as in the area of electronic commerce. In addition, two missions of technical assistance were carried out by GIZ and Bavarian Tax Administration related to the review of tax compliance risk criteria in the risk analysis tool and timely declaration of taxes. Trainings were also held for the purpose of increasing staff knowledge in the area of communication inside and outside the organization.

To improve the tax register, several activities have been carried out in cooperation with the World Bank, which is supporting TAK in these areas. In cooperation with USAID, the monitoring tool of the TAK 2021-2023 Integrity Improvement Plan has been developed. In addition, preparations have commenced for the improvement of the TAK website in order to better manage the documents on the website.

Medium-term Priority Objectives

In the medium-term period, the main legal priorities foreseen to be implemented are the following:

- Development and implementation of the legal framework for VAT, CIT and PIT in line with EU legislation including the Code of Conduct for Business Taxation and directives of the Council of Europe;
- Drafting and adopting of bylaws on VAT, CIT and PIT law and alignment with EU Law, in particular with the Code of Conduct for Business Taxation and Council of Europe directives.

In the medium term, the main **implementing** priorities expected to be attained are the following:

- Increasing the collection of tax debts;
- Continuing implementation the tax compliance improvement approach based on assessment of the risks identified;
- Implementation of the modernization of Information Technology in the Tax Administration;
- Implementation of the 2022-2026 TAK Strategy;
- Improving the tax control function according to good international practices;
- Modernization of the Large Taxpayers Department;
- Fighting against the tax evasion, tax avoidance and expansion of tax basis;
- Increasing compliance regarding timely declaration.

3.17. Acquis Chapter 17: Economic and Monetary Policy

Acquis in the area of economic and monetary policy consists in specific rules requiring the independence of central banks in Member States, by prohibiting direct financing of the public sector by the central banks and by prohibiting privileged access for the public sectors in financial institutions. Member States are expected to co-ordinate their economic policy and are subject to the Stability and Growth Pact on fiscal surveillance. New Member States are also committed to complying with the criteria laid down in the Treaty in order to be able to adopt the euro in due course after accession. Until then, they will participate in the Economic and Monetary Union as a Member State with derogation from the use of the euro and shall treat their exchange rates as a matter of common interest.

Acquis in the economic and monetary policy derives from Title VIII (Article 119-144) of the Treaty on the Functioning of the EU (TFEU), and from the respective implementing legislation.

SAA Requirements

Kosovo's main responsibilities in legislation alignment with the EU *acquis* derive from Article 74 of the SAA. In addition, the Article 94 of the SAA highlights that the EU and Kosovo will facilitate the process of economic reforms through cooperation in order to improve the understanding of their respective economy fundamentals, as well as formulation and implementation of market economy policy.

This chapter describes the overall developments in terms of monetary and economic policy in the context of the strategy and objectives set by the Government. Given that Kosovo uses the Euro as its own currency, adopted unilaterally in 2002, Kosovo has no monetary policy and as a result the focus of this chapter in Kosovo case will focus on the Economic Policy section. Moreover, in the light of impossibility to use monetary policy as a development option, economic policies gain even greater importance. The chapter also assists in analysing and achieving the institutions' goals in the context of the Stabilisation and Association process with the EU, one of the priorities of which lies in ensuring macroeconomic stability.

State of Play

Legislative, policy and institutional framework

Monetary policy

The Central Bank of the Republic of Kosovo (CBK), transformed from the Kosovo Central Banking Authority, is a public legal entity based on the Articles 11 and 140 of the Constitution and the provisions of the law, enjoying administrative, financial and management autonomy.

Based on Article 6 (independence and autonomy) of the Law on Central Bank of Republic of Kosovo, the Central Bank, the members of the decision making bodies or the personnel of the Central Bank, will not receive instruction from a person or another subject, including government entities. The independence and autonomy of the Central Bank is respected at all time, and no person or entity will try to influence the members of the decision making bodies or the personnel of the Central Bank, in carrying out their responsibilities or intervene in the activities of the Central Bank. Moreover, the Central Bank legislation envisages that the accounts, records and financial records of the Central Bank are audited at least once a year, in compliance with International Audit Standards, by independent international auditors, who should be well renowned and should possess international expertise in auditing large international financial institutions.

Currently, the Law on Central Bank of the Republic of Kosovo is partially in line with the EU *acquis*. Even though many provisions are approximated, there is still a need for further legal efforts in order to ensure full compliance with the general principles of the EU *acquis*. Law No. 03/L-209 on Central Bank of the Republic of Kosovo was drafted with technical assistance from the IMF in accordance with best international practices and the legislative framework of the EU.

In addition, on 10 March 2017, the Assembly of Kosovo adopted Law No. 05/L-150 amending the Law No. 03/L-209 on Central Bank of the Republic of Kosovo, changes which further improved the CBK governing

and controlling framework and, at the same time, further aligning the Law on CBK with provisions regulating this issue within the EU and international practices.

In 2002, Kosovo unilaterally adopted Euro as its legal currency, and since then, Euro has been the de facto currency in Kosovo, hence the Kosovo monetary policy is quite limited. The only traditional instrument of the monetary policy which is available to the Central Bank is the bank reserve requirements. Since the beginning of the functioning of the banking sector in Kosovo, banks have always retained abundant reserves, hence, during this time it was not deemed necessary to change the mandatory reserve norms.

The use of Euro limits the role of the Central Bank in its function as lender of last resort, in providing short-term credit to banks that could face lacking liquidity. With this in mind, the Government of Kosovo and the CBK have established the Emergency Liquidity Assistance (ELA), which is an emergency fund to be activated in case of lack of liquidity in the banking sector. The Government of Kosovo also maintains an adequate level of bank balances as buffers to respond to the potential economic shocks they face.

Medium-term priority objectives:

- Capacity building for administering emergency situation, in case of crisis and providing solutions to banks in trouble.

Economic Policy

In general, there is consensus on the essence of economic policy with a special focus on its orientation towards creating conditions for sustainable economic growth and also generation of sustainable employment.

Government of Kosovo has as its main objective in its fiscal policy to maintain macro-fiscal stability, which is closely linked to obligations deriving from the Stabilisation Association Agreement, which is related to preserving the macro-fiscal stability and alignment of the policies with the EU. An indicator of the Government's commitment in this direction is the adoption of the fiscal rule, which limits the deficit level at 2% of GDP. The goal of setting up such a mechanism was the stabilisation of the debt under the level as envisaged by law (40% of GDP). However, due to the situation created by the COVID-19 pandemic, the government has changed the fiscal rule by increasing the deficit as a percentage of GDP to 4.5%.

There is a broad consensus on market-oriented economic policy and reforms. This is reflected in the Government Programme 2020-2023, where it is underlined that one of the basic principles of government is to promote rapid and sustainable economic development based on Kosovo's human potential and natural resources. This is the core of my governing programme. The vision of the Government is the increase of welfare, the opening of new jobs and the eradication of extreme poverty in Kosovo. To reach these rates that substantially exceed the average of recent years, the Government will focus on the successful implementation of reforms that have a direct impact on improving the economic, fiscal and financial environment.

Programme measures are expected to result in increased economic activity, especially in the manufacturing, processing and service industries, by supporting export expansion, reducing imports and consequently improving the country's trade balance. In parallel, the Government will focus its resources on the implementation of major development projects which will be funded through various public-private modalities. The implementation of these projects, in addition to the medium-term stimulation, will have an effect on the long-term transformation of the economic structure and on the reduction of unemployment.

Throughout the mandate, programme development targets will be translated into annual growth targets through the Mid-Term Expenditure Framework, the Government Annual Work Plan, and annual budgets.

Legislative Framework

The applicable legal/sublegal acts in this chapter:

- Law No. 03/L-048 on Public Financial Management and Accountability,
- Law No. 03/L-175 on Public Debt

- Law No. 06/L-133 on the Budget Appropriations of the Republic of Kosovo for Year 2019
- Law No. 04/L-008 on Social Economic Council
- Regulation No. 01/2015 on the Work of the National Council for Economic Development of Kosovo.

Policy Framework

The Government Programme is the main document defining the orientation and development of the Government policy, which also is the basis for determining the priority policies in MTEF. The Government Programme is of political nature and includes Government plans and commitments for the midterm period. The Government is obliged to adopt a priority statement which serves as a basis of policies for preparing the Medium Term Expenditure Framework, the Budget and the Government Annual Work Plan. The Medium Term Expenditure Framework is the mechanism the Government uses to set up its fiscal policy and it serves as the main document for policy planning in Kosovo. The fiscal framework includes planning on revenues and expenditure for the next three years; sets expenditure limits for all budget organisations, defined based on government priorities, as well as financing of the deficit and the banking balance level.

Our government remains committed to maintaining a stable macroeconomic environment and potential growth and long-term employment perspective of Kosovo by maintaining the fiscal deficit and making the composition of the budget with a more favourable growth by creating space for important infrastructure projects (carried out through support by the current Stand-By Arrangement with the IMF); by further increasing the banking regulatory and supervisory framework and reducing the remaining barriers to bank lending to the manufacturing sector; and improving the business environment of Kosovo by improving the public procurement system.

In order to ensure public finance sustainability, Kosovo, as a small open economy, has managed to experience positive economic growth mainly from consumption and investment, a budget funded mainly by remittances and donations of the Diaspora. The level of government debt remains the lowest in the region and also much below the maximum allowed level under the Law on Public Financial Management. One of the key factors contributing to such a low debt level is its short history of debt issuance from 2012.

Institutional Framework

Institutional Framework for Economic Policy:

- Ministry of Finance, Labour and Transfers: relevant departments in charge of economic and fiscal policy, treasury, budget, etc.;
- Other ministries which in their portfolio have certain economic policies.

Institutional Framework for policy Coordination:

- Office of the Prime Minister – Strategic Planning Office and the future AEI;
- Line Ministries – Departments of European Integration and Policy Coordination.

In addition to the existing policy-making structure, the Government establishes other mechanisms such as bodies and various working/consultative councils which propose to the Government the adoption of measures and decisions on specific aspects of economic policy.

Medium-term Priority Objectives

In the medium term, the main implementing priorities expected to be realized are the following:

- Drafting a new national development strategy
- Development and implementation of important economic policies to address constraints to economic growth such as the measures planned in the framework of the dialogue on economic governance with the EU;
- Review of fiscal policies;

- Competitive trade policy and improvement of business environment, including market opening, functioning of free trade zones, fighting informal economy, elimination of legal barriers and reduction of bureaucracy;
- Support to small and medium-size enterprises by increasing the credit guarantee fund and other administrative ease, including, inter alia, undertaking affirmative action measures for women-led enterprises.

3.18. Acquis Chapter 18: Statistics

The *acquis* in the area of statistics requires the existence of a statistical infrastructure based on principles such as impartiality, reliability, transparency, confidentiality of individual data and dissemination of official statistics. National statistical institutes act as reference and anchor points for the methodology, production and dissemination of statistical information. The *acquis* covers methodology, classifications and procedures for data collection in various areas such as macro-economic and price statistics, demographic and social statistics, regional statistics, and statistics on business, transport, external trade, agriculture, environment, and science and technology. No transposition into national legislation is needed as the majority of the *acquis* takes the form of regulations.

SAA Requirements

The statistics chapter is covered by Articles 74 and 95 of the agreement. SAA envisages the development of an effective and sustainable statistical system in Kosovo, which is able to ensure reliable, objective and accurate data, which are comparable to European statistics, and which are needed to plan and monitor transition and reform processes in Kosovo. Such a system needs to enable the Kosovo Statistics Agency to better perform its duties and meet its clients' needs (both the public administration the private sector). The statistical system needs to be in compliance with the principles of the European Statistics Code of Practice, and the basic principles of the statistics by UN, citations from the European Statistics law, and it should be developed in line with implementation of EU *acquis* in the area of statistics.

Requirements from other EU accession mechanisms

EC's Kosovo 2021 Report, Kosovo has some level of preparation in the area of statistics. Some progress was made, notably in improving data collection methodology and data transmission to Eurostat. Kosovo's Agency for Statistics needs to intensify its efforts to implement the recommendations of the Eurostat peer review. Communication between the statistical institutions has somewhat improved but the coordination at the technical level and the use of available administrative data sources has not notably improved since last year. During the reporting period, there has been little improvement in the alignment of sectorial statistics with European standards or the provision of new statistical products. The planned population census was not conducted and has been postponed for 2022. Considerable efforts are still needed, especially to ensure that macroeconomic, business and environmental statistics are aligned with European standards. Statistical governance and coordination between key statistical institutions should be improved and better access to and use of available administrative data sources should be provided. Preparations for the next 2022 census should also be intensified by providing adequate resources and full coverage of the territory.

The conclusions of the 2021 Subcommittee call for the implementation of the amendments to the Law on Official Statistics and the adoption of legal amendments for the population census. It is also emphasized that the implementation and development of sectorial statistics should continue. KAS should implement the action plan on the implementation of Eurostat recommendations and increase the coordination role in the national statistical system and ensure that the Agency has an active role in creating and modifying the administrative data used for official statistics. KAS should continue the harmonization with Regulation 223/2009 on European Statistics.

State of Play

Legislative and Policy Framework

The legislative framework that also relates to the area of statistics consists of the following legal acts:

- Law No. 04/L-036 on Official Statistics of Republic of Kosovo (Official Gazette of the Republic of Kosovo / no. 26/25 November 2011, Prishtina)
- Law No. 06/L-058 on amending the Law No. 04/L-036 on Official Statistics of the Republic of Kosovo (Official Gazette of the Republic of Kosovo / No. 3/17 January 2019, Prishtina)
- Law No. 03/L-209 on Central Bank of the Republic of Kosovo (Official Gazette of the Republic of Kosovo / Prishtina: year v / no. 77/16 August 2010); Law No. 03/L-209 on Central Bank of the Republic of Kosovo (Official Gazette of Republic of Kosovo/Prishtina: year v/No. 77/16 August 2010);
- Regulation on Balance of Payments and International Investments Position Statistics;
- Regulation on Monetary - Financial Statistics and Financial Accounts Statistics;
- Law No.03/L-048 on Public Financial Management and Accountability, Amended by Law No. 03/L- 221, Law No. 04/L-116 and Law No. 04/L-194;
- Regulation MoF -No. 03/2014 on Annual Financial Statements of Budget Organisations;
- Law No. 05/L-020 on Gender Equality, which requires the collection, maintenance and processing of all official gender-disaggregated official data.

These normative acts have transposed the Regulation No. 223/2009 of the European Parliament which deals with statistics at EU level, by respecting the provisions of the Law on Official Statistics on data confidentiality, fundamental principles of official statistics (E/2013/24 (2013/21).

Law No. 06/L-058 on amending the Law No. 04/L-036 on Official Statistics of the Republic of Kosovo establishes the basic principles for the regulation of Official Statistics. Some of these principles are relevance, impartiality, reliability, cost-effectiveness, professional independence, and transparency. Activity in the area of official statistics in the Republic of Kosovo is regulated by the Law on Official Statistics. For purposes of implementing the above-mentioned law, the Government of Kosovo has issued relevant bylaws:

- AI on Storing of Statistical Material;
- AI on Special Processing of Statistics;
- Regulation No. 11/2013 on implementation of standards for classification of economic activities in the version of nace-rev.22, which is in accordance with Regulation No. 1893/2006 of the European Parliament.

Policy Framework

One of the necessary instruments for the coordination of the statistical system is the 5-year programme of official statistics. KAS continues to implement the programme of official statistics 2018-2022. Moreover, during the preparatory phase of the programme, the main users of official statistics were also consulted. This Programme has been approved by the Government of Kosovo.

KAS is implementing the 2021 annual plan and has prepared the annual plan for Official Statistics for 2022. This plan was approved by the Government on 20 October 2021. The annual programme as a planning instrument prioritizes activities from the medium-term programme taking into account the resources available. The 2021 Annual Plan aims to achieve objectives such as better use of resources through organizational efficiency, shortening deadlines, in order to increase the number of statistical products. Setting of priorities has been carried out by aiming at achieving efficiency, productivity, increasing the quality of the statistical system and meeting the requirements of users and EU standards.

Following the publication of the report "Peer Review", the KAS has drafted a plan for implementing the recommendations from the report made by a team of experts. This plan has been finalized in full coordination with Eurostat. The plan for implementing the recommendations has been published on the official website of KAS and Eurostat. The most recent report on implementation of the Peer Review recommendations was submitted last year (2019), while for 2020 and 2021 KAS is awaiting the request from Eurostat to draft the updated report on implementation of recommendations for 2020. In addition, the current state of play regarding SDG 2030 indicators has been identified for the part of KAS, and the process is ongoing.

Institutional Framework

Implementation of commitments deriving from the legislation in force in the area of statistics is under the responsibility of the following institutions that are part of the state statistical system:

- Ministry of Finance, Labour and Transfers / Kosovo Agency of Statistics;
- Central Bank of Republic of Kosovo;
- Other bodies authorized by KAS.

Kosovo Agency of Statistics, pursuant to the Law on Official Statistics, coordinates the state statistical system and is responsible to align official statistics data. KAS is also responsible to define the user needs and to filter them according to relevance. Moreover, they transform the relevant needs from the users in measurable concepts so as to ease up the data collection and their dissemination. KAS is the main coordinator amongst the statistics producers and ensures coherence and compliance with the statistical system and the agreed standards. Currently, KAS is focused mainly on collection of information from real sectors as well as developing as much as possible statistics in relation to them.

KAS is responsible to produce statistical products that provide information on economic, social, population, agriculture, environment and energy aspects etc. Statistical products are produced on different time intervals. The most frequent product, CPI, is published on monthly basis. KAS is responsible to get information on Gross Domestic Products, the budget of household economic units, employment and the structure of agriculture. Such information is made available to users, each year. At the end of the year, KAS preannounces the publication of the calendar, providing information on the delivery of the statistical products for the next year.

KAS is responsible to create, manage, maintain and update the following:

- Population census;
- Registry of households;
- Registry of houses and apartments;
- Statistical registry of businesses;
- Registry of spatial units and
- Registry of agricultural economies and other registers in accordance with the plans and decisions.

KAS is responsible that the statistics methodologies used in Kosovo are approximated to those used in the countries of the region and Europe. In order to be able to implement such objectives, KAS continuously updates the procedures in the use of nomenclatures, data collection, data processing and dissemination.

The **Central Bank of the Republic of Kosovo**, in terms of statistical responsibilities, acts on the basis of the Law on Central Bank of the Republic of Kosovo and the Law on Official Statistics of the Republic of Kosovo.

The responsibilities of the CBK in terms of statistics are also regulated by the Regulation on Monetary - Financial Statistics and Financial Statistics Accounts as well as by Regulation on Balance of Payments and International Investments Position Statistics.

The statistics falling under the auspices of the CBK are those in the monetary and financial sector and the external sector. These statistics are in compliance with standards developed by the International Monetary Fund, European Central Bank, Eurostat etc. Monetary and financial statistics include data produced by the CBK, second level banks, insurance companies, pension funds, and financial assistance institutions. Statistics of the external sector include those of the balance of payment, statistics in international services, international investment position, direct investments and external debt. In general, Kosovo has fulfilled the obligations deriving from the *acquis* for monetary and financial statistics and external sector statistics. However, CBK should develop the framework for compiling the statistics of the Financial Accounts.

The **Ministry of Finance, Labour and Transfers** has the mission to make projections and analysis so as to support the decision-making processes in relation to formulation of economic policy. The implementation of this mission of the Ministry of Finance is linked to the tasks and responsibilities of Treasury and the Department for Economic, Public Policies and Financial Cooperation (DEPPFC). The statistics for the fiscal

sector and those related to public debt are compiled and published by the Treasury within MFLT. It is responsible for providing information on the number of jobseekers, the number of services it provides, unemployment benefits, subsidies for families in need.

Other bodies authorized by KAS: There are other providers of administrative data used to compile official statistics in Kosovo. The Ministry of Education and Science is responsible to register the number of schools, students and teachers at all education levels. Ministry of Health and Public Health Institute are responsible to register health institutions, patients, doctors and illnesses, the Ministry of Labour and Social Welfare is in charge of providing information on the number of jobseekers, the number of services they provide, unemployment benefits, subsidies for the family in need. The Ministry of Agriculture, Forestry and Rural Development is tasked to provide administrative data, such as: subsidies to farmers and other administrative data. The Ministry of Economy and Environment has been tasked to draft the Energy Balance, according to the EU requirements, as well as to collect data on natural resources in Kosovo and on biodiversity, the Ministry of Trade and Industry, namely KBRA, provides administrative data on registered businesses. The relevant Ministry for internal affairs is responsible for civil registry data, vehicle registration, work permits for foreigners, etc. The relevant Ministry of environment and spatial planning is responsible for property records. The relevant ministry for employment policies keeps track of jobseekers. There are a number of other institutions that generate, process and publish various administrative data.

All these data, in certain periods, are used by KAS to inform the public about the situation in these respective areas. However, KAS tries to combine this information with other sources coming from the conducted surveys.

In terms of data entry technology, KAS policies have evolved towards the modernization of data collection by shortening data collection time and having higher quality, the integration of these new methods to strengthen KAS statistical data collection programmes as well as facilitating faster and automated data processing, elimination of paper questionnaires and eliminating the need for dedicated staff for data entry, cheaper cost etc. Over 80% of the data are collected through the CAPI and CAWI method.

The SIMS (Single Integrated Metadata Structure) metadata system is under development according to Eurostat standards. Through this system the same database is used for the distribution of metadata on the website of KAS and the same can be generated in SDMX format for transmission to Eurostat through their platform Metadata Handler.

SIMS will also be used for other institutions such as the Ministry of Finance and the Central Bank.

In accordance with Eurostat recommendations, the ASK data platform, created for the management and for the distribution of online data to all users, continues to be further advanced.

The KAS produces national accounts on an annual and quarterly basis (according to production and expenditure approach, at current and constant prices). The deadlines for publication of GDP results have been shortened, which means that for every quarter of the Gross Domestic Product, quarterly publication has been achieved according to the Eurostat standard (t+90 days), using the new methodology of the European System of Accounts (ESA 2010). KAS, in its operational plan for 2021 plans to draft national accounts with revenue approach. KAS has reduced the annual publication deadline of GDP according to ESA 2010 from t+11 to t+9 months.

In addition, government accounts are published annually and quarterly. Data is transmitted regularly to Eurostat (after publication of results), using the SDMX format. The number of tables increases gradually.

KAS also assessed the informal economy for economic activities: road transport, hotels, restaurants and construction according to the Eurostat methodology. Data are compiled for the period 2008-2019, on an annual and quarterly basis, with current and constant prices. The results are published in the Gross Domestic Product data for the period 2008-2019. In addition, KAS has implemented the Eurostat and OECD methodology for assessing the informal economy for certain components (informal employment, illegal activities, etc.).

Regarding *foreign trade statistics*, data on exports and imports of goods are published on a regular monthly and annual basis. Regular monthly publications are published with T+24 days. The annual publication is based on T+168 days. These data are regularly sent to Eurostat through EDAMIS.

Regarding *Energy Statistics*, KAS has shortened the deadline for publishing energy balance results and has increased the number of products sent to Eurostat. Energy statistics are published on quarterly basis in accordance with standards (T + 49 days). Furthermore, the deadline for publishing the Annual Energy Balance has been reduced and the publishing for 2019 was made in June 2020, while the Energy balance for Q3 2021 was made in November 2021.

Regarding *enterprise statistics*, deadlines for regular publications have been shortened and the number of products sent to EUROSTAT has increased

In terms of *hotels and tourism statistics*, hotel statistics for Q1 2021 were published in June 2021. The modifications in the questionnaires were aligned in line with EUROSTAT recommendations and requirements for short-term retail statistics, industry statistics and transport and telecommunications statistics. A Memorandum of Understanding was signed with the Civil Registration Agency in the past regarding access to data on registered vehicles in Kosovo.

In social statistics, the Kosovo Agency of Statistics, for the first time published the results of the survey on income and living conditions (EU-SILC) 2018, in August 2020. Until 2017, information on key indicators of living conditions, welfare, poverty and other indicators is measured by the Household Budget Survey. So far, information on key indicators of livelihoods, welfare, poverty and other indicators has been measured by the Household Budget Survey. This study will allow KAS to compile statistics on income and living conditions of households and individuals, which are comparable to other statistics produced in the region and beyond. This research will be a reference source to provide Eurostat with comparative statistics on income distribution and social inclusion at European level for the Republic of Kosovo. Furthermore, these data will be used to monitor Europe 2020 strategy with a focus on poverty reduction as the primary goal. The SILC survey will continue to be conducted annually as a regular survey in KAS. SILC 2019 is being finalized; the data is expected to be published during December 2021. While, with regard to SILC 2020, the database is being cleaned, while the results are expected to be published during March 2022. SILC 2021, is in the process of data collection. KAS has for the first time started publishing ICT data at the household level in 2017 and has continued as a regular survey on an annual basis. The latest publication for 2021 has been made in accordance with the deadlines.

The situation with the COVID-19 pandemic has affected the Labour Force Survey (LFS) process, namely data collection as a result of the inability to access households (Anti COVID-19 Measures). However, the process has continued in terms of the collection of data and their publication has been delayed due to the reasons mentioned above. The last publication was made for Q1/2021. While on an annual basis the last publication was made for 2020 in April 2021.

KAS continues to apply the standard for the classification of professions ISCO 08 in LFS from January 2018 while ISCED 2011 is in the process of approval at the national level since all procedures and harmonization with other Institutions, mainly MESTI have been completed. KAS has prepared the module for accidents at work which was planned to be added to VET in Q4 2020, but due to the pandemic the process has been postponed to 2022. KAS has reviewed the data for "Wage level in Kosovo 2012 -2019 and has published the Wage Level for 2020.

KAS has continued to develop the Survey on ICT Use for 2021. The ICT Survey is integrated within the statistical programme of KAS, and the one for 2020 and 2021 was conducted using the CAPI method. The results of the ICT 2021 survey were published in November 2021.

In terms of population statistics, preparations are underway for the Population and Housing Census according to International recommendations for censuses and the country's needs for the issuance of socio-economic indicators.

The Roadmap for the Households and Housing Census 2021 has been developed. A census strategy is being developed and is expected to be finalized soon. The working groups are working on the preparation of activities and important documents for the Population Census, the work plan and the budget are divided according to activities and years. Responsive registration is expected to be released in Q4/2022. However, this process must be preceded by the Adoption of the Legal Framework, i.e., the adoption of the Law which has been sent to the Government for adoption and which subsequently will be sent to the Assembly. From 15 September to 14 October 2020, the Pilot Census was carried out. The data, estimation of the population, birth statistics for 2020, death statistics for 2020 and marriage statistics for 2020 have been published. Data on Population Estimation for 2020, Birth Statistics for 2020, Death Statistics for 2020, and Marriage Statistics for 2020 have been published. The final data from the MICS6 Multiple Indicator Cluster Survey known as the MICS Survey are expected to be published on 20 November 2020. This data will be important for completing the SDG indicators.

Regarding agricultural statistics, the data of the survey of agricultural holdings 2019 are published (data on areas, agricultural crops, production, irrigation, livestock by species, livestock production, etc.). In agromonetary statistics, the Quarterly and Annually Indexes of agricultural products and inputs are published on a regular basis according to the methodology of Eurostat. The annual data of the economic accounts in agriculture 2020 have also been published. All these published data have been forwarded to Eurostat.

Regarding environmental statistics from administrative and other sources, water statistics in Kosovo 2018 and 2019 have been produced and published. These data have been submitted to Eurostat. The results of the Industrial Waste Survey 2019 are also published regularly on an annual basis. The preparation for publication of the results of the Industrial Waste Survey 2020 is in the process and the results of the Municipal Waste Survey 2020 and the results of the treated waste survey 2020 have been published.

Regarding the *Central Bank of Kosovo (CBK) statistics*, CBK has continued its regular work on data collection, production and distribution of monetary and financial statistics (MFS) and external sector statistics (ESS) for Kosovo. MFS and ESS are published regularly on the website of CBK; and they are also distributed to international organisations (including Eurostat, the International Monetary Fund (IMF), and the World Bank). Regarding the improvement of the data collection system, CBK has started the process of developing an online reporting platform for the collection, processing and distribution of statistical information by non-financial corporations. In addition, efforts have been made to improve data quality by optimizing the production system and collecting new information.

Balance of payments, international investment position statistics, statistics of international trade in services and statistics of direct investments are sent regularly to Eurostat. Currently, these statistics are aligned with the *acquis* requirements.

Monetary financial statistics are compiled in line with the latest international standards. In addition to data on pension funds, all other financial statistics are published on a monthly basis with a deadline of 25 days after the end of the reference month. The data are quite detailed and the quality of the statistics published is good. MFS are mainly published on CBK's website and a significant part of them are sent for publication to the International Monetary Fund.

External sector statistics are in line with the EU *acquis*. The statement of balance of payments is published on a monthly basis on the CBK website and is sent to Eurostat on a quarterly basis. International Investment Position (IIP) statistics are sent to Eurostat on a quarterly basis. International statistics and direct investment statistics are sent on an annual basis, in line with reporting requirements from Eurostat.

Regarding financial account statistics, they are not yet being compiled in Kosovo. CBK has undertaken some activities to begin this year with the establishment of the framework for compiling financial account statistics. Initially, staff recruitment is being done. In addition, the SBK statistics department has made an analysis of the source data to be used for compiling financial account statistics. In general, data on the financial sector and the government sector are adequate; however, there are deficiencies for the data of the non-financial corporations and households sector.

Donor Support

The Kosovo Statistical System has been supported and continues to be supported continuously by various donors in technical and professional capacity-building. In addition to highly-beneficial approach projects (regionally), the KAS and the statistical system is also supported in national forms. The main donors are EC, respectively Eurostat, followed by SIDA, WB, IMF, UNICEF, UNFPA, etc. For the next 4-year period 2019-2022, the Kosovo Statistical System will be supported by the European Commission. The 2021 Population Census project is in consultation with donors, but until the reporting period there have been no commitments by donors, EU office with EUR 0.5 million, for the processes after the area census phase, mainly with the process of post-registration Survey (coordination is in progress).

KAS is being supported by the Norwegian Government project. The purpose of this project is to support the Kosovo public administration in the implementation of the SAA and in improving readiness for EU membership in several chapters including statistics. This project will strengthen the institutional capacities of the public administration of Kosovo, specifically in the Statistics chapter, by providing specialized training on the content of EU requirements, transposing the *acquis* into national legislation and related policy reforms.

In addition to projects at the national level, KAS is also being supported by Eurostat through pilot projects with a focus on professional and technical capacity-building of KAS.

IPA 2017

- Statistics of Government Finance and Excess Deficit;
- International Trade in Services Statistics (ITSS);
- National Accounts - Methodology;
- Transmission Program, Annual National Accounts (ANA), Quarterly National Accounts (QNA);
- Regional Accounts;
- Sector Accounts;
- Supply and Use Tables and Input-Output Tables (SUT/IOT);
- HICP and HPI;
- Price Statistics – PPP;
- Business Registers;
- Short-term business statistics: preparation for FRIBS;
- 2 Structural business statistics (SBS) and business demography statistics (BDS);
- International Trade in Goods Statistics (ITGS);
- Research & Development (R&D) statistics and GBAORD statistics;
- Labour force survey (LFS);
- EU-SILC implementation;
- Crime and Criminal Justice Statistics;
- Survey on gender-based violence (GBV);
- Agricultural Statistics;
- Environmental Accounts;
- Quality Management;
- Implementing standards for metadata and data exchange;
- Source (basic) data required for the calculation of the macroeconomic imbalances procedure (MIP);
- Reporting on Horizontal Activities.

In cooperation with the World Bank, we are conducting the enterprise productivity survey.

- Support has continued in other strategic areas of national and international character, such as the SEE 2020 strategy, SDGs 2030, etc.

Medium-term Priority Objectives:

- Strengthening human resources and cost-effectiveness in KAS;

- Ensuring sustainable resources;
- Rationalization of job positions;
- Developing internal and external training;
- Compiling and monitoring indicators within the 2030 strategy;
- Confidential commitment, as additional support by the Government of Kosovo for the quality of statistical productions.
- Strengthening methodology and quality management;
 - Modernization of the whole system for data collection through the implementation of the CAPI, CAWI and CATI method.
 - Strengthening the Quality management system and advancing GSBPM;
 - Further development and advancement of the SIMS (Single Integrated Metadata Structure) Metadata System as well as raising the quality of metadata description for all statistical and other research submitted by production statistics.
 - Update the sample framework to be used for sample design (the framework contains the households to be selected for interview).
 - Establishment of a secure IT infrastructure as well as application development and provision of hardware equipment for the 2021 census.
 - Strengthening the effective use of spatial information technologies for the production and dissemination of statistics and contributing to improving the skills of managing cartographic information and access to statistical offices;
 - IT system architecture, based on shared and documented processes
 - Strengthening the Quality Management System;
 - Monitoring and enhancing areawork control;
 - Continuing the enhancement of using electronic devices in data collection;
 - Continuing the further use of sub-phases from GSBPM statistical models;
- Increasing and improving official statistics;
 - Full implementation of the ESA 2010 Methodology in economic statistics, in particular in national accounts;
 - Increasing the number of GDP tables for the transmission programme, which will be sent to Eurostat;
 - Further improvement of National Accounts and Government Finance Statistics, in line with ESA 2010, IMF manual and the one of GFSM 2014;
 - Compiling and publishing supply and use tables (SUT), where all data sources will be used, balancing SUT with current and constant prices (using all deflators);
 - Input-output tables (I/O) are prepared;
 - Assessment of the informal economy for new activities and integration of the results into GDP data. Creation of a framework for unobserved economy data - NOE (tabular approach for measuring NOE);
 - Continue the publication of Government Finance Statistics-GFS annually and quarterly based on the IMF and GFSM 2014;
 - Compilation of EDP tables and sending them to Eurostat;
 - Continuous improvement of government account data according to COFOG
 - Carrying out the health survey;
 - Carrying out the Adult Education Survey;
 - Implementation of the International Classification of Crime for Statistical Purposes (ICCS);
 - Implementation of the International Standard Classification of Education ISCED 2011;
 - Further development of labour market statistics, development of ad-hoc LFS modules, development of labour costs survey, development of a survey on job vacancies, development of a survey on income structure;
 - Implementation of ESSPROS in social protection statistics

- Development and improvement of transport, hospitality and tourism, construction statistics and other short-term statistics;
- Development of investment statistics;
- Development of statistics on the use of ICT by businesses.
- Preparations for the implementation of the Agricultural Census or structural survey of farms;
- Development of annual crop statistics (special survey);
- Development of statistics of permanent crops (structural data for trees and vineyards as separate surveys);
- Expansion of livestock statistics and livestock products (with a new indicator (statistics on meat, milk, egg production, etc. as separate surveys).

CBK will enrich statistical and research activities related to economy in general and the financial system in particular, through these strategic actions:

- Compilation and publication of statistics on Financial Accounts for Kosovo, in accordance with the methodology foreseen with ESA 2010;
- Further comprehensive advancement of monetary and financial statistics;
- Compilation of balance of payments statistics on a monthly basis for reporting to Eurostat;
- Development of the online reporting platform by non-financial corporations.

3.19. Acquis Chapter 19: Social Policy and Employment

The *acquis* in the social area includes minimum standards in the area of labour law, equality, health and safety at work and anti-discrimination. The Member States participate in social dialogue at European level and in EU policy processes in the areas of employment, social inclusion and social protection.

Member States participate in EU policy processes in the areas of employment policy, social policy, inclusion and social protection. Social partners from Member States participate in social dialogue at European level.

In the area of disability, the EU has adopted a strategy aimed at aligning disability issues within the Union's respective policies and enhancing the integration of people with disabilities.

International agreements related to employment, work and social affairs, such as the relevant ILO conventions and the UN Convention on the Rights of Persons with Disabilities, should be considered.

With regard to Chapter 23 “Judiciary and Fundamental Rights”, it should be noted that the rights of workers' trade unions are essentially contained in Chapter 19. As regards anti-discrimination and equal opportunities, these issues are essentially covered in Chapter 19 with a specific focus on aspects of employment, while Chapter 23 covers cultural rights and minorities as well as violence against women.

SAA Requirements

Pursuant to SAA Articles 82 and 106, cooperation in this area aims to facilitate the employment policy in Kosovo. They also seek to promote social dialogue as a fundamental drive to economic growth, as well as gradual alignment of legislation on labour, health, safety at work and equal opportunities for women and men, for persons with disabilities and for persons belonging to minorities and other vulnerable groups. This may also include alignment of Kosovo's legislation with EU *acquis* in the area of labour law, with special focus on women's working conditions, and to promote adoption of social inclusion and anti-discrimination policies in Kosovo.

Requirements from other EU accession mechanisms

The conclusions of the *Subcommittee on Innovation, Information Society, Social Policy and Employment 2020*, require to implement the legislation on Safety and Health at Work, to ensure the functioning of the Social Economic Council, to provide opportunities for the Labour Inspectorate so that the latter can fulfil its mandate, and to require the municipalities to provide social services, including an amendment to the Law on Local Finance in order to include the grant requested by them.

EC's Kosovo 2021 Report calls for an amendment to the Law on labour in line with the EU *acquis*, including EU rules on non-discrimination in employment and social policy and maternity/paternity leave. It is emphasized that Kosovo has harmonized the legislation on Safety and Health at Work with that of the EU, now it is necessary to focus on the enforcement of this legislation. Improvement of the capacity of the Labour Inspectorate is also required. According to this report, Kosovo continues to face structural labour market challenges stemming from rapid growth of the working-age population not matched by sustained job creation, persistently low participation of women and generally precarious employment opportunities.

State of Play

Legislative and Policy Framework

The legislative framework in the area of occupational safety and health has made progress in approximating domestic legislation with the EU *Acquis*. So far, a total of 25 directives (individual directives under Article 16 (1) of Framework Directive 89/391 and others) have been transposed into 19 relevant regulations adopted. The adopted regulations are listed below. EU directives in the area of working conditions have been identified and analyzed. The seventeen (17) directives have been transposed into the draft-law on Labour.

Therefore, the legislative framework in this area consists of the following relevant normative acts:

- Law No. 03/L-212 on Labour;
- Law No. 04/L-161 on Safety and Health at Work;
- Law No. 04/L-205 on the Employment Agency;
- Law No. 04/L-008 on Social Economic Council;
- The new Law No. 05/L-077 on Registration and Providing of the Services for Unemployed, Jobseekers and Employers;
- Law No. 05/L-020 on Gender Equality;
- Law No. 03/L-019 on Training, Vocational Rehabilitation and Employment of Persons with Disabilities, as amended by Law No. 05/L-078;
- Regulation (MLSW) No. 04/2014 on Minimum Safety and Health Requirements for the Use of Work Equipment;
- Regulation (MLSW) No. 05/2014 on Minimum Safety and Health Requirements in the Workplace;
- Regulation (MLSW) No. 02/2016 on Minimum Safety and Health Requirements for the Use of Personal Protective Equipment in the Workplace;
- Regulation (MLSW) No. 03/2016 on Minimum Safety and Health Requirements for the Protection of Employees Related to Work with Loads;
- Regulation (MLSW) No. 04/2016 on Minimum Requirements for Providing Occupational Safety and Health Signs at Work;
- Regulation (MLSW) No. 05/2016 on Minimum Requirements Regarding Occupational Safety and Health of Employees at Risk from Explosive Atmospheres;
- Regulation (MLSW) No. 06/2016 on Minimum Safety and Health Requirements for Work with Display Screen Equipment;
- Regulation (MLSW) No. 01/2017 on the Protection of Employees from Risks Related to Vibration in the Workplace;
- Regulation (MLSW) No. 02/2017 on the Protection of Employees from Risks Related to Noise in the Workplace;
- Regulation (MLSW) No. 01/2021 on qualification of persons responsible for occupational safety and health, licensing of occupational safety and health services and training companies;
- Regulation (MLSW) No. 02/2021 on workplace risk assessment;
- AI (MLSW) No. 04/2020 for regulation and determination of criteria and procedures for registration of trade union organizations;
- Regulation (MLSW) No. 03/2017 on the Prevention of Injuries from Sharp Workplace Injuries in the Health Care and Hospital Sector;

- Regulation (MLSW) No. 04/2017 on the Protection of Employees from Risks Related to Carcinogens and Mutagens in the Workplace;
- Regulation (MLSW) No. 05/2017 on the Protection of Employees from Risks Related to Exposure to Biological Agents at the Workplace;
- Regulation (MLSW) No. 06/2017 on Minimum Occupational Safety and Health Requirements in Temporary or Mobile Construction Sites;
- Regulation (MLSW) No. 07/2017 on Minimum Occupational Safety and Health Requirements for the Protection of Workers from Risks Related to Occupational Safety at the Workplace;
- Regulation (MLSW) No. 08/2017 on Minimum Health and Safety Requirements Concerning the Exposure of Workers to Risks Due to Physical Agents (Electromagnetic Areas);
- Regulation (MLSW) No. 09/2017 on the Protection of Employees from Risks Related to Optical Radiation in the Workplace;
- Regulation (MLSW) No. 10/2017 on the Protection of the Health and Safety of Workers from Risks Related to Chemical Agents at the Workplace;
- Regulation (GRK) No. 22/2017 on Minimum Safety and Health Requirements of Employees in Underground Surface Mining Activities and Certain Mining Activities.
- Regulation on Active Labour Market Measures;
- AI No. 03/2018 on the manner, procedures and deadlines for monthly payment for employers who do not employ persons with disabilities;
- AI No. 04/2018 on the scope, competencies, composition and mandate of the medical-social commission for assessment of work abilities of disabled people;
- AI No. 05/2018 on the manner and procedures for assessment of work ability for people with disabilities;
- Regulation (GRK) No. 16/2018 for the customs and tax reliefs for employers employing persons with disabilities as well as for the persons with disabilities exercising independent activity.

These normative acts have transposed 25 directives and 22 regulations.

Institutional framework:

- Office of the Prime Minister;
- Ministry of Finance, Labour and Transfers;
- Ministry of Economy;
- Ministry of Industry, Entrepreneurship and Trade;
- Ministry of Health;
- Ministry of Education, Science, Technology and Innovation.

Donor Support

"Promoting Decent Work through Strengthening Occupational Safety and Health Management, as well as Social Dialogue in Kosovo" project, implemented by UNOPS and funded by the Swedish International Development Cooperation Agency (SIDA) through the Swedish Embassy in Pristina, provides assistance of € 4 million over a period of 36 months.

The EYE project, phase II "Increasing youth employment", is funded by SDC. The purpose of Phase II (January 2021-December 2025) is: "A dynamic and inclusive social labour market that provides more and more jobs, including youth self-employment in Kosovo".

The Technical Assistance Project "Support to MFLT (former Ministry of Labour and Social Welfare) for the Effective and Efficient Implementation of Active Labour Market Measures" is funded by EU funds (IPA) and implemented by WYG/EU.

The project "Advice for Migration to Kosovo, Implementation Agreement between the Ministry of Labour and Social Welfare and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on 1 April 2016 until 31 October 2019 has been completed but the second phase 2020-2023 will continue where the content of the project will be expanded and many activities will be added.

The PME/DIMAK Project, implemented through GIZ, respectively the Global Project "Programme - Migration for Development. The main objective of the programme is: strengthening the contributions of migrants for development of their countries of origin and improving conditions for legal migration to the selected partner countries. This objective is being pursued actively in the following areas:

- Counselling on migration policy;
- Counselling on migration;
- Development-oriented return of migrants;
- Cooperation with the Diaspora.

This chapter is being supported by the Norwegian Government project, the purpose of which is to support the Kosovo public administration in implementing the SAA and increasing the readiness for EU membership in several chapters including statistics. This project will strengthen the institutional capacity of Kosovo's public administration, specifically in the Social and Employment Policies chapter by providing specialized training on the content of EU-derived requirements, transposition of the *Acquis* into national legislation, and reforms of relevant policies.

Medium-term Priority Objectives

The main objective of MFLT in the area of legislation is continuous transposition of EU *Acquis* in the area of social policy and employment until 2022. A social protection system should be developed and put in place to support employment and increase the inclusion of the target groups through the development of policies and programmes designed to ensure and enhance the quality of social protection schemes, social services and increased coverage for social categories and other excluded groups.

In this regard, the following documents are planned to be approved in the medium term:

- The new law on social insurance and pensions funded by the state: through this law, it is aimed to create a reform in the social insurance system in Kosovo. The reform aims to establish a general and sustainable pension and disability system framework, namely establish a full social insurance system, aligning the current legislative framework, creating new legislation, building institutional, human and technological capacities. The reform as a process aims to have an impact on the increase of equality between different categories of beneficiaries in terms of social inclusion and long-term financial stability in the country
- The new Law on the Treatment of Persons with Disabilities: this draft-law will define the right definition for persons with disabilities, the inclusion of all types of disability and the division into categories according to the needs of persons with disabilities,
- Drafting of the Law on amending the Law on Safety and Health at Work: The main purpose of this law will be the full transposition of European Council Directive 89/391/EEC of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work (Framework Directive). This law aims to better regulate and advance the legal basis of safety and health at work;
- Drafting specific bylaws that provide detailed requirements and guidelines for safety and health at work in specific sectors such as agriculture, forestry, health, hospitality and others;
- Drafting a legal framework for the workers' health surveillance system: outlining the health surveillance procedure to make it clear to all stakeholders - employers, employees, SHW specialists/experts/services, medical institutions conducting medical examinations, as well as the determination of sanctions/fines for non-compliance with legal obligations;
- Drafting the legal framework that describes the procedure of investigation and registration of accidents at work, that describes the procedure of diagnosis and reporting of occupational diseases including a list of occupational diseases;
- The new Law on Social and Family Services that will enable the advancement of social services, strengthen the Centres for Social Work at the local level, define the licensing procedures and the operating framework of social service providers from the non-governmental and private sector.

- The new Law on the Social Assistance Scheme, which will eliminate discriminatory criteria for receiving social assistance, creates opportunities for activation in active labour market measures for the beneficiaries of the social assistance scheme and the inclusion of families in need.
- Drafting and adoption of the bylaws for the new Law on Social and Family Services, the Law on Child Protection and the new Law on Social Assistance Scheme.
- Drafting and approval of the AI on the funding formula and the Special Grant for Social Services;
- Support the licensed non-governmental sector and social enterprises registered with subsidies and grants for the provision of social and family services and involvement in the employment of vulnerable groups.

3.20. **Acquis Chapter 20: Enterprise and Industrial Policy**

EU *acquis* for this chapter consists mainly of policy principles and instruments such as communications, recommendations and conclusions of the Council. To a great extent those are implemented through the Competitiveness and Innovation Programme at all EU levels. This chapter contains also sector policies. In general, the enterprise and industrial policies are closely related to the EU Strategy 2020.

Through these general principles, EU seeks to promote and enhance competitiveness and industrial strategy. These principles derive from Article 173 of TFEU aiming to speed up the structural changes, encourage an environment favourable for businesses and SMEs as well as domestic and foreign investments, as well as to encourage and support innovation and entrepreneurship.

Policy instruments for enterprises and industry are developed through specific programmes that provide support (including financial support) to enterprises and policy makers. These programmes are focused on promoting the access to finance, business related services, Enterprise Europe Network, national policies on innovation and SMEs. Currently this is implemented through the Competitiveness and Innovation Programme 2014-2020. Directive 2011/7/EU is one of the important policy instruments aiming to combat late payments in commercial transactions.

The EU promotes specific sector analysis on competitiveness within the sectorial enterprise and industrial policies. This consists on launching the initiatives for particular sectors, different studies, networking initiatives, policy forums, etc.

Formulation and implementation of enterprise and industrial policies requires the necessary administrative capacities in all levels of administrative organisation of the state, including also the cooperation and consultation mechanisms.

SAA Requirements

SAA provisions related to this chapter consist of Articles 51, 74, 98, 99, 100, 101 and 102, which mainly provide a cooperation framework and objectives and emphasize the requirements for alignment with the *acquis*. According to Article 51, upon entry into force of the SAA, Kosovo shall ensure treatment for EU companies no less favourable than that accorded to its own companies in respect to employment conditions, payments and equal treatment of employees and operations legally established in the territory of Kosovo. Article 74 defines the obligations for approximation of legislation for internal market and trade at an early stage. This Article requires also the effective implementation of that legislation.

Article 98 provides a framework of promotion and protection of FDI and aims to create a favourable doing business climate. The cooperation in this area aims to improve the legislative framework in order to favour and protect the investments. Article 99 provides a cooperation framework in the area of industrial policy. Among others, this Article aims to promote modernization and restructuring of industry, encouraging and developing the competitiveness and promotion of cross border cooperation on industry development. Article 100 is related to cooperation in the area of SMEs and enterprises in general with the aim of creating a favourable environment for businesses. The cooperation shall be carried out within the framework of Small Business Act and by taking into account the *acquis* in this area.

Article 101 on Tourism, envisages a balanced and sustainable development of tourism through studying the opportunities for joint operations and strengthening cooperation between tourism enterprises, experts and institutions and their competent agencies in the area of tourism, by always considering the EU *acquis* regarding this area.

In December 2017, an agreement was signed for Kosovo's participation in the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME). Kosovo should begin developing measures to raise awareness among business parties and ensure their active participation in the programme. Kosovo during 2022 expects to join the Single Market programme where negotiations have begun between our institutions and the European Commission.

Requirements from other EU accession mechanisms

EC's Kosovo 2021 Report states that Kosovo remains moderately prepared in this area. Some progress was made in further improving the business environment. There continues to be a need to further build up administrative capacity and to ensure stronger inter-ministerial coordination. The report underlines that the Kosovo Investment and Enterprise Support Agency (KIESA) needs to improve its support schemes and provision of advisory services to SMEs and an investor aftercare unit should be established.

From the conclusions of the Subcommittee on Trade, is requested by the responsible authorities to approve and start implementing a strategy to support the business environment and industrial development in Kosovo, taking into account the comments provided by the EU on the draft PSDS in 2019. It is also stressed that the SBA working groups should be operationalized to implement the evaluation recommendations on SBA. Furthermore, it is required to prepare a programme to reduce the administrative burden that focuses on concrete measures to improve the business environment in the short and medium term, especially through increasing digitalization and simplification, merging and revoking licenses and permits.

State of Play

Legislative and Policy Framework

Legislative and policy framework in the area of entrepreneurship and industry policy

- Law 04/L-220 on Foreign Investment;
- Law on Tourism No. 04/L-176;
- Law No. 04/L-034 on Privatization Agency of Kosovo and Law No. 06/L-023 amending the Law No. 04/L-034;

These normative acts have transposed the EU Directive 90/314 on package tours (partially).

The policy framework in this area consists of these documents:

- National Development Strategy 2016-2021;
- COSME agreement;
- Economic Reform Programme.

Institutional framework:

- Ministry of Industry, Entrepreneurship and Trade (Department of Industry, Division of Industrial Policy, Department of Entrepreneurship, Department of Innovation, Department of Strategic Investment);
- Kosovo Investment and Enterprise Support Agency (KIESA);
- Ministry of Education, Science, Technology and Innovation;
- National Council for Economy and Investment.

Donor Support

- Market Access and Business Digitalization Services for Kosovo Companies "ACCESS"¹¹ - The overall objective of this project is to alleviate poverty in Kosovo due to higher incomes and employment opportunities for women and men in more stable market systems;

- Kosovo Compete Activity - The goal of USAID Compete Activity is to promote flexible, self-sustaining market systems and facilitate improved private sector competition in local, regional and global markets.;
- Credit Guarantee Fund: The fund will increase access to finance for SMEs by covering 50% of the collateral required for SMEs to obtain a bank loan.

Entrepreneurship and industrial policy:

- Drafting the strategy for industrial policies;
- Improving the environment for doing business and developing tourism;
- Promotion and support of investments;
- Supporting businesses in certifying their products with the European and International standards by providing small grants for SMEs, provision of grants and technical support to businesses for quality standards by 2020, ensuring, where possible, equal gender representation;
- Industry development through support of key sectors in order to increase productivity and export
- Promotion of export by preparing SMEs for export and identifying/developing potential markets
- Active participation in COSME and the Enterprise Europe Network, including the support to businesses to use these programmes.

Innovation policy:

- Development of innovation;
- Development and adoption of necessary secondary legislation;
- Establishment of the Innovation and Entrepreneurship Fund;
- Efficient use of the Innovation and Training Park in Prizren and the Centre for Innovation and Entrepreneurship at the Faculty of Mechanical Engineering, funded by the government budget.

3.21. Acquis Chapter 21: Trans-European Networks

This chapter covers Trans-European Networks known also as the main pillar of internal development of European markets. The aim of this chapter is to create the necessary transport, energetic and telecommunications network that connects European states with the possibility of including other states also. It enables the creation of a modern infrastructure that connects regional and national networks, ensuring free movement of goods, services, capital and workers, with aim of creating and empowering an equal society.

The goal of the Trans-European Networks (TENs) policy is to integrate an interoperable European infrastructure in the areas of transport, energy and telecommunications and in this context to identify technical standards and priority projects of common interest, as well as to develop funding instruments for their implementation.

The basic goal of TEN policies is to create a single market for these three sectors and thus facilitate the functioning of the European Single Market and make full use of the internal market, contributing to economic growth and job creation in the EU.

EU policies on trans-European transport networks (TEN-T) and energy (TEN-E) are based on three points: the legal basis for TEN; Articles 170-172 of the Treaty on the Functioning of the EU; Regulation (EU) No. 1315/201350 on Union guidelines for the development of the trans-European transport and energy network and Regulation (EU) 1316/201351 on the establishment of the *Connecting Europe Facility*-CEF fund, amending Regulation (EU) 913/2010 and repealing Regulations (EC) 680/2007 and (EC) 67/2010.

Framework and State of Play

This framework sets out the objectives of the EU's trans-European network policy, which includes transport and energy networks and aims at adapting and developing networks and ensuring their interconnection and interoperability. The new funding instrument for trans-European networks - the *Connecting Europe Facility* (CEF) fund and the revised TEN-T and TEN-E guidelines came into force on 1 January 2014. The purpose of establishing and developing Trans-European Networks (TEN) and the promotion of

interconnections and the interoperability of national networks are to make full use of the internal market and to contribute to economic growth and job creation in the EU.

Requirements from other EU accession mechanisms

Concerning transport networks, EC's Kosovo 2021 Report states that the institutional capacity to implement strategic projects should be strengthened at central and local government level in terms of public procurement and investment project planning, preparation and management. Priority projects in basic and inclusive networks remain to be carried out. Future investments in infrastructure should be implemented in line with EU standards on public procurement, state aid and environmental impact assessment. Projects should be channelled through a single project pipeline confirming the strategic orientation towards TENs. Implementation of the railway line project 10 and the highway project 6 is slower than expected. The authorities should take immediate measures to finalize the remaining railway border crossing protocols with North Macedonia. Additional efforts are also required to ensure the opening of the rail market with the indicative extension of the Orient/East-Mediterranean corridor. Although there has been progress in adopting maintenance plans for the entire underlying network (road and rail), Kosovo still lags behind in this regard and further efforts are needed. Kosovo achieved some progress on rail market opening, with the Transport Community Secretariat assessing a 60% implementation rate. Obstacles remain, such as the mutual recognition of train driver licenses, institutional framework and recognition of safety certificates and authorizations.

Among other things, the CR requires that current and future infrastructure investments be in line with EU standards for public procurement, state aid and environmental impact assessment, as well as based on cost-benefit analysis in line with best EU practices. In the coming year, Kosovo within the framework of chapter 21 should:

- Harmonise the legal framework with the TEN-T and TEN-E *acquis*;
- Implement the pending connectivity reform measures and strengthen institutional and administrative capacities for the implementation of strategic infrastructure projects;
- Improve the capacity of the Regulatory Authority of Electronic and Postal Communications to enforce telecommunications market regulations.

In the area of energy networks, EC's Kosovo 2021 Report states that in the area of Trans-European Networks TEN-E and TEN-T, Kosovo is somewhat prepared. However, many of the recommendations of the previous report are still unimplemented, so the 2019 recommendations are still valid. Next year, Kosovo needs, in particular, to:

- Proceed with harmonising the legal framework with the EU *acquis* and with the TEN-T and TEN-E regulation, as well as implement the connectivity reform measures and strengthen administrative capacities for the implementation of strategic infrastructure projects
- Progress has been made in integrating the electricity market. However, the new 400kV transmission line and load frequency control with Albania needs to functionalise.

The Kosovo 2021 Report states that since December 2020, KOSTT has started operation as a Control Area within the Albania-Kosovo Control Bloc and the first auction of capacity took place. Investments and preparation continue for the realisation and expansion of the Trans Adriatic gas pipeline. Assessment of the interconnection between Kosovo and Albania has been already completed, while a pre-feasibility study for the Kosovo-North Macedonia pipeline is still ongoing. Both projects have potential to assist in the energy transition away from coal and energy grid stability.

Within the SAA Subcommittee on "Infrastructure", held in March 2021, it is stated that Kosovo urgently needs to address the lack of cross-border capacity between KOSTT and EMS to facilitate trade exchanges in the region and to ensure engagement with all neighbouring Transmission System Operators to coordinate the calculation of cross-border capacity and coordinate outages of network elements that affect their allocation. The report also states the approval of the action plan to increase the values of Net Transfer Capacities across all boundaries in order to reach the target of 70% by 2025.

On **telecommunications networks**, the institutional capacity of the Electronic and Postal Communications Regulatory Authority needs to be reinforced. Kosovo completed the necessary technical preparations for the full rollout the Regional Roaming Agreement, fully enabling Kosovo consumers to roam freely as of July 2021.

Transport

Kosovo is a regular member and active participant in the meetings at the level of ministries, steering committees and technical groups of SEETO (South East Europe Transport Observatory). The aim of these meetings is to develop strategic infrastructural documents and to develop basic and comprehensive infrastructure network in Southeast Europe, as an integral part of the Trans-European Network. Upon signature of the Memorandum of Understanding in 2004, all Southeast European states have committed to develop basic and comprehensive networks that will be an integral part of the basic and comprehensive Trans-European Network.

Kosovo has also adopted the Multimodal Transport Strategy which contains five main goals related to development of the basic and comprehensive SEETO network. The main goal of the strategy is: "Improvement, development and maintenance of transport infrastructure that is integrated in the Pan European corridors and is in conformity with European Standards". The basic and comprehensive SEETO network includes also the infrastructure projects of Kosovo that are part of the Southeast European network composed of infrastructure projects: road, railway and air transport. Kosovo also actively participates in the Transport Community established by the Treaty establishing a Transport Community on 12 July 2017 in Trieste, Italy and ratified by all signatory parties (Council Decision EU 2019/392).

The priority projects presented and identified in the multi annual plan of Southeast Europe as well as in Trans-European Network are the following: Route 6 which connects Prishtina with North Macedonia, Corridor VIII, Route 7 which connects Kosovo with Albania as well as Corridor X in Serbia, R6a (Prishtina-Mitrovica) and R6b (Prishtina-Peja).

As regards railway infrastructure, Kosovo has identified the project of Railway Line 10, which connects our country with Serbia, Corridor X and with North Macedonia through Corridor VIII. In addition to the Railway Line 10 which belongs to the Basic SEETO Network, Kosovo has taken the decision to also rehabilitate the Railway Line 7 (seven) which belongs to the comprehensive SEETO network and connects Railway Line 10 in Kosovo with the Corridor X in Serbia.

The Prishtina-Merdarë-Nish highway project is part of the Basic Transport network within the Trans-European Network of Transport. This road passes through Kosovo from Vermica to the border with Albania and to Merdarë to the border with Serbia with a total length of 128 km and provides the country access to the Adriatic and Black Seas, improving connections with other Balkan countries and European Transport Corridors IV and X. The project of the Highway from Morina to Prishtina was completed in 2012, while for the remaining segment of the Highway R7 Besi - Merdarë (28 Km) financed by WBIF- have been completed:

- Feasibility and environmental impact study;
- Preliminary project for the segment Besi - Merdarë.

The approximate cost of building this segment is EUR210-230 mil (without VAT).

Meanwhile, the segment of Highway R7 Duhël Joint - Connection with Highway R6 - passes through Kosovo from Joint to Duhël (highway R7) through Shtime, Lipjan and connects with Highway R6, in the territory of the Municipality of Lipjan. This segment of the highway is part of the Basic Transport network within the Trans-European Network of Transport with a total length of 29km and provides a shortening of travel time and transport costs for users of roads R6 and R7 and corridors VIII and X, within the basic network of Southeast Europe. The construction of this segment is necessary because the existing corridor of the national road N9, the segment Prishtina - Gjurgjica, is the busiest in Kosovo, where according to the feasibility and environmental impact study conducted within the technical assistance from WBIF, this

corridor, by 2030, will reach its full capacity and there will be no possibility of circulation according to the design speed provided for this segment. For this segment the following need to be designed:

- Completion of the feasibility and environmental impact study;
- Preliminary project design.

After the design of the project, the route of the Highway segment and the construction cost are expected to be defined

After putting into function of the segments of the motorway R7, Morine – Gjurgjice (connection with N9) - Bresje - Besi, MI in cooperation with WBIF and EIB, finalized the complement the feasibility study and environment impact for segment Besi - Merdarë (border with Serbia). Furthermore, terms of reference were defined for drafting the preliminary project for segment Besi – Merdarë, which will be funded by WBIF and the consultancy company was selected for project drafting, which is expected to start soon, and will last 14 months. After the finalization of project, it will be continued with the definition of further steps of funding this project. On the other hand, in July 2015 a contract was signed between MI and the winning company Bechtel Enka for the construction of the Prishtina - Hani i Elezit highway in the amount of EUR 599,944,263.55 (VAT included). The project has been completed and the Prishtina - Hani i Elezit Highway has been put into circulation.

MESPI is continuing with the extension of the road axis R6a/N2 (Prishtina-Mitrovica). For this project, MI has managed to secure a loan of 60 million dollars from Islamic Bank for Development, Saudi Fund for Development OFID.

Regarding the Kijevo-Zahaq section, MESPI has completed, in cooperation with the WBIF (Western Balkan Investment Framework) and EBRD, the feasibility study and environmental impact study (2016), which has yielded positive results in terms of economic feasibility of the project. The terms of reference for the preliminary project design from Kijeva - Zahaq (32 km) have been defined and the consulting company for the project design has been selected. The implementation of the implementation project, which is expected to last 12 months, is also ongoing, and after the completion of the implementation project is expected to continue with the definition of further funding steps for this project.

In the railway system, Kosovo has made progress in the division of the Kosovo Railways into two companies, Infrakos which is in charge of the management and maintenance of the Railway Infrastructure and Trainkos which deals with passenger and freight transport. The Republic of Kosovo has also established the Railway Regulatory Authority which deals with market regulation, licensing, certification, safety and interoperability of the railway system in the territory of Kosovo, while it has established the Research Department of Rail Accidents as a separate entity within the Office of the Prime Minister. According to reports issued by SEETO, Kosovo has made progress in implementing the required laws and standards by ensuring that the railway market is opened to external operators.

One of the priority projects identified also by SEETO is the Railway Route 10 and Railway Line 7, which are part of the Trans European Network that connects the Republic of Kosovo with Serbia and North Macedonia, namely the Corridors X and VIII.

Regarding the developments of Railway Route 10, on 06 February 2019, a contract was signed with the Italian company Generale Costruzioni Ferroviarie which started construction works on 29 August 2019 under the first phase of rehabilitation (Fushë Kosovë - Hani i Elezit). Meanwhile, the project Technical Detail Design for the second phase (Fushë Kosovë - Mitrovica) has been completed and approved on 08 November 2019 by Infrakos. Thus, the contract with the winning company for the construction works under this phase is expected to be signed in the fourth quarter of this year. Furthermore, finalization of works on general rehabilitation and modernization of Railway Route 10 is expected to be implemented until 2022-2023.

Trans-European energy networks cover gas transport and storage facilities as well as electricity transmission and make a significant contribution to the electricity and gas market. TEN-E responds to the growing importance of securing and diversifying the EU's energy supply, including the energy networks of Member

States and candidate countries and ensuring the coordinated operation of energy networks in the EU and neighboring countries, security of power supply, completion of energy insulation and operation of internal energy.

This framework sets out the objectives of the Community policy on trans-European network policy involving transport, energy and telecommunications networks and aims to adapt and develop networks and ensure their interconnections and interoperability.

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

- Ministry of Economy;
- Kosovo Electricity Transmission, System and Market Operator
- Electricity Distribution Company;
- Energy Regulatory Office.

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

- Law on Electricity;
- Law on Natural Gas;
- AI on Security of Supply of Natural Gas;
- AI on the Promotion of Joint Regional Investments in the Energy Sector.

These normative acts have transposed the following *acquis* acts:

- Directive 2009/73/EC;
- Regulation No. 715/2009/EC;
- Regulation (EU) 347/2013.

The policy framework in this area consists of the Energy Strategy of the Republic of Kosovo 2017-2026.

Energy

During 2021, progress was made towards integration in the regional electricity market. Following the successful voting in April 2020 by the Regional Group for Continental Europe (RGCE), on 30 June 2020, a new Connection Agreement was signed between KOSTT and ENTSO-E. The new KOSTT/ENTSO-E Connection Agreement started implementation on 29 September 2020. With the start of the implementation of the agreement, KOSTT operates as an independent regulatory area within the AK block (Albania-Kosovo) with the Republic of Albania, within the synchronous area of Continental Europe. The allocation of interconnection capacities and the management of congestion of the interconnection network will be realized within the structure of this block and no longer by EMS (Serbia), where the revenues from these activities will be collected by the Block, respectively by KOSTT.

In May 2021, ALPEX (Joint Electricity Exchange) established its branch in the Republic of Kosovo followed by the appointment of a branch manager. On 21 October 2021, in Tirana the Agreement on the merger of the electricity markets of Kosovo and Albania between the Energy Regulatory Office (ERO) and the Energy Regulatory Entity (ERE) together with the Transmission System Operators of both countries, namely KOSTT and OST. Through the agreement, the signatories recognize the Albanian Electricity Exchange ALPEX as the only electricity exchange for trading day ahead and intra-day for the commercial areas of both countries. This agreement is also a precondition for subsequent agreements that enable the operationalization of the joint electricity exchange - ALPEX. The signing of the agreement took place in the framework of the meeting of the legal working group for the definition of activities and agreements that must be implemented in order for the ALPEX joint energy exchange to become operational during 2022. With the signing of the Connection Agreement with ENTSO-E, Allocation of interconnection capacities on the borders with Albania, Montenegro and North Macedonia is performed by SEE CAO while the allocation of capacities with Serbia is still pending due to the unwillingness of EMS to sign the agreement on the calculation and allocation of interconnection capacities with KOSTT. The politically motivated EMS has blocked the allocation of Kosovo-Serbia interconnection capacities since 14 December 2020. This action

has had negative effects not only in Kosovo but also in the region. In this regard, KOSTT has initiated a complaint to the Secretariat of the Energy Community.

There is no functioning infrastructure and natural gas market in Kosovo; however, energy laws and energy strategy provide for the development of natural gas infrastructure, through connection with gas infrastructure projects in the region of Southeast Europe, through the TAP gas pipeline project. ("Trans-Adriatic-Pipeline") and the North Macedonia-Kosovo gas interconnection project. In addition, in order to open the perspective of development of the natural gas sector and fulfil the obligations that Kosovo has as a member of the Energy Community Treaty, Kosovo has adopted the law on natural gas, which addresses elements and requirements of the third package of EU legislation related to natural gas (Directive No. 2009/73/EC and Regulation No. 715/2009/EC). In addition to the primary legislation, the AI on security of natural gas supply has been approved. Through the grant from WBIF, the joint feasibility study for the gas interconnector North Macedonia - Kosovo is being drafted through IPF9 technical assistance approved by WBIF in line with the dynamic plan. This activity is expected to be finalized in the first half of 2022. In addition, through WBIF the preparation of the Gas Master Plan for Kosovo is being studied whereby the same is expected to be finalized in the first half of 2022.

This development paves the way for KOSTT to integrate into the regional energy market, participate in the Albanian Power Exchange (APEX) and put into operation the 400kV line of Kosovo-Albania. The full implementation of the Kosovo-Albania Regulatory Block Agreement was signed in Tirana, on 29.09.2020. Further, on 05 October 2020 in Prishtina, KOSTT and the Albanian Transmission System Operator (OST) signed the Shareholders Agreement for the establishment of the Albanian Power Exchange (ALPEX) and approved its Statute. The establishment of the Albanian Power Exchange (ALPEX) marks a new standard of operation in the energy sector, which will guarantee more transparency and competition in the electricity market.

This development paves the way for KOSTT to integrate into the regional energy market, participate in the Albanian Power Exchange (ALPEX) and put into operation the 400 kV line Kosovo-Albania. This is an important step that brings KOSTT closer to membership in the European Network of Transmission System Operators-ENTSO-E. Meanwhile, the benefits from the operationalization of the Agreement are great:

- Collection of revenues from the use of the interconnection transmission network or capacity allocation and congestion management, which approximately captures the value in the annual average of 4-8 million Euros and from transit about 0.5-1.0 million Euros;
- Commissioning of the 400 kV interconnection line, Kosovo-Albania;
- Merger of electricity markets with Albania;
- Participation with shares in the Albanian Electricity Exchange (APEX).

There is no functional infrastructure and natural gas market in Kosovo, but energy laws and energy strategy provide for the development of natural gas infrastructure, through connection with gas infrastructure projects in the region of Southeast Europe, through the TAP ("Trans-Adriatic-Pipeline") project and the North Macedonia-Kosovo gas interconnection project. In addition, in order to open the perspective of development of the natural gas sector and fulfil the obligations that Kosovo has as a member of the Energy Community Treaty, Kosovo has adopted the law on natural gas, which addresses the elements and requirements of third package of EU legislation related to natural gas (Directive No. 2009/73/EC and Regulation No. 715/2009/EC). In addition to the primary legislation, the AI on security of supply of natural gas was also approved.

The pre-feasibility study for the Albania-Kosovo Gas Pipeline (ALKOGAP Project) was carried out through the WBIF platform. The main objective of this study was the initial feasibility assessment for the construction of the ALKOGAP pipeline - as a natural gas supply line from the Caspian region through the regional TAP/IAP pipelines, which in the first phase will connect Albania with Kosovo and potentially in the future will continue connecting other countries in the region.

In the framework of regional cooperation, the Ministry of Economy and Environment and the Minister of Economy of North Macedonia, signed a Memorandum of Understanding in order to intensify the

cooperation between the two countries by defining priority areas for cooperation in the energy sector. In order to implement this agreement, in the first part of 2019, through the WBIF platform, a joint application with the party of North Macedonia was conducted, the latter in the role of promoter of the project, for financial support in the form of a grant to conduct a Feasibility study for the pipeline North Macedonia - Kosovo. According to reports, the WBIF Steering Committee has approved the grant in the amount of EUR0.650 mil. This study will take place through technical assistance engaged by the WBIF/EBRD platform, which is planned to be carried out in the period 2020-2021.

Furthermore, based on the initiative of the Millennium Challenge Corporation (MCC), at the beginning of the first half of 2020, a pre-feasibility study for Kosovo gasification was conducted by consultants engaged by the MCC. These results will serve as support for the preparation of the Master Plan for natural gas for Kosovo and the Feasibility Study for the interconnection with North Macedonia.

Donor Support

As far as donor support is concerned, the Government of the Republic of Kosovo is preparing applications for the 5th call for investment under WBIF, with the application deadline being in the late November. The projects being currently prepared for application with WBIF are the following:

- General Rehabilitation of Railway 10 Phase 3, - Border with Serbia - Leshak-Fushë Kosovë-Hani i Elezit-Border with the Macedonian Railway Section including signalling and Telecom;
- General Rehabilitation of the Eastern Railway Line (Border with Serbia - Podujeva - Fushë Kosovë);
- Construction of the highway (7 SEETO Road) Section E from Prishtina to Merdarë.

Whereas, regarding the donor support to TEN-E through the Millennium Challenge Account (MCC), the feasibility study “Development of the Gas Sector in Kosovo” will be implemented (MCC Programme 1).

Medium-term Priority Objectives:

TEN T:

- Construction of the R7 Morine-Prishtine-Merdarë highway, the Besi-Merdarë segment;
- Completion of the expansion segment of the National Road N9, Zahaq - Peja and the construction of the segment of the Kijeve-Zahaq highway;
- Construction of National Road N2 Prishtina - Mitrovica;
- General Rehabilitation and Modernization of the 10th Railway Line (Border with Serbia - Leshak - Fushë Kosovë - Hani i Elezit - Border with North Macedonia);
- General rehabilitation and modernization of the 7th Railway Line (Border with Serbia - Podujevo - Prishtina - Fushë Kosovë).

TEN-E:

- Functionalization of the joint electricity market with Albania;
- KOSTT membership in ENTSO-E;
- Harmonization of the Network Code with the Network Code ENTSO-E.

3.22. Acquis Chapter 22: Regional Policy and Coordination of Structural Instruments

This chapter covers all aspects of structural and cohesion funds that the EU grants to acceding countries as part of the enlargement package aiming to align the level of development of the respective country in all its territory in order to achieve development convergence of all regions. This is necessary so that the future member state is able to operate in all its territory in compliance with the criteria set forth by the *acquis* and other relevant standards. In more concrete terms, this chapter includes drawing up, approving and implementing Structural Funds and Cohesion Fund programmes reflecting each country's territorial organisation. These programmes are negotiated and agreed with the Commission, but implementation is the responsibility of the Member States. This is relevant only after membership, while during the accession process it is necessary to undertake the preparatory measures in this direction. The *acquis* under this chapter consists mostly of framework and implementing regulations, which do not require changes to national legislation but only transposition of legal provisions of the EU into Kosovo legislation, in order to ensure the implementation of EU financial instruments in accordance with the rules set out by the EU.

In this context, in the pre-accession period, before granting the candidate status, Kosovo shall set out the legal, institutional and administrative framework so that by the time of accession Kosovo is able to successfully and appropriately implement these programmes. Therefore, this chapter provides an overview of the needs of Kosovo with regard to such measures, as well as the needs to prepare for further benefit from the EU assistance during the accession process. Based on these needs, Kosovo needs to develop conceptual policies for structural funds and regional policy and plan their sustainable administrative capacity building for their implementation.

SAA Requirements

The Stabilisation and Association Agreement, namely Articles 121, 122, 123, 124 and 125 enable Kosovo access to assistance provided by the EU as part of country's European integration process. EU assistance is conditional upon the fulfilment of the political criteria for EU integration process and obligations of the stabilisation and association process and will focus on aligning the legislation with EU, economic development and improved governance. It will be based on annual or multi-annual programmes agreed between Kosovo and EU, within a multiannual indicative framework. EU assistance could also be provided in the form of macro-financial assistance, in coordination with international financial institutions, in the context of the implementation of programmes between Kosovo and the International Monetary Fund.

To meet its obligations under the SAA, Kosovo needs to ensure that financial cooperation will continue to support democratic, economic and institutional reforms, in line with the stabilisation and association process. Kosovo needs to strengthen donor coordination and financial assistance of the EU should be closely coordinated with other sources from member states and other countries outside the EU as well as international financial institutions. Kosovo is obliged to provide regular information on all sources of assistance.

Since 2007, EU has provided financial assistance to candidate and potential candidate countries for EU membership under the Instrument for Pre-Accession (IPA), in accordance with Council Regulation (EC) No. 1085/2006 dated 17 July 2006 establishing an Instrument for Pre-Accession (hereinafter: the Framework Regulation), in accordance with Article 17 of the Framework Regulation and Article 7 of Regulation (EC) No. 718/2007 implementing Council Regulation (EC) No. 1085/2006. Each recipient country has reached a framework agreement with the European Commission in order to set rules and principles of cooperation foreseen in the Framework Regulation. The assistance provided through the IPA has been extended for the period 2014-2020 by the regulation 231/2014 of the European Parliament and the Council establishing an instrument for pre-accession (IPA 2), namely the regulation on the implementation of the IPA 2. The Government of the Republic Kosovo and the European Commission (EC) signed the Framework Agreement which entered into force on 16 April 2015. Based on the Framework Agreement, for each IPA annual programme a financial agreement will be signed.

State of Play

Legislative Framework

As stated above, the *acquis* in this chapter consists mostly of framework and implementing regulations, which do not require changes in national legislation, but need to be implemented through domestic legislation, in order to ensure the implementation of financial instruments of the EU in accordance with EU rules. However, the proper application of these funds requires transposition of the *acquis* in related areas, such as state aid, environment and public procurement. Measures in this regard are covered by the relevant chapters of this programme.

Institutional Framework

The institutional framework in this area consists of the following:

- Office of the Prime Minister;
- Ministry of Regional Development.

Programming

Programming of EU assistance through the IPA is based on the Strategic Indicative Document 2014-2020, which defines the sectors and long-term priorities for 2014-2020. The assistance granted within IPA for the period 2014-2020 includes an amount of over 602 million Euros. Programming is sector-based, based on sector planning documents containing information that are relevant to the sectors in which programming occurs. 7 documents are drafted in the following sectors:

- Rule of law;
- Energy;
- Agriculture;
- Public administration reform;
- Competitiveness and innovation;
- Education;
- Employment and social policy;
- Environment.

The first part of financial agreement for IPA 2016 entered into force, as well as the second part, by which Kosovo will benefit from direct budget support within the public administration sector, an amount of EUR 25 million, which will be disbursed starting from 2019. The financing agreement for IPA 2017, Part I, as well as for IPA 2017 Part II, which supports the public finance management at the same amount of EUR 25 million, as sector budget support, has also entered into force. During 2018 and 2019, the preparations for the programming of IPA 2019 and 2020 have started and during 2019 the agreement for IPA 2018 and for IPA 2019, the first part has entered into force, while during 2020 the financial agreements for the programmes within IPA 2019, the second part and the financial agreement for IPA 2020 have been completed.

In order to coordinate all the infrastructure investments in the Republic of Kosovo, financed from internal and external resources, the Government established the National Investment Council (NIC). On July 9, 2020 the decision was amended and the Strategic Planning Committee (PSC) was established, chaired by the Prime Minister and acting as the National Investment Council. While, on December 18, 2017, the Government of Kosovo approved the Priority List of Infrastructure Projects which includes 63 projects worth 3.4 billion Euros in four (4) sectors: Transport, Environment, Energy and Social sector.

In the context of cooperation with other countries, multiannual programmes (IPA 2014-2020) for Cross Border Cooperation Programme with countries in the region, namely Kosovo-Albania, Kosovo and Montenegro, Kosovo and North Macedonia are approved. Partnership agreements for managing the technical assistance for cross-border cooperation programme with each partner country for multiannual programme IPA II 2014-2020 were signed. During this period, due to the fact that Montenegro is expected to advance to a decentralized management system, on 10 February 2017, was carried out the signing of a bilateral agreement between Kosovo and Montenegro for the cross border cooperation programme.

Furthermore, annual tripartite financial agreements (for 2019 and 2020) on the cross-border cooperation programme between the European Commission, Kosovo and North Macedonia have been signed. In turn, the agreements between the European Commission, Kosovo and Albania as well as between the European Commission, Kosovo and Montenegro are also expected to be finalized. These agreements are expected to enter into force when the parties are notified through diplomatic channels.

Structures for the implementation of the cross-border cooperation programme with the partner countries are composed of: Operational Structure (OS) led by MLGA, where the secretary general of MLGA is the leader of the OS, delegated by NIPAC. Other structures for implementing this programme are the following: Joint Technical Secretariat (JTS) and the Joint Monitoring Committees (JMC) for each participating state in this programme. In the cross-border cooperation programme with Montenegro, the auditor's role within the Kosovo side is held by the Central Alignment Unit of Internal Auditing within the MoF, whereas the Control Body is within the MLGA.

Monitoring

IPA Joint Monitoring Committee conducts the monitoring of implementation of programmes and projects funded by IPA resources, and meets on an annual basis. Monitoring of donor assistance in general and EU assistance in particular is done in two ways: through the use of regular reporting to donors within the Aid Management Platform (AMP) and participation of officials in the meetings of Projects Steering Committees.

Medium-term Priority Objectives

While the IPA II programming has been completed and the new instrument - IPA III - is expected to start, yet the Kosovo's succinct obligations for IPA III have not been determined.

3.23. Acquis Chapter 23: Judiciary and Fundamental Rights

Chapter 23 of the *acquis* covers the following areas: judicial system, anticorruption policy and fundamental rights. EU policies in the area of judiciary and fundamental rights aim to maintain and further develop the Union as an area of freedom, security and justice. The establishment of an independent and efficient judiciary is of a paramount importance. Impartiality, integrity and a high standard of adjudication by the courts are essential for safeguarding the rule of law. This requires a firm commitment to eliminating external influences over the judiciary and to devoting adequate financial resources and training. Legal guarantees for fair trial procedures must be in place. Equally, Member States must fight corruption effectively, as it represents a threat to the stability of democratic institutions and the rule of law. A solid legislative framework and reliable institutions are required to underpin a coherent policy of prevention and deterrence of corruption. Member States must ensure respect for fundamental rights and rights of citizens of EU, as guaranteed by the EU *acquis* and by the Fundamental Rights Charter.

SAA Requirements

Judicial system

In the light of the scope of judicial system, and in accordance with the obligations and requirements of the EU accession process deriving from the SAA (Art. 83), it is required to intensify the cooperation with the EU in the area of judiciary, focusing on strengthening the institutions with the view to consolidate the rule of law by strengthening the independence, impartiality and accountability of the judicial system. Cooperation will focus in particular on the administration of justice, development of adequate structures of courts and prosecutions, and other judicial bodies, to adequately prepare them for cooperation in civil, commercial and criminal matters and to enable them to effectively prevent, investigate, prosecute and adjudicate organized crime, corruption and terrorism.

Anticorruption policy

According to the obligations arising from the SAA, Article 83 (Strengthening of institutions and rule of law) and Article 91 (Preventing and combating organized crime and other illegal activities), is required to develop adequate structures for the police, prosecutors and judges and other judicial and law enforcement bodies in order to effectively prevent, investigate, prosecute and adjudicate corruption activities (Article 83). In addition, according to Article 91 the parties shall cooperate with the aim to reinforcing the Kosovo structures for combating and preventing criminal activities, particularly corruption and other forms of serious crimes with a cross-border/administrative border dimension. In this regard it is required that Kosovo respects the relevant international conventions and instruments in this area. At the level of prevention, Kosovo is required to target the implementation of measures that are equivalent to those laid down in the relevant legislation of the EU, and to abide by the relevant international conventions and instruments related to this area.

Fundamental rights, protection of minorities and cultural heritage

In terms of protection of fundamental rights and protection of minorities, and in line with requirements deriving from SAA, it should be observed the respect for democratic principles and human rights, as declared in the Universal Declaration of Human Rights of 1948 and as defined in the Convention for the Protection of Human Rights and Fundamental Freedoms of 1950, in the Helsinki final Act and the Charter of Paris for a New Europe (Article 3), must be ensured. Moreover, Kosovo institutions should ensure

respect for international law and instruments, including those related to the protection of human rights and fundamental rights, up to protection of persons belonging to minorities, without discrimination on any grounds (Article 4).

Protection of personal data

Based on the obligations deriving from Article 84 of SAA, the institutions of the Republic of Kosovo shall ensure that the protection of personal data by corresponding to that of the EU *acquis*. Protection of personal data shall be developed in the way that it is in compliance with the EU *acquis* in this area.

Requirements from other EU accession mechanisms

Judicial system

According to the findings of EC's Kosovo 2021 Report, Kosovo is still at an **early stage** in developing a well-functioning judicial system. The overall administration of justice continues to be slow, inefficient and vulnerable to undue political influence. Although some progress was made since the functional review of the rule of law sector resulted in the approval of the rule of law strategy and action plan and the electronic case management system and the central criminal records system are operational, and challenges remain in this area. Over the next year, Kosovo in particular needs:

- Work should be continued regarding mechanisms aimed at further enhancing the accountability, integrity and professionalism of rule of law institutions, in particular performance appraisals, disciplinary procedures and the asset declaration system. Measures included in policy documents to be considered and simplified;
- In designing future reforms, ensure a comprehensive, transparent and inclusive process involving all stakeholders and the widest possible political consensus. Any reform should be guided by international, European standards and best practices, relevant international jurisprudence, and the opinions of the Venice Commission;
- Step up efforts to reduce the backlog of cases, based on a digitalisation strategy, including the generalised use (in the entire system) of the Case Management Information System (CMIS) by judges, prosecutors and support staff and promote and properly finance the use of alternative dispute resolution tools, such as mediation. Ensure reliable statistical data, in line with the European Commission for the Efficiency of Justice (CEPEJ) methodology.

As per the requirements arising from the meeting of the *Subcommittee on Justice, Freedom and Security*, held in June 2021, it is recommended to finalize the Rule of Law Strategy and Action Plan and implement it swiftly through a regular, structured and unified process. Discussion were also held regarding the continuation of efforts to establish mechanisms to solve the problem in the justice system, namely the impact of the COVID-19 pandemic on the judiciary, focusing on the following:

- Continue to work on mechanisms aimed at further enhancing the accountability, integrity and professionalism of rule of law institutions, in particular performance assessments, disciplinary procedures and the asset declaration system. The measures included in the various documents should be considered and simplified;
- In drafting future reforms, ensure a comprehensive, transparent, and inclusive process involving all stakeholders and the broadest possible political consensus. Any reform should be guided by international and European standards as well as best practices, relevant international jurisprudence, and the opinions of the Venice Commission;
- Carry out a comprehensive assessment of the functioning of the system of disciplinary measures for judges and prosecutors as well as continue efforts to implement disciplinary proceedings against judges and prosecutors and publish disciplinary decisions in accordance with the Law;
- By the end of 2021 establish and operate an electronic database, which will record all complaints and requests for the initiation of disciplinary investigations and information submitted by the competent authority;
- The process of selecting the remaining members of the KJC and KPC should be completed without delay. The selection process should be transparent, merit based, respecting the balance

based on minorities and gender, and the selected candidates should meet the legal requirements for these positions. Monitoring of international partners as well as civil society throughout the selection process should be made possible;

- A functioning IT infrastructure should be established in all courts to facilitate distance hearings, to ensure the continued functioning of the justice system, despite the pandemic and other constraints;
- Full use of the Case Management Information System (CMIS) should be ensured for all cases as well as the National Central Criminal Record System (NCCR) through training of judges, prosecutors and support staff, and other measures.

Anticorruption policy

According to the findings of EC's Kosovo 2021 Report, limited progress has been made regarding anticorruption policy, including the investigation and prosecution of high-level cases and the improvement of the performance and structure of the Special Prosecution Office, respectively the Department of Corruption and Financial Crime. Despite the efforts made, there is a need for continued political will to tackle corruption effectively, as well as a strong criminal justice response to high-level corruption.

- Kosovo should adopt the Law on the Agency for Prevention of Corruption, reforming the competences of the Anti-Corruption Agency, and the new Law on Asset Declaration and strengthen the capacity of the Agency to ensure a proper implementation of the legislation under its competence;
- Strengthen the efficiency of confiscation regime by promoting systematic use of both extended and 'regular' confiscation by criminal prosecution and police, by the creation of a confiscation fund and by improving the sales process of sequestrated and confiscated assets managed by Agency for the Management and Sequestrated and Confiscated Assets (AMSCA);
- Adopt the revised Criminal Procedure Code, including provisions on the suspension of public officials indicted for corruption-related offences;
- Ensure that the financial reports and campaign disclosure reports of political parties are consistently published and audited, and sanctions applied for violations of relevant laws. Amend the legal framework governing political party and campaign financing in line with the opinion of the Venice Commission, to ensure effective enforcement, accountability and transparency.

According to the obligations arising from the *Subcommittee on Justice, Freedom and Security*, held in June 2021, the institutions of the Republic of Kosovo should be committed to finalizing the amendment of the legal framework in the area of fight against corruption, such as in terms of the adoption of the new Criminal Procedure Code, the Law on the Agency for Prevention of Corruption and the Law on Declaration of Property and provision of necessary human, financial and logistical resources for the Agency.

Furthermore, the legislation related to money laundering needs to be further aligned with the relevant EU *Acquis*, namely the Fourth Anti-Money Laundering Directive as well as the implementation of the recommendations by PECK II Assessing the Fight against Money Laundering/against Terrorist Financing to further align with MONEYVAL and FATF standards should be continued.

The revised legal framework for the finances of political parties and for campaigns should be adopted in line with the recommendations of the Venice Commission.

The Confiscation Fund should be established in order to enable the re-use for social purposes of money and assets from criminal activities

Furthermore, prioritization and increased work on high-level corruption and organized crime cases related to the visa waiver process should be continued in order to continue building strong targeted cases for proactive investigations, prosecution, final sentences and final confiscation of criminal assets.

Fundamental rights, protection of minorities and cultural heritage

Based on the findings of EC's Kosovo 2021 Report in the area of fundamental rights, the legal framework guarantees the protection of fundamental rights and is in line with European standards. However, more needs to be done to promote and ensure the full implementation of human rights legislation and policies. Government coordination on human and minority rights protection mechanisms, both at the central and local levels, needs to be improved and fundamental rights issues need to be high on the political agenda. There is a lack of human and financial resources and the relevant authorities are still dependent on donor support. Inter-ministerial coordination mechanisms are often treated as a formality and have proven to be ineffective in advancing human rights.

More efforts need to be made to address the recommendations of the 2019 report, which are still applicable. Kosovo needs in particular:

- Reassess and strengthen the efficiency and effectiveness of mechanisms for coordinating and implementing human rights policies and strategies. Strengthen the role of anti-discrimination officials in ministries and municipalities;
- Strengthen the implementation of the Law on Gender Equality and take concrete actions to ensure the functioning of shelters for victims of gender-based violence;
- Approve the Strategy for Returns and Communities and ensure the proper implementation of the Strategy for the Inclusion of Roma and Ashkali Communities¹⁵ in Kosovo society 2017-2021;
- Adopt the Law on Cultural Heritage and the Law on Religious Freedom and ensure the sustainable functioning of the Implementation and Monitoring Council. To advance the protection of cultural heritage by fully implementing the legislation on special protected areas and illegal constructions.

However, in the area of freedom of expression, limited progress has been made in addressing the recommendations of the previous report. Public defamation campaigns and threats against journalists remain a concern. There are particular concerns about freedom of expression in northern Kosovo, including self-censorship.

The legal initiatives of the Assembly of Kosovo Committee on Local Governance, Public Administration, and Media (Draft-laws on the public broadcaster and on the Independent Media Commission) lacked transparency. Work on amending the Law on Radio Television of Kosovo and the Law on the Independent Media Commission has stalled, both of which are long-standing issues. Lack of financial self-sufficiency leaves the media vulnerable towards political and business interests. This is further amplified by the lack of information and data on the final beneficiary of media ownership - provisions on this are not yet enshrined into law.

To address the recommendations of the 2021 report, Kosovo needs in particular:

- Review the Law on the Radio and Television of Kosovo to ensure sustainable funding in a manner which preserves its independence;
- Review the Law on the Independent Media Commission to update its competences, including regarding audio-visual media in line with Audio-visual Media Services Directive;
- Further improve the response of the responsible institutions to physical attacks against journalists, and other forms of pressure, including through better inter-institutional cooperation;
- Increase availability of data on the audio-visual market, especially when it comes to media ownership.

According to the obligations arising from the Subcommittee on Justice, Freedom and Security, it is necessary the commitment of the institutions to implement the package of human rights laws, and give higher political priority to the protection of human rights. The country's institutions need to take concrete steps to strengthen the coordination of existing human rights mechanisms at the central and local levels, as well as to strengthen the role of human rights officials in ministries and municipalities. It is necessary to

¹⁵ All these groups are considered within the broader inclusive term 'Roma', according to the EU Framework for the National Strategies for Roma Integration.

ensure proper monitoring of follow-up activities for reports and recommendations by the Ombudsperson, in order to further increase the level of implementation.

Rule of law institutions must continue to fully investigate attacks on journalists, cases of sexual and domestic violence, hate crimes, hate speech and discrimination, and attacks on LGBTI community, ensuring timely and complete investigations and adjudication of such cases.

Adopt bylaws on the Law on Child Protection, as well as take more concrete steps for the implementation of the Law on Paraplegic and Tetraplegic Persons and the Law on the Blind. The adoption of the Civil Code and all relevant specialized legislation should also be prioritized to ensure a consistent and harmonized implementation of the new civil legislation.

The revised Law on Domestic Violence should be adopted in order to be in line with the current Criminal Code which defines domestic violence as a separate criminal offense, with the Council of Europe Convention on Preventing and Combating Violence against Women and Violence in the family (Istanbul Convention), the latter which is part of the Constitution of Kosovo since September 2020, and the training of judges, prosecutors and police officers on criminal legislation in relation to domestic violence and other forms of gender-based violence should continue. The government should allocate a sustainable and permanent budget for financing shelters, in order for their operation to be sustainable and efficient and to prevent their temporary closures. Means should also be provided for the maintenance and processing of data from the integrated database on domestic violence established within the Ministry of Justice, ensuring inter-institutional coordination and regular supply of information from all relevant institutions.

Within the scope of freedom of expression, sustainable funding for RTK must be provided without further delay in a way that preserves its independence. The Law on the Independent Media Commission should also be reviewed in order to update the competencies related to online audiovisual media services covered by the 2010 Audiovisual Media Services Directive.

Protection of personal data

According to the findings of EC's Kosovo 2021 Report, the law on personal data protection is largely in line with the EU General Data Protection Regulation and the Law Enforcement Directive. However, the Information and Privacy Agency, to which the law entrusted a number of important oversight tasks, has not been operational due to the ongoing leadership vacancy of several years. The Assembly of Kosovo appointed the Commissioner of the Information and Privacy Agency in June 2021. It is essential and urgent for the Agency to move forward rapidly and be functional and effective.

State of Play

Judicial system

The legislative framework in this area consists of these relevant normative acts:

- Law on Courts;
- Law on State Prosecutor;
- Law on the Kosovo Judicial Council;
- Law on the Kosovo Prosecutorial Council;
- Law on the Special Prosecution Office;
- Law on the Constitutional Court of Kosovo;
- Law on Disciplinary Liability of Judges and Prosecutors;
- Law on the Academy of Justice;
- Law on Notary;
- Law on Mediation;
- Law on Enforcement Procedure;
- Law on Execution of Penal Sanctions;
- Criminal Code of the Republic of Kosovo;
- Criminal Procedure Code of the Republic of Kosovo;

- Law on Liability of Legal Persons for Criminal Offences.

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

- Strategic Plan of the Prosecutorial System 2022-2024;
- National Backlog Reduction Strategy and Action Plan;
- Judicial Crisis Management Action Plan.

Anticorruption policy

The anticorruption policy area in the Republic of Kosovo is regulated by the following laws:

- Law on Declaration, Origin and Control of Property of Senior Public Officials and on Declaration, Origin and Control of Gifts of all Public Officials;
- Law on Prevention of Conflict of Interest in Discharge of Public Functions;
- Law on Anticorruption Agency;
- Law on Protection of Whistle-blowers;
- Law on Financing of Political Entities,
- Law on Public Procurement.

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

- Strategic Plan 2019-2021 of the Prosecutorial System
- Judicial system strategy for resolving cases of corruption and organized crime 2022-2024.

Fundamental rights

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

- Law on Protection against Discrimination;
- Law on Ombudsperson;
- Law on Gender Equality, Law on Protection against Domestic Violence;
- Criminal Code of the Republic of Kosovo;
- Juvenile Justice Code;
- Law on the Civil Aspects of International Child Abduction;
- Law on Vocational Ability, Rehabilitation and Employment of People with Disabilities;
- Law for Blind Persons;
- Law on Material Support for Families of Children with Permanent Disability;
- Law on the Status and Rights of People with paraplegia and tetraplegia.

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

- Programme for the protection and promotion of human rights;
- National Strategy on the Rights of Persons with Disabilities 2013-2023;
- National Strategy on Property Rights;
- Standard Procedures of Action against Domestic Violence;
- Kosovo Programme for Gender Equality;
- National Strategy on rights of the child 2019 – 2023.

Protection of minorities and cultural heritage

Laws covering the area of protection of minorities and cultural heritage are as follows:

- Law on Protection and Promotion of the Rights of Communities and their Members in Republic of Kosovo;
- Law on the Use of Languages;
- Law on Special Protective Zones.

The policy framework in this area consists of these documents:

- Strategy for Communities and Returns;
- National Cultural Heritage Strategy 2017-2027

Institutional Framework

Judicial system

The institutional framework in the area of judicial system consists of the following institutions:

- Ministry of Justice;
- Kosovo Judicial Council;
- Kosovo Prosecutorial Council;
- State Prosecutor;
- Academy of Justice;
- Basic Courts;
- Court of Appeals;
- Supreme Court;
- Constitutional Court.

Other institutions that cover the area of the justice system are the Notary Chamber of the Republic of Kosovo, Kosovo Chamber of Advocates and Kosovo Chamber of Private Bailiffs.

Anticorruption policy

The institutional framework in the area of anticorruption policy consists of the following institutions:

- Anticorruption Agency;
- National Coordinator on Combating Economic Crime;
- Basic Prosecution Offices;
- Follow-up mechanism for the establishment of inter-institutional cooperation - Kosovo Prosecutorial Council has created the database/ follow-up mechanism in order to align the statistical reports between the submitting entities of criminal reports.

Fundamental rights

The institutional framework in the area of fundamental rights consists of the following mechanisms:

- Office for Good Governance, Human Rights, Equal Opportunities and Anti-Discrimination (OPM);
- Institution of the Ombudsperson;
- Agency for Gender Equality;
- Officials for Gender Equality in Ministries and Municipalities
- Officials for Protection from Discrimination in Ministries and the Municipalities;
- Kosovo Property Comparison and Verification Agency;
- National Coordinator for Protection from Domestic Violence;
- Inter-ministerial Committee on the Rights of the Child;
- Inter-Ministerial Coordination Group for Human Rights
- Advisory and Coordination Group on the rights of the LGBTI community;
- Kosovo Correctional Service;
- Kosovo Probation Service;
- MJ Inspectorate for KCS;
- National Mechanism against Torture and Other Cruel, Inhuman, or Degrading Treatment or Punishment;
- Agency for Free Legal Aid;
- National Council for Persons with Disabilities.

Protection of minorities and cultural heritage

The institutional framework in the area of protection of minorities and cultural heritage consists of the following mechanisms:

- Ministry for Communities and Returns;
- Ministry of Culture, Youth and Sports;
- Consultative Council for Communities;
- Implementation and Monitoring Council;
- Office of the Language Commissioner;
- Office for Community Affairs; Office for Community Affairs; The Technical Working Group on Coordination of the Implementation of the Recommendations of the Framework Convention for the Protection of National Minorities;
- Local Public Safety Committees;
- Municipal Community Safety Councils;
- Municipal Action Committee for Monitoring implementation of the strategy and action plan for the inclusion of Roma and Ashkali communities in Kosovo society.
- Technical working group for protection from discrimination of Roma Ashkali and Egyptian communities.

Protection of personal data:

- Information and Privacy Agency.

Donor Support

Judicial system

In the following is given a summary of EU and bilateral assistance projects in the area of the judiciary.

Further Support to Civil Code. The purpose of this Project is to continue the EU support for the modernization and harmonization of the legal framework for civil matters in accordance with the EU *Acquis*, European standards and international best practices and to support the implementation of a new Civil Code. The project started implementation 01/February/2017 until 30/April/2022.

The *Case Management Information System* aims to support justice institutions in Kosovo. This project, supported by the Norwegian Ministry of Foreign Affairs, aims to provide technical assistance to the Kosovo Judicial Council (KJC) in automating the functioning of work in all courts and prosecution offices in Kosovo.

The IPA project, EUKOJUST supports the justice system, is funded by the EU, and is implemented by a consortium between IRZ, CILC and the Ministry of Justice of Croatia. Beneficiaries of this project are the following: KPC, KJC, prosecutors and courts, Ministry of Justice and the Academy of Justice. The project started implementation on 1st October 2020 and will last 40 months. The main goal of the project *is to reform the justice system in line with European and international standards.*

In October 2020, the implementation of the comprehensive IPA 2018 project for the support of the justice system in Kosovo in the amount of EUR 7.0 million has started. This project is implemented by the IRZ consortium, the Ministry of Justice of Croatia and the Centre for International Legal Cooperation - CILC. The project aims to strengthen the judicial system in Kosovo and approximation of its standards with European and the EU *acquis* standards. The programme will support the overall management of the justice sector and will develop activities to support institutions, capacity building and improving working conditions. In addition, the action will support the fight against domestic violence and increase access to justice for all citizens, with a particular focus on women, vulnerable and marginalized groups. In June 2020, the implementation of the PECK III Project with a value of EUR 2.25 million has started, which is funded by IPA 2018 and co-financed and implemented by the Council of Europe. The project aims to implement internationally recognized methodologies GRECO and MONEYVAL to strengthen Kosovo institutions in the fight against corruption, money laundering and terrorism.

The justice institutions will be further supported by the IPA 2020 programme worth EUR 3.5 million, respectively support with information technology equipment for the further functionalizing of the Case Management Information System in all courts and prosecutor's offices as well as the construction of a

recovery centre in cases where the main data centre has technical problems and failures. The project also aims to further support functionalizing and improving the conditions of the Academy of Justice. Since the Government of Kosovo has undertaken to build the new facility, the project will complement this investment with the necessary equipment and additional supply.

The justice system in Kosovo is further supported by the project "Support to Legal Professions in Kosovo - LINK" worth EUR 0.8 million. This project will be implemented by the Council of Europe and aims to increase the capacity of legal professionals (Kosovo Academy of Justice, Kosovo Bar Association, university students, professors) regarding the jurisprudence of the European Court of Human Rights and the HELP methodology.

This project is at an early stage of planning and will be further detailed in 2021, while tentatively contracted and finalised in 2022.

The EU also envisages the continuation of the EKOJUST project in the second phase to support the Justice system between IPA 2022 with a tentative value of EUR 9.0 million. The project aims to further increase the management capacity of the KJC and the courts, and strengthen their capacity to handle cases of special nature of cybercrime and domestic violence. The project will also support the administration of the prosecutorial system and improve the capacity of the administration of the Academy of Justice for the development, management and measurement of training programmes. Finally, the project will continue to support in legal and policy drafting and improve the mechanisms responsible for the protection of human rights.

The EU-backed National Criminal Evidence System - NCCR aims to support political, legal and administrative reforms for the digitization of criminal records at the court and central level, as well as to ensure the issuance of credible certificates in line with international standards.

The USAID Justice Activity focuses on strengthening institutional capacity for the purpose of providing citizens with access to better judicial services as well as numerous tools to address the needs of the judicial system. The project is expected to last 5 years and will increase public confidence in the justice system and the rule of law

The USAID Commercial Justice Activity is a 5-year project that aims to improve the quality of commercial justice by focusing on reforms that will reduce opportunities for corruption, regulate the proper flow of cases, and improve the capacity of courts on commercial law and procedure. Among others, the programme focuses on increasing the use of alternative dispute resolution, respectively mediation.

The International Bureau of Narcotics and Law Enforcement (INL) - The US Embassy in Kosovo will fund the project to videotape court hearings in all Kosovo courts and their branches. The INL will equip judges' offices and the KJC main office with transcription equipment, as well as provide the KJC secretariat with video conference equipment. **Thus,** the project will have a direct impact in terms of increasing the efficiency of the judiciary, transparency, access to justice, public confidence in the judiciary and the modernization of the judiciary.

EU assistance in the area of fundamental rights includes the projects described in the following.

Return and Integration to Kosovo V (EU-RRK V), a Programme funded by the EU within IPA 2016, co-funded by the MCR and being implemented by the International Organization for Migration (IOM), aims to contribute in the efforts of the Government of Kosovo to promote a tolerant and multi-ethnic environment based on respect for universal human rights, which are conducive for sustainable return and reintegration of displaced persons and families of refugees from the ranks of minorities. The project supports about 400 families returned to all stages of its activities in selected municipalities. Programme activities began in 2018, and are expected to be completed within 36-48 months.

The EU Community Stabilization Program, fourth phase (EU-CSP IV) under IPA 2018, is being implemented. From the beginning of implementation in January 2020 and until now, the EU-CSP IV programme has implemented a total of 142 projects out of 156 approved ones. In general, the implemented

projects have created jobs (full-time, part-time and secured positions for existing positions). 30-40% of supported businesses have been at risk in terms of development among non-majority communities (women, youth, people with disabilities, and returnees from non-majority communities). In the following period there will be activities for the acceptance, approval and implementation of projects to beneficiaries.

The programme, funded by the EU and the Ministry of Communities and Returns, aims to support the creation of a comprehensive multi-ethnic society in Kosovo, the creation of opportunities to generate income for non-majority communities, and the promotion of sustainable reintegration of returnees, by supporting socio-economic stability and community development initiatives, thus increasing the prospects for integration and social inclusion. First, by bringing support to the creation and development of collective/associated businesses, it will help them to develop collective business operations, create a new value-added product and joint benefit through their maximal results and strengthened position. Second, the action supports young entrepreneurs or non-majority operators to establish or increase their production through material assistance and know-how, as well as establishing business connections and expanded market access. Third, by implementing community-level projects, the action will directly support a wide range of initiatives to address the concerns, priorities and needs of the wider community, fostering opportunities for social (re)integration among community members. All activities are carried out in close cooperation with local authorities who play an important role in every step of the process. The implementation period of the project is 24-30 months.

The EU project "Support for the closure of Collective Centres" - phase two, a programme funded by the EU within the IPA 2018, co-financed by the MCR, which project officially started in January 2020 and in this period, meetings/activities for project implementation have begun. The project will contribute to the good implementation of strategies for families displaced to collective centres, supporting the implementation of sustainable solutions for their social and economic integration. The activity will take place through multilateral interventions aimed at supporting a dignified and sustainable integration for up to 70 direct beneficiary families (142 individuals) residing in these collective centres. As indirect beneficiaries, the municipalities of Leposavic, Zvecan and Gracanica will benefit from increased capacity to provide sustainable solutions for their displaced population. Three main outcomes are expected: the closure of 14 collective centres/centres and sustainable housing solutions provided to up to 70 displaced families which facilitates their departure from collective centres towards a dignified life; providing socio-economic support to up to 70 displaced families; and community development support and improved infrastructure in three municipalities. Activities in various sectors (housing, humanitarian aid, income generation, social integration) will be implemented in parallel. All activities are carried out in close cooperation with local authorities which play an important role in every step of the process. The implementation period of the project is 24-30 months.

The planned financial framework of IPA III, mainly IPA 2021, envisages the continuous support of the communities in Kosovo with the project "Community Stabilisation phase V (EU-CSP V) with a total value of EUR 3.0 million (2.5 from the EU and 0.5 co-financing from the MCR). The project aims to create opportunities to generate incomes for non-majority communities (especially women, youth and the RAE community) in key economic sectors in Kosovo, thus increasing their (re) integration prospects. Phase V- The project also aims to improve the social inclusion and sustainability of disadvantaged communities (especially Women, Youth and the RAE community) by stimulating tailored inter-ethnic community initiatives that contribute to building trust and reconciliation.

In addition, with the IPA 2022 framework the project "Return and Reintegration in Kosovo phase VI (RRK VI)" is planned with a total value of EUR 8.0 million (6.0 funded by the EU while 2.0 co-financed by the NRM). The project will be implemented by IOM and aims to enable state and non-state actors in Kosovo to implement the return and sustainable reintegration of up to 260 displaced families, as well as to fund additional capacity building.

In 2020, a Twinning contract was also signed with Latvia and Germany for further support to the Information and Privacy Agency in amount of EUR 20 million. The project is expected to start with the

implementation in 2021 and aims to improve the performance of the Information and Privacy Agency by strengthening institutional, legal and regulatory capacity and raising public awareness on data protection and access to public information.

Children's rights will also be supported by the project planned under IPA 2020 which envisages implementation by UNICEF in Kosovo with a total value of EUR 2.2 million (co-financed by UNICEF with 300,000). The aim of this project is to increase the number of boys and girls who benefit from multi-disciplinary approaches and services by responding to socio-economic weaknesses, violence, neglect, abuse and unequal access to justice.

Human rights are also supported by the project "Promotion of diversity and equality in Kosovo" worth EUR 0.3 million which is implemented under the Horizontal Facility II programme, co-financed by the multi-beneficiary IPA and the Council of Europe. The project started in May 2019 and it will end in May 2022. The project aims to strengthen the capacity and to support the authorities in improving the implementation of the policy/legal framework regarding anti-discrimination, combating hate speech and protecting the rights of LGBTI persons in line with standards and recommendations put in place by the Council of Europe - in particular those of the European Commission on Racism and Intolerance (ECRI). More concretely, the action will contribute to strengthening the capacities of the Office for Good Governance in the Office of the Prime Minister and the Institution of the Ombudsman regarding human rights protection mechanisms. Through its regional dimension, the action also aims to strengthen co-operation and synergy between Kosovo and the Western Balkans equality bodies in combating discrimination and hate speech in the region.

Medium-term Priority Objectives

Judicial system

Aiming to fulfil the obligations arising from the SAA and other EU accession documents and instruments within the scope of Chapter 23, during 2020 – 2024, the Government of Kosovo will focus on these medium-term priorities:

- Finalize and approve the justice system reform through further designing future reforms, guarantee a comprehensive, transparent and inclusive process including all stakeholders and the broadest political consensus guided by international and European standards and best practices, relevant international jurisprudence as well as opinions of the Venice Commission;
- Finalize constitutional or legislative interventions in relation to the mechanisms for accountability of judges and prosecutors as a subject to preliminary review by the Venice Commission to ensure that standards and best practices are observed and reflected appropriately;
- The justice system reform through further advancement of the legal and policy framework based on the analysis of the Functional Review of the Rule of Law sector;
- Advancing the legal framework and management system of sequestered or confiscated property.
- Regulation of the legal basis for the establishment of the administrative court;
- Adoption of the Civil Code.

In order to identify and define the strategic and development objectives in the area of rule of law, increase the effectiveness of the state institutions in law enforcement, the legislative framework regulating the rule of law and the processes and cooperation between institutions that have responsibilities in the area of rule of law will be reviewed. In addition, the capacities of institutions in charge of the rule of law will be evaluated; recommendations for improving the legislative framework, as well as cooperation processes will be provided. This process will be led by the MJ, which shall report to the Steering Committee on the performance, results, and recommendations of the functional review. The Steering Committee shall consist of representatives of the following institutions: MJ, MIA, MoF, KJC, KPC, KIA, and international donor representatives which provide technical assistance in support of the functional review. This Steering Committee is tasked to define the general lines of performance of the functional review based on the recommendations of the MJ, and to review and submit to the Government of Kosovo a proposal for the National Rule of Law Strategy in Kosovo. For this purpose, MJ will make memorandums of cooperation

with independent institutions in the area of Rule of Law for cooperation and coordination of activities under this process:

- Increasing the number of notaries in accordance with the changes reflected in the new Law on Notaries;
- Increasing the number of private bailiffs;
- Increasing the number of intermediaries;
- Conducting trainings for notaries, private bailiffs and mediators.

In the *medium term*, in order to fulfil the obligations deriving from the SAA, the KJC will focus on *the following midterm priorities*:

- Monitoring the implementation of KJC policies, strategies and decisions;
- Capacity building in courts in the administration of justice by increasing the number of support staff;
- Further advancement of the electronic case management system; Continuous assessment of the training needs of judges, in particular for judges in the Special Department within the Basic Court of Prishtina and the Court of Appeals and judges of the Commercial Court after the establishment and functioning of the same.
- Ongoing Consolidation of the National Centralized Criminal Evidence System Project in Kosovo.
- Establishment, updating and monitoring the electronic database for recording all complaints and requests for initiating disciplinary investigations and information submitted by the competent authorities.
- Appointment of the remaining members of the Kosovo Judicial Council to complete the composition of the Council.
- Strengthening the capacity of committees and staff responsible for developing disciplinary proceedings and evaluating the performance of judges;
- Drafting and approval of bylaws related to the Commercial Court and amending existing acts;
- Continuing to promote the use of mediation to judges and the public.

In the *medium term*, KPC in order to increase the efficiency and effectiveness of the prosecutorial system, in accordance with the mandate and challenges identified in EC's Kosovo 2021 Report, aims to:

- Advancing the administration and accountability system in the prosecutorial system;
- Strengthening the capacities of the KPC and KPC commissions;
- Adoption and oversight of policies to reduce the number of cases, focusing on tackling corruption, economic crime and organized crime;
- Consolidation of the necessary mechanisms for implementation of the Strategic Plan of the Prosecutorial system 2022-2024 and implementation of this plan;
- Further advancement of the file archiving system in the prosecutorial system;
- Advancing the process of collecting, processing and reporting of statistics;
- Further advancement of the professional capacities of the SPRK in the implementation of the new organizational structure in this prosecution office;
- Completion of bylaws in accordance with recent legal changes;
- Further upgrading of the electronic case management system;
- Strengthening capacities of committees and of the staff in charge of carrying out disciplinary procedures and evaluating the performance of prosecutors and staff;
- Continuous updating and monitoring of the electronic database to record all complaints and requests for initiating disciplinary investigations and information submitted by the authorities in charge.

In the *medium term*, the *Academy of Justice* in accordance with its mandate defined by law aims:

- Training of newly appointed judges and prosecutors as well as professional training appropriate to the role and duties of the respective function;

- Continuous advancement of professional knowledge of judges, prosecutors, judicial and prosecutorial administrative staff as well as other legal professionals in professional and interdisciplinary skills and competencies;
- Build the professional capacity of the free professions;
- Increasing the quality of training programs, analytical and research capacities as well as publishing activity.

The training of newly appointed judges and prosecutors will be carried out through the implementation of initial training through theoretical training and practical training in the courts, respectively the prosecutor's offices where they are appointed under the mentorship of mentors.

The continuous advancement of judges and prosecutors, administrative staff of courts and prosecutors' offices and other legal professionals is aimed through the implementation of continuous training with a focus on:

- Implementation of specialized quality trainings;
- Implementation of quality training according to the competence and requirements of judges and prosecutors;
- Implementation of roundtables in the criminal, civil and administrative area for the unification of practice
- Implementation of mandatory trainings as required by the KJC and KPC; and
- Implementation of trainings from basic training modules for professional associates and legal officers as well as for other judicial and prosecutorial administrative staff.

Special attention will be paid to the trainings for free professions, respectively those profiles for which AJ has reached memoranda of cooperation and there are requests from the respective chambers.

- Increasing the quality of training programs, analytical and research capacities as well as publishing activity will be carried out through the implementation of evaluation mechanisms including country strategies that are relevant to the judiciary. In addition, in creating new legal resources that facilitate and assist the work process in courts and prosecutors.

Anticorruption policy

Aiming to fulfil the obligations arising from the SAA and other EU accession documents and instruments in the area of Chapter 23, during 2021 – 2025, the Anticorruption Agency will focus on these medium-term priorities:

- Drafting an analysis for the mandate of the Anticorruption Agency. This analysis foresees the need to create mechanisms for assessing the risk of corruption in different sectors; assessment of legislative areas that enable *corruption legislation proofing*, and monitoring the implementation of integrity plans.
- Complementing the mandate with additional measures for the implementation of the preliminary investigation procedure and the control over the wealth of senior public officials;
- Strengthening of the mechanism and institutional capacity building of the officials of the Law Enforcement Agency for protection of whistle-blowers.

In the medium-term period, the *Academy of Justice* will focus on the following:

- Implementation of specialized trainings in the fight against organized crime. These trainings will address the following topics: PST against corruption, money laundering and financial investigation, cybercrime and cryptocurrencies, fraud in public procurement as well as extremism and radicalization and terrorism. Priority for AD will be the roundtables which will unify the case law, especially in the area of sequestration and confiscation as well as the punitive policy.

Fundamental rights

In order to fulfil the obligations arising from the SAA and other documents and mechanisms of EU accession within the scope of Chapter 23, the priority of the Government of Kosovo in the area of

fundamental rights during the period 2021-2026 will be to strengthen and empower inter-institutional coordination in the area of human rights, implementation of current laws and focus on updating and in this regard by implementing human rights strategies and programmes, ensuring long-term access. More concretely:

- Ensure proper monitoring of adhering to reports and recommendations deriving from the Ombudsperson with the aim at increasing further the level of implementation;
- Establish and fully functionalise institutional mechanisms for protection against discrimination in all ministries and municipalities, and establish a coordination system between them and the Office of Good Governance;
- Strengthening the role of gender equality officers in ministries and municipalities;
- Strengthening the role of women and girls in decision-making process, their economic empowerment and elimination of gender-based violence and domestic violence;
- Align the electoral reform legislation with the Law on Gender Equality;
- Implement the Kosovo Programme for Gender Equality and establish a monitoring system for the implementation of the Law on Gender Equality;
- Adoption of the new Strategy against domestic violence;
- Implement the Gender Impact Assessment for the regulatory framework;
- Advance the sector of property rights, aiming at a clearer definition of property rights by law and providing more efficient, accessible and affordable mechanisms through which citizens will be able to benefit legal recognition of their rights;
- Improve the policies for the execution of criminal sanctions, as well as raising awareness of the courts to increase the number of cases of imposing alternative punishments against prison sentences.
- Fully investigate attacks on journalists, cases of sexual and domestic violence, hate crimes, hate speech and discrimination, and attacks on LGBTI people, ensuring timely and complete investigations and trials of tilla;
- Provide sustainable funding for the public broadcaster and review the legislative framework governing the functioning of the Independent Media Commission.
- Take concrete action to ensure the functioning of shelters for victims of gender-based violence.

In the medium term, the Academy of Justice will focus on building the professional and interdisciplinary capacities of judges, prosecutors and judicial and prosecutorial administrative staff in the area of human rights and protection against discrimination in accordance with the case law of the European Court of Human Rights and providing legal resources to beneficiaries, through the library as well as various research materials.

Protection of minorities and cultural heritage

In the medium term period, actions for inclusion of marginalized groups and minority communities in higher education will be taken. At the same time, the efforts to improve the access of refugees and displaced persons to their properties and public services and to provide with greater economic opportunities shall be continued.

Revision of the legal framework, including:

- Law on Displaced Persons;
- Law on the Restoration of Illegally Received Cultural Heritage Objects;
- Law on Export of Cultural Property;
- Increase funding for the restoration of cultural heritage monuments: historical, cultural and religious.

With the view to protection, preservation and promotion of cultural heritage, special attention will be paid to cross-border cooperation and inclusion of heritage sites in Kosovo in regional development agendas of cultural tourism.

- Advance the protection of cultural heritage by enriching the legal base with bylaws in order to improve the implementation of the related legal framework, and through integration to achieve the improvement of Cultural Heritage in urban planning;
- Improve the preservation, protection and promotion of Movable Cultural Heritage, through the establishment of legal mechanisms for the export / import and prevention of trafficking in cultural objects, transposing the relevant EU directives into regulations;
- In the area of Cultural Heritage, the law on cultural heritage needs to be amended. Other activities for the improvement of the implementation of the Legal Framework related to Cultural Heritage set out in the Strategic Operational Plan (SOP), including the drafting of the AI on the definition of the Perimeter and Protected Area of Cultural Heritage and Cultural Heritage Assets, as well as Development Management Policies within them. The adoption of this Regulation will improve the taking of responsibility in cases of damage to assets Cultural Heritage and illegal construction in the Protected Areas of assets.
- With the functionalization of the National Council for Cultural Heritage and the definition of the Inventory procedures until Protection through the Regulation, the regulation of the permanent protection status for all categories of cultural heritage will be done soon.
- The advancement of mechanisms for systematic monitoring and maintenance of cultural heritage monuments will be preceded by the evaluation of the implementation and review of the National Strategy for Cultural Heritage 2017-2027.
- In the area of cultural heritage, the aim is to increase the professional capacity and efficiency of civil servants and professional employees in the protection of cultural heritage, and financial support to cultural heritage institutions through the reorganization of the organizational scheme of subordinate cultural heritage institutions.

MCYS as a member of the Implementing Monitoring Council will continue to support the IMC. The functioning of the Implementing Monitoring Council should continue.

Protection of personal data

In order to meet obligations arising from the SAA and other of EU accession documents and mechanisms within the scope of Chapter 23, during 2022-2026 the Information and Privacy Agency will focus on the following medium-term priority objectives:

- Capacity-building and professional strengthening of IPA inspectors and staff;
- Drafting a Strategy for Personal Data Protection;
- Advancement of Inspection Mechanisms for Law Enforcement Oversight;
- Establishment of an electronic inspection case management system;
- Establishment of an electronic complaints management system;
- Completion of bylaws in accordance with legal changes;
- Advancing the process of collecting, processing and reporting statistics.

3.24. Acquis Chapter 24: Justice, Freedom and Security

Chapter 24 of the *acquis* consists of the following areas: border management, migration, prevention and control of irregular migration, visa policy, document security, combating organized crime and police cooperation, the fight against terrorism, combating narcotics and judicial cooperation in criminal and civil matters. The area of justice, freedom and security is among the most dynamic areas of policy within the EU. EU policies in this area aim to maintain and further develop the EU as an area of freedom, security and justice and guarantee the security, rights and freedom of movement in the EU. The EU legislation (*acquis*) in this area is based on the general principles deriving from the Treaty on EU, the Treaty on the Functioning of the EU, as well as the jurisprudence of the Court of Justice of the EU.

The areas covered include the alignment of private international law, extradition between member states, policies of internal control and external borders, visas, migration, asylum policy, judicial and police cooperation and the fighting against crime (including fight against terrorism, organized crime, drug

trafficking, human trafficking, cybercrime, etc.). Kosovo, as acceding country, should make gradual transposition of the *acquis* in this area as well as develop and implement an appropriate policy and institutional framework with the capacity to implement the transposed *acquis*. At the same time, Member States are required to have the necessary administrative capacity within the law enforcement agencies and other relevant bodies, which must attain the standards required in these areas. Even though the most detailed EU policy on justice, freedom and security is the Schengen *acquis*, including the lifting of internal border controls in the EU, however, for the new Member States, substantial parts of the Schengen *acquis* are implemented following a special decision to be taken by the Council.

SAA Requirements

The Stabilisation and Association Agreement explicitly establishes a set of obligations for Kosovo contained in Title VII, respectively, in Articles 83-93 of the SAA.

According to the SAA, in the area of border management, Kosovo will ensure the alignment of the relevant legislation with the EU *acquis*, the intensification of regional cooperation, and exchange of information, institutional capacity building and combating transnational crime. Regarding visa policy, in short term period, Kosovo shall ensure the transposition of national legislation in line with EU *acquis*. In particular, Kosovo shall ensure to expand and make operational the visa issuing network system.

With regard to the rule of law, requirements of the SAA and other EU accession mechanisms consist of strengthening and consolidating the rule of law institutions. This is especially noted in Article 83 of the SAA, which states that cooperation in this area will focus in particular on strengthening the independence, impartiality and accountability of the judiciary. In this regard, it is particularly necessary to build professional capacities among the ranks of police officers, prosecutors and judges to prevent, investigate, prosecute and adjudicate organized crime, corruption and terrorism.

Regarding migration in general, Kosovo shall align the national legislation with the EU *acquis*, regarding the conditions of entry and legal residence of foreigners in Kosovo, the conditions of their employment, family reunification, long-stay, study, research, qualified workers, seasonal workers, mobility of workers within enterprises and punitive measures on employers. Regarding management of regular migration, Kosovo shall respect the principle of fair and equal treatment of foreigners, including promoting their integration.

Regarding the prevention and control of irregular migration, Kosovo will continue to take necessary measures for prevention and control of illegal migration, including trafficking and smuggling of migrants, and will also ensure the protection of the fundamental rights of migrants and provision of assistance to migrants in need.

Kosovo will continue the repatriation and return of Kosovo citizens, nationals of third countries and stateless persons who have entered the territory of any state to the EU via Kosovo or who have entered the territory of Kosovo via an EU member state. Kosovo shall also start negotiations for signing of agreements in order to determine the specific procedures for the repatriation of these persons. In addition, Kosovo will provide its citizens with appropriate identity documents and will facilitate the administrative process for this matter. Kosovo will continue its efforts to sign readmission agreements with countries that are part of the Stabilisation and Association Process, and will take necessary measures to ensure the rapid and flexible implementation of these agreements.

Regarding asylum policy, Kosovo shall guarantee the international standards in accordance with the Geneva Convention relating to the Status of Refugees 1951 and Protocol relating to the Status of Refugees 1967. Special attention shall be paid to the rights of asylum seekers, thereby to ensure that the principle of "non-refoulement" is respected. In the short term, Kosovo shall ensure the alignment of national legislation with the EU *acquis*, especially regarding the acceptance of asylum seekers, the treatment of asylum requests and management of return process of asylum seekers to their country of origin.

With the view to prevent and combat organized crime and other illegal activities, Kosovo shall align its legislation with the EU *acquis* and strengthen mechanisms to prevent and combat all forms of organized crime. Kosovo shall participate and cooperate with regional and international mechanisms to combat organized crime and to adhere to international conventions and instruments in this area.

As regards money laundering and terrorist financing, Kosovo shall take the necessary measures in order to prevent the use of financial systems for proceeds from criminal activities and financing of terrorism. Kosovo shall align national legislation with the EU *acquis* and strengthen the mechanisms for combating money laundering and financing of terrorism, while simultaneously adopting the international standards in this area, especially the standards recommended by the FATF (Financial Action Task Force).

Regarding cooperation in combating illicit drugs, Kosovo shall continue to collaborate to ensure a balanced and integrated approach towards drug issues, by aligning the legislation with the EU *acquis* and by strengthening structures for combating illicit drugs. Kosovo shall also focus on the management of health and social consequences of drug abuse and effective control of precursors, in line with the common principles of the EU strategy on drugs and other relevant documents.

In the area of fight against terrorism, Kosovo shall continue to align its legislation with the EU *acquis* and to strengthen institutional mechanisms for prevention, combating and financing of terrorism, ensuring the rule of law, human rights, fundamental freedoms, international law on refugees and international humanitarian law. Kosovo shall observe international conventions and instruments in this area.

Requirements from other EU accession mechanisms

In the **area of border management**, EC's Kosovo 2021 Report and recommendations of the Subcommittee on Justice, Freedom and Security emphasize that further efforts are needed to ensure the full functioning of the NBMC, inter alia, by fully implementing the NBMC Action Plan. Regarding inter-institutional cooperation in this area, according to the report, the said cooperation can be further improved in relation to the exchange of information and joint risk analysis. Furthermore, the report identifies the lack of connection to important international networks such as 'Interpol I-24/7' as well as the lack of access to international databases as challenges to the effective prevention of crime. Regarding IBM, the interim BCPs with Serbia continue to be operational; however, only two out of six permanent BCPs are fully functional (Merdarë and Mutivodë). According to the report, additional measures should be taken to combat irregular crossings and relevant criminal activities (including corruption), especially along the border with Serbia.

Further, the subcommittee recommends that the digitalization of border management should be strengthened by developing the necessary updates of the relevant IT systems and purchasing adequate equipment, as well as strengthening the concept of humanitarian border management.

In the area of asylum, EC's Kosovo 2021 Report and *the Subcommittee on Justice, Freedom and Security* highlight the need to continue building capacities to handle asylum applications and increase the number of staff in the area of asylum as well as shortcomings in the effective implementation of legislation. In addition, according to the report, the Asylum Centre and the Centre for Detention of Foreigners face shortages related to inadequate housing units, lack of safe areas, lack of internal medical equipment and lack of proper specialized supervisory staff to provide basic rights and needs, with particular emphasis on psychological-social support. Qualified translators are also needed to serve these centres and border police. Furthermore, border police need further capacity building in the area of migration-sensitive protection.

In the area of migration, EC's Kosovo 2021 Report identifies several challenges, including the need for closer inter-institutional cooperation and coordination. In addition, the Report and the subcommittee emphasize that the new five-year Migration Strategy should be adopted after the review to reflect Kosovo's main

In the area of migration, EC's Kosovo 2021 Report as well as the *Subcommittee on Justice, Freedom and Security* identify several challenges, including the need for closer inter-institutional cooperation and coordination. The report emphasizes that the Government Authority on Migration (GAM) should take a more proactive

role in leading policies in this area. Furthermore, according to the Report and the subcommittee, the statute of the GAM should be approved, which will further strengthen the role of the GAM and clarify its composition and function. Providing genuine care to most vulnerable groups of migrants remains a challenge. Registering migrants at the border or police stations is a challenge due to the lack of biometric equipment. It also emphasizes the need to continue efforts to prevent human smuggling. According to the report, the Law on Asylum and the Law on Foreigners should be revised so that it includes a category of humanitarian protection, extending the period of voluntary return and reflecting on the existence of the new reception centre. Furthermore, according to the subcommittee, legislation on return should be in line with the new EU strategy, which aims to increase the number of voluntary returns and improve the quality of support provided to returnees. Migrants left out of asylum centres posed a particular challenge, where as a result of not being registered, they did not receive government assistance. In addition, according to the report, it is very important to establish alternative detention measures for migrants subject to return.

In the area of reintegration, EC's Kosovo 2021 Report and the *Subcommittee on Justice, Freedom and Security* emphasize the need for better inter-institutional coordination, including with municipalities, as well as improved systematic monitoring and evaluation. In this regard, a gender-sensitive system that reaches the most vulnerable returnees and focuses more on the sustainable support of the community should be established. In addition, the report recommends the inclusion of refugees in social protection schemes to support their inclusion and integration into the society. Furthermore, the subcommittee emphasizes that child protection and access to education for applicants and refugees, including language courses, rental schemes, social benefits, access to the labour market and opportunities for self-reliance should be a priority.

Regarding the area of money laundering and terrorist financing, EC's Kosovo 2021 Report states that the Law on the Prevention of Money Laundering and Combating Terrorist Financing is not yet in line with the *Acquis* and other international standards. This law should not impose unnecessary restrictions on the financial viability of low-risk CSOs. The report also mentions that money laundering is not investigated as a criminal offense in itself, but always in relation to other criminal offenses, and that parallel financial investigations are not being conducted systematically for cases of organized crime. The Fight against money laundering and terrorist financing is not yielding convincing results. The EC report, as well as the conclusions of the subcommittee call for the implementation of the recommendations of the FATF/Moneyval reports and for increased cooperation between the relevant authorities.

Regarding cooperation in the area of narcotics, EC's Kosovo 2021 Report and the *Subcommittee on Justice, Freedom and Security* emphasize that a Draft-law on narcotics that is more comprehensive, revised and in line with the most recent EU legislation has not yet been adopted. The report states that the National Narcotics Observatory was established but with limited resources and no manager. While a decision has been made regarding the increase of the number of its staff, this decision is yet to be implemented. The report recommends the functioning of the Early Warning System as well as highlights the difficulties in collecting data routinely. The report and the subcommittee recommend the continuation of the development of a protocol or SOP for the storage, treatment and destruction of drug precursors. The report also highlights difficulties in inter-agency co-operation in the fight against drug trafficking. The report points out that increasing cooperation and coordination between law enforcement agencies in the Western Balkans region is of paramount importance and this can only happen through improved inter-agency cooperation and exchange of information at all levels.

Regarding *the fight against organized crime*, EC's Kosovo 2021 Report states that Kosovo is at an early stage where there has been limited progress in the investigation and prosecution of organized crime cases, emphasizing that continued efforts are needed to ensure more proactive investigations, final court decisions and final confiscation of property. The report states that the means provided by the Criminal Code and the Law on Extended Powers for Confiscation have not yet been fully utilized by the police and prosecutors. Measures are also needed to strengthen the prosecution and to ensure that there is no political interference in the operational activities of all law enforcement agencies. According to the report, organized crime in the north of Kosovo continues to be a challenge for law enforcement agencies. Overall, Kosovo has partially met the recommendations identified last year, namely those for training and awareness raising on

new legislation, including confiscation, the capacity of the Special Prosecution Office, some elements of intelligence-led policing, and the partial implementation of the laws adopted in 2018. However, the report still recommends Kosovo to further increase the number of prosecutors in the Special Prosecution Office to investigate and prosecute high-level organized crime cases and provide training to strengthen their capacity for conducting financial investigations, confiscate property and effectively protect witnesses. Further, Kosovo should concretely implement intelligence-led policing and community policing approaches, including through reorganizing and increasing the resources of the Kosovo Police Directorate for Analysis and Intelligence, as well as increasing the presence of officers at the community level. The report also calls for better exchange of information between institutions for fighting crime, including access to databases and increased institutional cooperation.

EC's Kosovo 2021 Report assesses that there are additional strategies and action plans on arms control, the informal economy, money laundering and terrorist financing, terrorism, the prevention of violent extremism, trafficking in human beings, narcotics and cybersecurity. However, there is still a need for improved cooperation and coordination between all responsible institutions with respect to these strategies and action plans. Whenever possible, Kosovo should increase its involvement in the EMPACT priorities, including the drafting of operational action plans and the participation in Joint Action Days (JAD). Prosecutors remain the weakest link in the area of asset confiscation. According to the report, the police and the prosecution need to actively use all powers at their disposal to target criminal networks and their economic base, and the low number of confiscated criminal assets is still a key concern. The EC report also notes that only a fraction of all cases involving trafficking in human beings, trafficking in arms and money laundering also include charges of organised crime. There is a need for more specialised training for all institutions involved in fighting the more complex phenomena of organised crime. With regard to arms trafficking, the Report notes that the involvement of organised and armed groups remains a serious concern. Moreover, previously undertaken efforts to further improve and revise arms control legislation remain stalled. In addition, the report and conclusions of the Subcommittee emphasize that the government should ensure a sound legal and organisational structure to the Special Investigative Unit within the Kosovo Police as the successor of the abolished Anti-Corruption Task Force.

Regarding trafficking in human beings (THB), EC's Kosovo 2021 Report states that Kosovo remains a country of origin, transit and destination of victims of trafficking in human beings, notably for sexual exploitation. Legislation on trafficking in human beings is broadly aligned with the relevant EU *acquis*, but implementation could be improved and Kosovo lacks a specific strategy and action plan against trafficking in human beings. According to the Report, more efforts are needed, especially regarding the pro-active identification of victims, ensuring assistance and support to victims and increasing prosecution and conviction of perpetrators. While the Subcommittee emphasizes the need to raise awareness of THB, ensure the financial sustainability of shelters for victims of trafficking, survivors of sexual and gender-based violence, improve regional cooperation to combat trafficking, continue specific training in this area for front-line responders, including the police, on how to identify and report victims of THB (including asylum seekers, refugees and migrants).

Regarding cybercrime, EC's Kosovo 2021 Report states that there has been progress in detection, traceability and prosecution of cybercriminals. However, challenges related to the handling of electronic evidence by people with insufficient knowledge and the limited availability of cybercrime training for newly appointed judges and prosecutors need to be addressed.

While it is noted that the police has adequate capacity to combat organised crime, EC's 2021 *Report* states that investigations of organised crime remain vulnerable to corruption, political pressure and unlawful interference. The report and the Subcommittee also point out that police performance is affected by a number of tasks that are not core police service tasks, such as providing security in low-risk government buildings and infrastructure, and that steps need to be taken to remedy this. It was also found that intelligence-led policing is being poorly implemented, and that relevant capacities need to be strengthened, the KP Directorate for Analysis and Intelligence needs to be restructured and manpower increased to improve intelligence-led policing. According to the conclusions of the Subcommittee, the appointment of

intelligence coordinators and the recruitment of trained analysts at central and regional level is recommended. In addition, closer day-to-day co-operation in view of developing strategies to better conduct of investigations and clear division of responsibilities between the police and the special prosecution is still needed.

In terms of witness protection, EC's Kosovo 2021 Report and the *Subcommittee on Justice, Freedom and Security* conclude that the implementation of witness protection mechanisms continues to face challenges, as few potential witnesses have sufficient trust in Kosovo institutions' ability to keep them safe. No witnesses are currently enrolled in Kosovo Protection Mechanism. Prosecutors and judges need training on how to protect witnesses effectively.

Whereas, the conclusions of the *Subcommittee on Justice, Freedom and Security 2021* emphasize that the Asset Recovery Office should be further developed and that this institution should be utilised more by prosecutors and judges, the confiscation rates should be improved by fully implementing the existing legal framework on confiscation, including the Law on Extended Powers of Confiscation, the Confiscation Fund should be established as soon as possible and the Memorandum of Understanding signed between the KPC, the KJC, the Chief State Prosecutor and AMSCA in 2017 should be fully implemented. The Subcommittee also calls for the implementation of recommendations of the PECK III Project, including amending the Law on the Management of Sequestered and Confiscated Assets, and the completion of the drafting of the Law on Confiscation of Unjustifiably Acquired Assets in accordance with the principles set out in the Constitution and the fundamental rights of individuals, without prejudice to the full implementation of existing tools for criminal confiscation.

Regarding the fight against terrorism, EC's Kosovo 2021 Report states that despite significant efforts, challenges in countering terrorism and preventing and countering violent extremism and radicalisation remain. Militant Salafist ideology and ethnonational movements continue to be present in the region, including Kosovo, and remain a threat. According to the report, the Law on Combatting Money Laundering and the Financing of Terrorism needs to be amended in order to be fully in line with EU and international standards. A new Strategy and Action Plan (2021-2025), which covers both the areas of terrorism and violent extremism, is not adopted yet by the Government. The new strategy and action plan should address all forms of radicalisation and violent extremism, including political, ethno-nationalist and religious ones. It is important that existing strategies, action plans and reintegration and rehabilitation programmes are continuously revised in order to demonstrate a risk-based approach. The Report and Subcommittee recommend that the authorities set up a Joint Threat Assessment Centre, including a threat level grading system, which would facilitate communication among all agencies involved, keep the public informed and improve responses, including as regards the protection of critical infrastructure. To effectively address the challenge of citizens returning from conflict zones, the Report and the Subcommittee recommend that the Reintegration Division of the Ministry of Internal Affairs be fully funded, staffed and trained, including a specific budget and dedicated and experienced staff from the health, education and social services. In April 2021, the Government of Kosovo appointed the Minister of Internal Affairs as the National Coordinator for the Prevention of Violent Extremism and the Fight against Terrorism. The Report and Subcommittee recommend that the Coordinator on CT/CVE should establish an office to support his/her work and play a stronger role in inter-institutional coordination, with clarified structure and reporting lines. The Coordinator should also play an enhanced role in overseeing the rehabilitation and reintegration process, including by linking up with municipalities.

The conclusions of the *Subcommittee on Justice, Freedom and Security* recommend the continuation of the implementation of the activities of the Joint Action Plan on Counter-Terrorism between the EU and the Western Balkans, as well as the establishment of a single permanent point of contact in connection with the implementation of this Plan. The EC report recommends that civil society organizations should be more involved in rehabilitation processes. In addition, the contact point for counterterrorism and countering violent extremism and the established Intelligence Unit within the Kosovo Correctional Service contributed in improving the coordination of pre- and post-release processes, but de-radicalisation and disengagement programmes within the correctional system need to be intensified. The issue of early and conditional

release of violent extremist offenders following the decisions by the conditional release panel is of concern. The panel should consider security and risk aspects when dealing with this category of inmates.

EC's Kosovo 2021 Report states that Kosovo is not party to most multilateral treaties governing mutual judicial cooperation, but it unilaterally applies internationally recognised treaty standards. This report also states that the legal framework in the area of international legal cooperation is not consolidated, as the laws governing this area have not yet been approved by the Assembly. Most other countries that do not recognise Kosovo have voluntarily accepted the facilitating role of the EU Special Representatives in Kosovo in the transmission of judicial requests (including those concerning extradition). However, the lack of cooperation by some non-recognising states has resulted in cases of impunity.

Conclusions of the *Subcommittee on Justice, Freedom and Security* recommend that Kosovo, in addition to completing the legal framework in the area of international legal cooperation, continue its efforts to negotiate new bilateral agreements on international legal cooperation in criminal and civil matters.

State of Play

Legislative and Policy Framework

Legislative and policy framework in the area of border management

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

- Law No. 04/L-214 on State Border Control and Surveillance;
- Law No. 04/L-216 on Cooperation Between Authorities involved on integrated border management;
- AI No. 08/2010 on Form, Content and Manner of Placing of Warning and Written Signs on Border Crossing Points and Border Crossing Zone;
- AI No. 03/2010 on Marking the Border Line;
- AI No. 30/2012 on Rules on Local Border Traffics;
- 23 agreements and Protocols on Police Cooperation in the area of Borders (with Albania, North Macedonia, Montenegro and Serbia);
- 12 agreements for custom cooperation (with Albania, Montenegro, Finland, Hungary, North Macedonia, Slovenia, Turkey, France, Italy, Poland, Austria and Great Britain).
- AI (MIA) No. 04/2020 on Refusal of Entry into Republic of Kosovo;
- AI (MIA) No. 01/2021 on Measures and Procedures for API and PNR Data Reception and Use;
- 12 customs cooperation agreements (with Albania, Montenegro, Finland, Hungary, North Macedonia, Slovenia, Turkey, France, Italy, Poland, Austria and the United Kingdom).

These normative acts have transposed the following *acquis* acts:

- Regulation No. 562/2006/EC (Schengen Borders Code);
- Regulation (EC) No 1931/2006 of the European Parliament and of the Council Laying Down Rules on Local Border Traffic;
- Regulation (EU) 610/2013 of the European Parliament and of the Council amending Regulation (EC) No 562/2006 of the European Parliament and of the Council establishing a Community Code on the rules governing the movement of persons across borders (Schengen Borders Code);
- Convention implementing the Schengen Agreement, Council Regulations (EC) 1693/2013 and (EC) 539/2001 and Regulations (EC) 767/2008 and (EC) 810/2009 of the European Parliament and Council;
- Regulation (EU) No 1051/2013 of the European Parliament and of the Council amending Regulation (EC) No 562/2006 in order to provide for common rules on the temporary reintroduction of border control at internal borders in exceptional circumstances;
- Guidelines for Integrated Border Management in EU External Cooperation.
- Regulation (EU) 2016/399 of the European Parliament and of the Council of 9 March 2016 on a Union Code on the rules governing the movement of persons across borders (Schengen Borders Code);

- Regulation (EC) No 1987/2006 of the European Parliament and of the Council of 20 December 2006 on the establishment, operation and use of the second generation Schengen Information System (SIS II);
- Guidelines on Integrated Border Management on EU External Cooperation.

Visa policy

As of 1 July 2013, the Government of the Republic of Kosovo has placed a visa regime for citizens of 88 countries planning to enter the Republic of Kosovo. Visa regime continues to apply with complete legislation and functional system of KVIS in Kosovo's 15 diplomatic missions and 7 BCP.

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

- Law No. 04/L-219 on Foreigners; and
- AI MFA/No. 01/2014 on procedures for the issuance of visas to foreigners by the diplomatic and consular missions of the Republic of Kosovo.
- AI MFA No. 03/2015 on Visa Information System (VISK)
- AI MFA No. 02/2015 on the Form and Content of the Visa Sticker.
- AI MIA No. 10/2020 on procedures for the issuance of the visas at border crossing points.
- AI MIA No. 09/2020 on the conditions and procedures of the visa extension;
- AI MIA No. 05/2020 on Criteria and Procedures for Acquiring the Citizenship of the Republic of Kosovo. These normative acts have transposed the following acts of the *acquis*.

These normative acts have transposed the following *acquis* acts:

- Regulation (EC) No. 810/2009 (Visa Code);
- Regulation (EC) No 767/2008 of the European Parliament and of the Council of 9 July 2008 concerning the Visa Information System (VIS) and the exchange of data between Member States on short-stay visas (VIS Regulation);
- Directive 2014/66/EU of the European Parliament and of the Council of 15 May 2014 on the conditions of entry and residence of third-country nationals in the framework of an intra-corporate transfer;
- Directive 2014/36/EU of the European Parliament and of the Council of 26 February 2014 on the conditions of entry and stay of third-country nationals for the purpose of employment as seasonal workers.

Migration

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

- Law No. 06/L-036 on Foreigners;
- Law No. 06/L-026 on Asylum;
- Law No. 03/L-208 on Readmission;
- 23 bilateral readmission agreements;
- Law No. 04/L-215 on Citizenship;
- Law No. 04/L-218 on Preventing and Combating Trafficking in Human Beings and Protecting Victims of Trafficking
- AI (MIA) No. 01/2019 on Procedures of Reception and Treatment of Applicants for International Protection;
- AI (MIA) No. 02/2019 on Procedures and Standards of Review and Ruling on Application for International Protection;
- AI (MIA) No. 03/2019 on Returning of Foreigners with Illegal Residence in the Republic of Kosovo;
- AI (MIA) No. 09/2019 on the Procedure and Criteria for Issuing Residence Permits for Foreigners;
- AI (MIA) No. 06/2019 on the Procedure of Loss of Kosovo Citizenship by Release and Deprivation;
- AI (MIA) No. 03/2020 on Establishment and Defining of Working Rules for the Commission for Appeals for Citizenship;

- AI (MIA) No. 05/2020 on Criteria and Procedures for Acquiring the Citizenship of the Republic of Kosovo.

These normative acts have transposed the following *acquis* acts:

- Directive 2014/66/EU of the European Parliament and of the Council of 15 May 2014 on the conditions of entry and residence of third-country nationals in the framework of an intra-corporate transfer;
- Directive 2014/36/EU of the European Parliament and of the Council of 26 February 2014 on the conditions of entry and stay of third-country nationals for the purpose of employment as seasonal workers;
- Regulation (EC) No 810/2009 of the European Parliament and of the Council on establishing a Community Code on Visas - in part;
- Directive 2009/52/EC of the European Parliament and of the Council on providing for minimum standards on sanctions and measures against employers of illegally staying third-country nationals - fully;
- Council Directive 2009/50/EC on the conditions of entry and residence of third-country nationals for the purposes of employment - fully;
- Directive 2008/115/EC of the European Parliament and of the Council on common standards and procedures in Member States for returning illegally staying third-country nationals - fully;
- Council Directive 2005/71/EC on a specific procedure for admitting third-country nationals for the purposes of scientific research - in part;
- Council Directive 2004/81/EC on the residence permit issued to third-country nationals who are victims of trafficking in human beings or who have been the subject of an action to facilitate illegal immigration, who cooperate with the competent authorities - in part;
- Council Directive 2004/114/EC on the conditions of admission of third-country nationals for the purposes of studies, pupil exchange, unremunerated training or voluntary service - in part;
- Council Directive 2003/109/EC concerning the status of third-country nationals who are long-term residents - in part;
- Council Directive 2003/86/EC on the right to family reunification - in part;
- Directive 96/71/EC of the European Parliament and of the Council concerning the posting of workers in the framework of the provision of services - in part;
- Directive 2011/98/EU of the European Parliament and of the Council on a single application procedure for a single permit for third-country nationals to reside and work in the territory of a Member State and on a common set of rights for third-country workers legally residing in a Member State - partially;
- Council Directive 2001/51/EC amending the provisions of Article 26 of the Convention implementing the Schengen Agreement of 14 June 1985 - partially;
- Council Directive 2002/90/EC on defining the facilitation of unauthorised entry, transit and residence - fully transposed;
- Directive 2008/115/EC of the European Parliament and of the Council on common standards and procedures in Member States for returning illegally staying third-country nationals;
- European Convention on Human Rights;
- The UN Convention on the Status of the Refugees (Geneva Convention, 1951) and its Implementing Protocol (New York Protocol, 1967);
- UN Convention on the Rights of the Child; and
- The Charter of Fundamental Rights of the EU.

Policy framework in this area consists of the following documents:

- National Strategy on Migration 2021-2025
- Light migration profiles (such as comprehensive documents with standard migration data and data on other areas potentially affecting the migration phenomenon, such as economic and social situation, labour market, human capital, education, trade, etc.).

- Guideline on the best interests of the child.

Policy framework in this area is also based on the following international normative acts:

- Universal Declaration of Human Rights;
- Geneva Convention of 1951 on the Status of Refugees and its Protocol of 1967;
- The New York Convention on Non-Citizenship;
- The UN Convention on the Elimination of All Forms of Discrimination against Women;
- The Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment;
- The Convention for the Protection of Human Rights and Fundamental Freedoms;
- UN Convention on the Rights of the Child; and
- The International Covenant on Civil and Political Rights and its Protocols.
- EU New Pact on Migration and Asylum.

Asylum

The legislative framework in this area consists of:

- Law No. 06/L-026 on Asylum (adopted on 5 May 2018);
- AI (MIA) No. 06/2020 for the Procedure and Criteria of Determining the Status of the Stateless Person, the Manner of *Acquisition* of the Citizenship by the Stateless Person and the Person with Refugee Status.
- The legislative framework in this area consists of the new Law on Asylum (adopted on 5 May 2018), partially transposed the following *acquis* acts: Council Directive 2003/9/EC on standards for the reception of asylum seekers;
- Council Directive 2004/83/EC on minimum standards for the qualification and status of third country nationals or stateless persons as refugees or as persons who otherwise need international protection (Qualification Directive);
- Directive 2011/95/EU of the European Parliament and of the Council on standards for the qualification of third-country nationals or stateless persons as beneficiaries of international protection, for a uniform status for refugees or for persons eligible for subsidiary protection (Recast);
- Council Directive 2005/85/EC on Asylum Procedures; and
- Directive 2013/33/EU of the European Parliament and of the Council of 26 June 2013 laying down standards for the reception of applicants for international protection; and
- Directive 2013/32/EU of the European Parliament and of the Council of 26 June 2013 on common procedures for granting and withdrawing international protection.

Combating Money-laundering and Terrorist Financing

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

- Criminal Code No. 04/L-082 of the Republic of Kosovo;
- Law No. 05/L-096 on the Prevention of Money Laundering and Combating Terrorist Financing, which transposed:
 - Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC and international standards established by the Financial Action Task Force (FATF);
- Law No. 04/L-050 on the declaration, origin and control of property of senior public officials and the declaration, origin and control of gifts for all officials.
- AI FIU-K No. 02/2015 on prevention and detection of money laundering;
- AI FIU-K No. 03/2015 on prevention and detection of terrorist financing.

Fight against narcotics

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

- Criminal Code of the Republic of Kosovo
- Criminal no, 04/L-123 Procedure Code;
- Law no, 02/L-123 on Narcotic Medicaments, Psycho-tropes and Precursors, which is based on the following Conventions:
 - United Nations Special Convention on Narcotic Drugs (New York, 30 March 1961), as amended by the 1972 Protocol (Geneva, 25 March 1972);
 - United Nations Convention on Psychotropic Substances (Vienna, 21 February 1971);
 - United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (Vienna, 20 December 1968, which applies also to judicial cooperation in criminal matters.
- AI No. 10/2010 on Methadone Administering and Managing for the Maintenance Programmes.

The policy framework in this area is composed of the new National Strategy against Narcotics and the Action Plan 2018-2022.

Fight against organized crime and police cooperation

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

- Criminal Code, in which partially has been transposed the following *acquis* acts:
 - The Framework Decision on the fight against organised crime (Framework 9Decision 2008/841/JHA);
 - Framework Decision on increasing protection by criminal penalties and other sanctions against counterfeiting in connection with the introduction of the euro (Framework Decision 2000/383/JHA);
 - Framework Decision on combating fraud and counterfeiting of non-cash means of payment (Framework Decision 2001/413. JHA);
 - Directive 2011/36/EU on preventing and combating trafficking in human beings;
 - Directive 2011/93/EU on combating the sexual abuse and sexual exploitation of children; and
 - Council Framework Decision 2004/757/JHA laying down minimum provisions on the constituent elements of criminal acts and penalties in the area of illicit drug trafficking.
- Criminal Procedure Code transposed the following *acquis* acts:
 - Directive 2010/64/EU on the right to interpretation and translation in criminal proceedings; Directive 2012/13/EU on the right to information in criminal proceedings;
 - Directive 2012/29/EU establishing minimum standards on the rights, support and protection of victims of crime, and replacing Council Framework Decision 2001/220/JHA;
 - Directive 2013/48/EU on the right of access to a lawyer in criminal proceedings and in European arrest warrant proceedings, and on the right to have a third party informed upon deprivation of liberty and to communicate with third persons and with consular authorities while deprived of liberty;
 - Council Framework Decision 2005/212/JHA and Council Framework Decision 2000/383/JHA.
- Law on Witness Protection;
- Law on Prevention and Fight of the Cyber Crime;
- Law no, 05/L-049 on Managing Sequestered or Confiscated Assets:
 - Council Framework Decision 2005/212/JHA;
 - Council Framework Decision 2007/845/JHA; and
 - Council Framework Decision 2006/783/JHA.

- Law on International Judicial cooperation in Criminal Matters transposing the following *acquis* acts:
 - Council Framework Decision 2003/577/JHA;
 - Council Framework Decision 2006/783/JHA on the application of the principle of mutual recognition to confiscation orders;
 - Council Framework Decision 2007/845/JHA;
 - Council Framework Decision 2001/413/JHA; and Council Framework Decision 2007/845/JHA.
- Law on Protection of Informants;
- Law on Police;
- Law on Narcotic Medicaments, Psycho-tropes and Precursors, which partially transposed
 - Regulation (EU) No 1258/2013 of the European Parliament and of the Council of 20 November 2013 amending Regulation (EC) No 273/2004 of 11 February 2004 on drug precursors.
- Law on Preventing and Combating Trafficking in Human Beings and Protecting Victims of Trafficking that partially transposed
 - Directive 2011/36/EU on preventing and combating trafficking in human beings and protecting its victims.
- Law on Crime Victim Compensation that has partially transposed:
 - Council Directive 2004/80/EC relating to compensation to crime victims, where this law reflects the requirement of the directive, concerning the procedures for compensation of crime victims in cross-border cases and the establishment of decision-making and assistance authorities in cases of compensation for the victims.
- Law on State Border Control and Surveillance;
- Law on Execution of Penal Sanctions;
- Law on Kosovo Intelligence Agency;
- Law on State Prosecutor;
- Law on Classification of Information and Security Clearances;
- Law on Courts;
- Law on the Protection of Personal Data; and
- Law on Interception of Electronic Communications.
- AI MIA No. 09/2018 on Legalization of Weapons.

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

- National Strategy and Action Plan of the Republic of Kosovo against Organized Crime;
- National Strategy and Action Plan of the Republic of Kosovo against Narcotics 2018-2022;
- Strategy on Controlling and Collecting Small Arms and Light Weapons 2017-2022.

Fight against terrorism

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

- Criminal Code of the Republic of Kosovo;
- Criminal No. 04/L-123 Procedure Code;
- Law No. 05/I-096 on the Prevention of Money Laundering and Combating Terrorist Financing; and
- Law No. 05/I-002 on Prohibition of Joining the Armed Conflicts Outside State Territory;
- Law on Prevention of Money Laundering and Prevention of Terrorism Financing; and
- Law on the Prohibition of the Union of Armed Conflict outside the territory of the country.

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

- National Strategy of the Republic of Kosovo against Terrorism 2018-2023;
- National Strategy for prevention and combating against informal economy, money laundering, terrorist financing and financial crimes 2019-2023; and

- Strategy on Prevention of Violent Extremism and Radicalisation Leading to Terrorism 2018-2023.

International judicial cooperation in criminal and civil matters

The legislative framework in this area consists of the Law on International Judicial cooperation in Criminal Matters that transposed the following *acquis* acts:

- Council Framework Decision 2003/577/JHA on the execution in the EU of orders freezing property or evidence;
- Council Framework Decision 2006/783/JHA on the application of the principle of mutual recognition to confiscation orders;
- Council Decision 2007/845/JHA of 6 December 2007 concerning cooperation between Asset Recovery Offices of the Member States in the area of tracing and identification of proceeds from, or other property related to, crime; and
- Council Framework Decision 2001/413/JHA of 28 May 2001 on combating fraud and counterfeiting of non-cash means of payment.

Institutional Framework

Border management

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

- Kosovo Police (Border Department);
- Kosovo Customs; and
- Food and Veterinary Agency.

In addition, the Executive Board for IBM and the National Centre for Border Management (NCBM) also functions.

Visa policy

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

- Ministry of Foreign Affairs and Diaspora, respectively the Department of Consular Affairs and Foreign Service missions;
- Ministry of Internal Affairs, respectively the Department of Citizenship, Asylum and Migration;
- Kosovo Police, respectively Border Police.

Migration

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

- Ministry of Internal Affairs, respectively the Department of Citizenship, Asylum and Migration (which also supervises the Asylum Centre and Detention Centre for Foreigners);
- Kosovo Police, respectively the Directorate for Migration and Foreigners, Department for Investigation of Organized Crime, Border Police and Directorate for Investigation of Trafficking;
- Department for Reintegration of Repatriated Persons
- Municipalities (having a role in implementing reintegration policies).

In addition, there is also a Government Authority on Migration (GAM) in place.

Asylum

The institutional framework in this area consists of Ministry of Internal Affairs, respectively the Department of Citizenship, Asylum and Migration (within which the Centre for Asylum Seekers operates).

Fight against money laundering and financing of terrorism

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

- Financial Intelligence Unit;
- Ministry of Finance, Labour and Transfers, respectively Kosovo Customs, and Tax Administration of Kosovo;
- Kosovo Police, respectively, the Directorate against Economic Crimes;
- State Prosecutor; and
- Special Prosecution of the Republic of Kosova.

Fighting against narcotics

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

- Kosovo Police, respectively Directorate for Investigation of Drug Trafficking (with the support of other KP departments);
- Kosovo Customs;
- Kosovo Intelligence Agency;
- Ministry of Health, respectively Health Inspectorate, Kosovo Agency for Medical Products and Equipment;
- Kosovo Forensic Agency;
- Ministry of Justice, respectively Department of Forensic Medicine; and
- Kosovo Judicial Council.

In addition, there is also the National Coordinator and the Secretariat in charge of this area within the MIA.

Fight against organized crime and police cooperation

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

- Ministry of Internal Affairs, respectively the Kosovo Police:
 - Directorate against Organized Crime;
 - Directorate Against Trafficking with Narcotics;
 - Directorate for Investigation of Economic Crimes and Corruption, through Investigation Division, consisting of the Sector for Economic Crimes Investigation, Investigation of Corruption and Financial Crimes Investigation;
 - Directorate for Witness Protection;
 - Unit against Terrorism; and
 - Sector for Cybercrime Investigation;
- Ministry of Finance, Labour and Transfers, respectively
 - Kosovo Customs;
 - Financial Intelligence Unit; and
 - Tax Administration of Kosovo.
- Ministry of Justice;
- Kosovo Intelligence Agency;
- Kosovo Judicial Council;
- Kosovo Prosecutorial Council;
- Prosecutions; and
- Courts.

In addition, there is also the National Coordinator and the Secretariat in charge of this area within the MIA.

Fight against terrorism

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

- Ministry of Internal Affairs;
- Kosovo Intelligence Agency;
- Ministry of Finance, Labour and Transfers, respectively

- Kosovo Customs;
- Financial Intelligence Unit; and
- Tax Administration of Kosovo;
- Office of the Prime Minister;
- Special Prosecution Office of the Republic of Kosovo.

In addition, there is also the National Coordinator and the Secretariat in charge of this area within the MIA.

International judicial cooperation in civil and criminal matters

The institutional framework in this area consists of the Ministry of Justice, respectively:

- Department of International Judicial Cooperation;
- Department of International Judicial Cooperation, which consists of two divisions:
 - Division for Cooperation in Criminal Matters, and
 - Division for Drafting and Negotiating Agreements.

Donor Support

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

Current and planned projects under IPA

Support for police reform in line with EU standards:

- Description: Assistance in the implementation of police reforms, including the implementation of intelligence-led policing, combating cybercrime, providing training and equipment related to advanced investigation techniques in the area of trafficking in drugs, human beings, etc. creating an early-warning system of new drugs; addressing the issue of reducing the average age of the Kosovo police;
- Beneficiary: Ministry of Internal Affairs (KP);
- Implementation period: 2017-2020.

Digitalization of Certified Copies of Civil Registry Books - Phase III Linking of Certified Copies of the e-archive and the Central Registry of Civil Status of Kosovo

- Period: March 2020 – June 2022

Project against economic crime in Kosovo (PECK III):

- Description: this project aims to improve the implementation of anticorruption (AC), money laundering/combating financing of terrorism (AML/CFT), counter-terrorism measures and their compliance with European standards;
- Beneficiary: Office of the Prime Minister, Financial Intelligence Unit, Anticorruption Agency, and Ministry of Finance;
- Implementation period: after completing PECK II.

Internal affairs institutions will also be supported by the IPA 2020 programme by strengthening the fight against organized crime, terrorism and corruption in Kosovo.

The EU Rule of Law Mission (EULEX) supports and assists Kosovo's authorities in the area of rule of law, particularly in the areas of police, judiciary and customs. As a technical mission, EULEX monitors and advises Kosovo authorities.

Current and planned projects of bilateral donors

Besides the support provided by the European Commission, MIA also continuously benefits from projects by ICITAP, assisting Kosovo in strengthening the rule of law in Kosovo and building the capacities of judicial, prosecution and rule of law institutions in combating organized crime, human trafficking, corruption, money laundering and terrorism. ICITAP programme is funded by the Bureau of International

Narcotics and Law Enforcement Affairs within the U.S. State Department. ICITAP is currently supporting Kosovo through the programmes described in the following.

Improving the capacity of the MIA for accountable, transparent and sustainable management processes, contributing to the building of credible RoL institutions.

Increasing the capacity of the Kosovo Police (KP) to effectively develop and manage the technical and organisational resources needed to promote and support the rule of law throughout the country and to combat malignant external influences. This programme will enable the KP to improve the results of investigations into serious and complex investigations of crimes such as: corruption, terrorism, trafficking, domestic violence, cross-border, cybercrime, financial crimes, as well as to advance the capacity to fight organised and transnational crime.

Supporting the Police Inspectorate of Kosovo (PIK) to become a democratic and impartial institution for the rule of law, with improved capacities in management, policy development, verification, training and implementation of strategies for handling complaints, inspections, conducting integrity testing and criminal investigations in order to detect criminal activity and/or corruption within the Kosovo Police.

MIA also benefits from the *Support to the process of European Integration* project, which supports the Department for European Integration and Policy Coordination within the MIA regarding the coordination capacity building in the process of visa liberalization. The project also provides support to the Department for Citizenship, Asylum and Migration, as well as Department on Reintegration of Repatriated Persons.

MIMAK 2 - Support to Kosovo Institutions in Migration Management (Swiss State Secretariat for Migration, Swiss Agency for Cooperation and Development). Period: January 2020 – January 2022; Budget: 1 million Euros.

MIA also benefits from the project *Support for the Governmental Authority on Monitoring of Migration Movements* funded by the Swiss Agency for Development and Cooperation which is implemented by the International Centre for Migration Policy Development. The project aims to increase the capacity of the Governmental Authority for Migration in drafting and preparing migration policies through technical assistance and training.

Medium-term Priority Objectives

In order to meet the obligations arising from the SAA and other EU accession documents and mechanisms in areas within the scope of Chapter 24, the focus during the 2021-2026 period will be in the following medium-term priorities:

Border management:

- Advancing international cooperation with authorities such as Frontex, Selec etc.;
- Opening new border crossing points with neighbouring countries;
- Advancing border surveillance and control equipment.

Visa policy:

- Inclusion of KVIS to other diplomatic and consular missions of the Republic of Kosovo.

Asylum:

- Establishment of a sustainable system of cooperation at the central and local levels for asylum seekers seeking international protection;
- Building a facility for vulnerable groups within the Asylum Centre.

Migration:

- Advancing international cooperation in combating irregular migration; and
- Promotion of regular and circuit migration.
- Capacity building of alternative accommodation for migrants, detention centre for foreigners, renovation of Belvedere camp and establishment of a new detention centre for foreigners.

Fight against money laundering and terrorist financing:

- Further improvement of policy framework in the area of the Fight against money laundering and terrorist financing;

- Kosovo's membership in Moneyval;
- Strengthening capacities of the Financial Intelligence Unit (FIU) in the Fight against money laundering and terrorist financing
- Strengthening inter-institutional cooperation, including inter-institutional cooperation with law enforcement authorities and reporting entities, particularly in the area of treating suspicious financial transactions.
- Strengthening of risk assessment, risk management and strategic framework;
- Strengthening of preventive measures against money laundering and terrorist financing;
- Strengthening of the overall structure of the supervisory framework;
- Strengthening of capabilities to identify beneficial ownership and limit the misuse of legal entities and legal arrangements for ML/TF purposes;
- Strengthening of ML/TF investigations and prosecution.

Combating narcotics:

- Advancing cooperation with the EMCDDA.

Fight against organized crime and police cooperation:

- Creating a database for criminal records, including evidence for convicted persons;
- Finalize, approve and implement policies for the vetting process in the subordinate agencies of the MIA, including the establishment of vetting process mechanisms;
- Increasing the number of prosecutors and judges and their specialization in the area of organized crime;
- Increasing technical capacity building of Kosovo Forensic Agency Laboratories;
- Increasing the number of orders for confiscation of assets and generally improving the results in the permanent confiscation of illegally acquired assets;
- Development of a legal framework for vetting in the justice system, subordinate agencies of the Ministry of Interior and public safety.

Fight against terrorism:

- Building of technical, logistical and technological capacities in the area of terrorism and preventing the spread of extremism by internet and social media;
- Merging of anti-terrorism, radicalism and violent extremism strategies;
- Building of technical, logistical and technological capacities in the area of terrorism;
- Cyber capacity building against terrorism;
- Strengthening of de-radicalization and re-integration capacities and approach;
- Increased involvement of municipal authorities in the planning and implementation of rehabilitation and reintegration processes;
- Strengthen the role of the probation services in supervising community sanctions and measures and supporting Violent Extremist Prisoners on conditional release.

International judicial cooperation in civil and criminal matters:

- Advancing international legal cooperation in matters of extradition and mutual legal assistance in criminal and civil matters.
- Accession to The Hague Convention on the Recognition and Enforcement of Foreign Judgments in Civil and Commercial Matters;
- Accession to The Hague Conference on Private International Law.

3.25. Acquis Chapter 25: Science and Research

The *acquis* on this chapter does not require transposition of EU rules into national legal order but it requires from member states to ensure the necessary implementing capacities to pursue the EU objectives and activities in the area of research and technological development. The necessary implementing capacities are related to the existence of conditions for participation in EU programmes for research and innovation to facilitate integration into the European Research Area (ERA).

SAA Requirements

Under Article 118 of the SAA, the Parties should encourage cooperation in scientific research and technological development on the basis of mutual benefit, taking into account available resources, adequate access to relevant programmes subject to appropriate levels of effective protection of intellectual, industrial and commercial property rights. Cooperation should take into account priority areas related to the EU *acquis* in the area of technical development and research.

Requirements from other EU accession mechanisms

According to EC's Kosovo 2021 Report, Kosovo needs to develop a strategic approach to the development, prioritisation and promotion of scientific research and innovation and ensure higher government spending on research. In order to increase participation in the EU's 'Horizon Europe' programme, further steps need to be taken. The report highlights the importance of providing statistical data on the number of researchers, percentage of GDP spent on research and innovation, and performance related to European Research Area priorities.

According to the conclusions of the *Subcommittee on Innovation, Information Society, Social Policy and Employment 2021* for science and innovation, Kosovo should provide statistical data on research and innovation expenditure in quantity or as a percentage of GDP and on performance related to European Research Area Priorities, prepare for participation in the European Innovation Scoreboard exercise, engage actively in the development of a Smart Specialization Strategy. It is also recommended to adopt legal acts related to research and innovation and finalize the map of research and development infrastructure in line with the European Research Area.

State of Play

Legislative Framework

Science and research in Kosovo is regulated by Law No. 04/L-135 on Research Activity. This Law contains the best European practices that support the scientific research focusing on economic and social development. Moreover, the law contains provisions regulating the link of scientific research with the economy and industry. As a responsible structure for the management of national research priorities is the National Council on Science, while the Department of Higher Education, Science and Technology in the MESTI is the main policy making institution in the area of science and research.

The AI on technology and knowledge transfer, and forms of technology transfer has been finalized and is expected to be adopted in December 2021. The Government has completed the revision of the AI on Subsidies and Transfers, a document will be implemented by KIESA in the coming years. The provisions of this AI are clearly addressed for direct financial support to businesses, students and other individuals who apply innovative ideas and projects. The Government has completed negotiations with the EU on advancing Kosovo's status in the EU's Horizon Europe Research and Innovation Framework Programme. The agreement is at the phase of signing and the Ratification of the Law on the agreement is in the legislative plan for 2021. There is a regulation on the definition and operation of Kosovo national points of contact for the EU framework for research and innovation Horizon 2020 (adopted in 2018), which will be reviewed during 2022.

Institutional and Policy Framework

The main institutions in terms of research and innovation are the Ministry of Education, Science, Technology and Innovation and the Ministry of Industry, Entrepreneurship and Trade. The first has in its domain mainly the scientific framework of research while the second the industrial side and that of politics as concepts of entrepreneurship. In the EU's Research and Innovation Framework Programme *Horizon 2020*, Kosovo maintains the status of an associate country with full rights as an international partner of cooperation. The success of the application is 20.01%, with 21 projects funded. Kosovo has taken all necessary steps for the functionalization of support structures, restructuring the National Points of Contact in support of the programme and Programme Comity Members have been appointed.

Medium-term priority objectives:

- Ensuring funding for scientific-research activity
- Kosovo's integration into the European Research Area (ERA)
- Improving scientific and industrial innovation in view of economic development of the country

For more information regarding the innovation priorities, please refer also to Chapter 20.

3.26. **Acquis Chapter 26: Education and Culture**

The areas of education, training, youth and culture are primarily the competence of the Member States. Treaty on the Functioning of EU (TFEU) foresees that the Union encourages the cooperation and support among Member States by supporting their actions and by fully respecting their responsibilities for the content of learning, organisation of the education and vocational training systems, and the national and regional cultural diversity.

The *acquis* on education and culture mainly consists of a cooperation framework using programmes and an open method of coordination to move towards convergence of national policies and the attainment of shared objectives. In the area of education, training and youth, Member States need to have the legal, administrative and financial framework as well as the necessary implementing capacities in place to ensure sound management, including financial management of decentralized EU programmes. The *acquis* contains also the Directive for educating of children of emigrant workers' and the decisions of European Court of Justice for the cases related to non-discrimination between citizens of EU member states and another EU citizen.

The objectives of education and training systems approved in 2001, as well as the Copenhagen process for vocational training and the Bologna process on higher education, give instructions on improving the quality of education and training systems. The working programme "Education and Training 2010" and the strategic framework "Education and Training 2020" integrate all actions at the European level and contribute on improving the quality of education and training systems. Shared objectives for EU's youth policies are defined in EU's Strategy for Youth (2010-2018) which is based on an open method of coordination. In the area of sports, Commission Communication of 2011 "Development of the European Dimension in Sport" proposes concrete actions for supporting and coordinating policy measures, with the aim to potential adoption by the Council of the multiannual EU working plan for sport.

Regarding the cultural policy, Member States should uphold the foreseen principles in Article 167 of TFEU and in particular, to ensure that their international commitments allow the development and implementation of policies and instruments that aim preservation of and promotion of cultural diversity. In accordance with these principles, UNESCO Convention for Protection and Development of Divers Cultural Expression is a key element of *acquis* in the area of culture. Commission Communication for the European Agenda for culture in a globalized world introduced a structured dialogue in the culture sector and an open method of coordination, in order to implement three common sets of objectives: cultural diversity and intercultural dialogue; culture as a catalyst for creativity; and culture as a key component in international relations.

SAA Requirements

Therefore, Article 107 of the SAA requires cooperation between the parties with the aim of raising the level of education in general, vocational education, training and policy development for youth work in Kosovo with the aim of developing skills, employment, social inclusion and economic development in Kosovo. A priority for higher education system should be to achieve adequate quality standards of institutions and programmes in accordance with the objectives of the Bologna process and Declaration. Parties should cooperate in order to ensure that access to all levels of education and training in Kosovo is done without discrimination on grounds of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. In addition, also the needs of students with disabilities in Kosovo must be addressed.

Article 108 of the SAA requires cooperation between the parties aiming to promote cultural cooperation for increasing the operator's capacity and understanding between individuals and minorities. This

cooperation should support cultural diversity in the country based on the principles of the UNESCO Convention on the protection and promotion of diversity of cultural expression.

Requirements from other EU accession mechanisms

According to EC's Kosovo 2021 Report, Kosovo is at an early stage of preparation in the area of education and culture. The Report emphasizes the need to improve the quality of education. In particular, according to the report, Kosovo needs to adopt the new law on higher education and the Law on the Kosovo Accreditation Agency in order to implement a reform based on the best standards, including ensuring the autonomy and independent operation of higher education institutions and quality assurance mechanisms; enhance efforts for reform in pre-university education (including vocational education and training programs), with a focus on competency-based learning; improve access to quality education for enrolment in preschool and marginalised groups.

According to the conclusions of the Subcommittee on Innovation, Information Society, Social Policy and Employment 2021, Kosovo needs to improve the quality and coverage of online training as well as continue with online learning and online training for teachers. It is recommended to continue to further develop the education management information system in order to meet existing and future needs. Data in the area of education and youth should be published, which should be measurable and can be traced more easily. Regarding the Kosovo Education Strategic Plan 2017-2021, it is recommended to continue the implementation and at the same time to draft the new strategy. With regard to primary legislation, the conclusions call for the drafting and adoption of laws on Early Childhood, Textbooks, Higher Education, and the Accreditation Agency to begin. Kosovo needs to step up efforts to increase the quality of education and school attendance for children aged 0-5. In the framework of this, the increase of the enrolment of students with special needs should continue. Higher education institutions should be supported.

Kosovo, participates in the EU's Creative Europe programme for culture since June 2018. The new Creative Europe programme (2021-2027) places greater emphasis on creation, innovation, international mobility for artists and professionals, as well as actions targeting sector-specific needs.

State of Play

Legislative Framework:

Education:

The area of *higher education* is regulated by:

- Law No. 03/L-060 on National Qualifications and National Qualification Framework.
- Law No. 04/L-037 on Higher Education
- Law No. 05/L-018 on State Matura Exam
- Law No. 03/L-068 on Education in the Municipalities of the Republic of Kosovo

Vocational education and training:

- Law No. 04/L-138 for Vocational Education and Training;
- Law No. 04/L-143 on Adults Education and Training;
- Law No. 03/L-060 on National Qualifications.

Preschool education:

- Law No. 02/L-52 on Preschool Education;
- Law No. 04/L-032 on Pre-University Education;
- Law No. 06/L-046 on Education Inspectorate in the Republic of Kosovo.

School dropout:

- AI No. 08.2018 on the Establishment and Strengthening of Prevention and Response Teams towards Abandonment and Non-Enrolment of Students in Pre-University Education.

Culture:

- Law No. 02/L-57 on Institutions of Culture;
- Law No. 04/L-065 on Copyright and Related Rights;
- Law No. 2003/24 on Sport;

- Law No. 04/L-056 on the National Ensemble of Songs and Dances “Shota”;
- Law No. 04/L-59 on Philharmonic, Opera and Ballet;
- Law No. 2004/22 on Cinematography;
- Law No. 02/L-88 on Cultural Heritage;
- Law No. 04/L-106 on Theatres.

Institutional and Policy Framework

The Ministry of Education, Science, Technology and Innovation is the main institution for drafting and implementing policies and legislation at all levels of education. The ministry also manages the teacher certification and training system and promotes research policies. Within the ministry, there is also a Centre for the Recognition of Diplomas, which recognizes the higher professional school and university qualifications obtained outside the Republic of Kosovo. Municipalities also have competencies at the pre-university level regarding the construction of school facilities, enrolment of students in schools, employment of staff and teachers, registration, licensing and inspection of preschool institutions, fees for participation in preschool institutions, mechanisms for communicating with parents etc.

The Kosovo Accreditation Agency (KAA) is an independent authority which accredits and re-accredits public and private institutions of higher education in Kosovo for a certain period of time. The Education Inspectorate, the National Qualifications Authority, the Institutes, the Academy, the Student Centre are also other institutions with specific functions defined by relevant legislation such as for quality supervision and monitoring, approval of the national qualifications framework, research and academic publications and aspects for supporting the students.

Early childhood education is provided by public and private early childhood education institutions, public-private partnership institutions, community-based institutions - community-based kindergartens. Pre-university education is provided by educational and training institutions, public or private, or in public or private enterprises. In vocational education, in addition to vocational schools there are also 4 Competence Centres. Regarding children with special needs, there are 5 Resource Centres for learning and counselling and 2 special schools. The provision of higher education is done by public providers of higher education, such as universities and other institutions of higher education and scientific research.

In terms of culture, the Ministry of Culture, Youth and Sports is the main institution for cultural policies and legislation, that of sports and youth policies. The most important institutions related to the implementation and monitoring of legislation for specific protected areas are the Ministry of Environment, Spatial Planning and Infrastructure, the Ministry of Local Government Administration, and municipalities. Other important institutions are the Inspectorate for Cultural Heritage, which oversees the implementation of the Law on Cultural Heritage, other relevant legislation on cultural and historical heritage, as well as sub-legal acts governing the area of cultural heritage, in accordance with the Law on Cultural Heritage, and other institutions for culture, art and cinematography.

The main policy documents in this chapter are the Kosovo Education Strategic Plan 2017-2021, the National Strategy for Cultural Heritage 2017-2027, the Strategy for Youth 2019-2023, and other documents. The new Kosovo Education Strategic Plan is currently being drafted. It is expected to define medium-term objectives for the development of pre-university, vocational and higher education.

Donor Support

Education sector projects:

- Within IPA 2016, the European Commission supported the capacity building for professional development of teachers. The project delivered training sessions for pre-primary and primary teachers in a total of 50 schools in 10 municipalities of Kosovo. However, due to political instability and changes the project hasn't managed to deliver any substantial outputs under its component on teacher recruitment. The project was completed in July 2020;
- Supporting the improvement of education infrastructure is another component within IPA 2016. This activity includes evaluation analysis on subsidizing the construction of pre-primary education

infrastructure and the public municipal infrastructure that contributes to the development of education. All locations for the construction of kindergartens foreseen under IPA 2016 funds have been designated;

- IPA 2018 Education, Employment and Social Policies (a total of EUR 2 million): The main purpose of the ESJET PRO project (implemented by LuxDev) is to improve teaching and learning in 3 selected VET schools and, implement Tracer Studies and Recognition of Prior Learning at a national level and hence, to increase employability through vocational education and training;
- Within IPA 2018, education will be supported by the EU in the amount of EUR13 million. Under this assistance, the Kosed project (EUR 3 mil) aims at: improving the recruitment system of school teachers and directors; strengthening capacities for and establishing a functioning Teacher Professional Development and Quality Assurance system central and municipal level; enhancing the production and review of school textbooks by embedding an enhanced role of the School Textbooks Council; reviewing and adapting the overall education-related legal framework;
- The ERASMUS+ Quality, Accountability, Integrity, and Transparency in Higher Education – QAIN project aims to provide support for the development and implementation of regulations, procedures and best practices for enhancing quality in higher education. The development of two schemes to promote research-based teaching;
- The INCLUDE project, IPA 2018 (implemented by the Council of Europe) project focuses on increasing access of a) pupils from Roma, Ashkali and Egyptian communities and b) children with special needs to pre-primary, primary and secondary education the project works with Learning Centres for RAE children and the Resource Centres for students with special needs;
- Under IPA 2020 a call for proposals on research grants to public Universities in Kosovo and the EU countries has been published. The project is expected to commence in Q3 of 2022. Assistance to Kosovo Accreditation Agency (KAA) and the University of Prishtina is also planned under IPA 2020 and the contract is foreseen for the 1st Quarter of 2023. Also under IPA 2020, two facilities for the University of Prishtina: the building of the Faculty of Economics and of the Faculty of Mathematics and Natural Sciences will be built. The contract has commenced and is implemented by UNOPS (EU finances EUR 8, 9 mil).
- The project KSV 019 Technical Assistance in the context of European Integration implemented by OPM and financed by Luxembourg Government, supports the regulated professions under the scope of chapter 3. The current support for 2022 consists of a training of relevant beneficiaries on the regulated professions policy in the EU including the legislative framework, and a technical assistance to identify a list of regulated professions and screening of the requirements for each profession.

Medium-term Priority Objectives:

- Harmonization of vocational education and training with the demands of the labour market, including the implementation of the new curricular framework;
- Iv Effective management of the education system at all levels;
- High quality education and integrity, in line with international standards;
- Strengthening capacities of the Education Inspectorate, in accordance with European legislation and international standards;
- Professional development of teachers;
- Increasing the capacity for inclusion in pre-primary education.

3.27. Acquis Chapter 27: Environment

This chapter covers EU environment policy that aims to promote sustainable development and protect the environment for present and future generations. It is based on preventive action, namely the “polluter pays” principle, fighting environmental damage at source, shared responsibility and the integration of environmental protection into other EU policies. The *acquis* comprises over 200 major legal acts covering horizontal and bylaws. Compliance with the *acquis* requires significant investment. A strong and well-

equipped administration at national and local level is imperative for the application and enforcement of the environment *acquis*.

SAA Requirements

The SAA, in Articles 115, 116 and 117 defines the cooperation between the Republic of Kosovo and the EU in the area of Environment, Climatic Change and Civil Protection. Article 115 foresees prevention of further environmental degradation and commencement of improving the environmental situation with the aim of sustainable development in Kosovo. It also foresees strengthening Kosovo's administrative structures and procedures, and gradual approximation of Kosovo's legislation to the EU *acquis* and adapted to the EURATOM *acquis*. Article 116 on climate change, is focused in developing the climate change policies, namely mitigation (reduction of greenhouse emissions) and adaptation to them (climate change), taking into consideration other relevant policies, including sectors such as energy, transport, industry, agriculture, education, etc. It also focuses on gradual approximation of Kosovo's legislation to EU *acquis* on climate change, in particular the effective monitoring, reporting and verification of results for greenhouse gas emissions as well as inclusion of Kosovo in international mechanisms. Article 117 on civil protection, foresees improvement, prevention, preparation and response to natural and man-made disasters. Moreover, foresees also enhancing Kosovo's civil protection capacities and Kosovo's gradual approximation to the EU *acquis* related to disaster management.

Requirements from other EU accession mechanisms

EC's Kosovo 2021 Report estimates that Kosovo is at an early stage of preparation in the area of environment and climate change. Limited progress was achieved, notably on environmental reporting and air quality monitoring. In order to be aligned with the Green Agenda for Western Balkans goals, Kosovo needs to increase its political commitment to address environmental degradation and climate change challenges.

Furthermore, based on the requests arising from the meeting of the Subcommittee INFRA 2021, in the area of Environment, regarding the legislative framework, the following must be approved: Draft-law on Noise Protection, Draft-law on Biocidal Products, and Draft-law on Establishment of National Spatial Information Infrastructure.

In the Air sector, the Draft-law on Air Protection from Pollution as well as the Action Plan for Air Quality need to be approved. The Municipality of Prishtina should also approve the air quality plan for Prishtina as well as draft air pollution control measures for Prishtina and other important and sensitive areas.

In the Waste sector, the Strategy (2021-2030) and the Action Plan (2021-2023) for Integrated Waste Management should be approved, the Draft-law on Waste should be approved, and the appropriate location for the new Prishtina landfill should be decided, implementing an Environmental and Social Impact Assessment through appropriate public consultation, while the preparation of waste prevention programs should commence.

In the Water sector, the Draft-law on Kosovo Waters should be approved, the progress in management and implementation for "Drini i Bardhë" should be reported, and other hazardous areas related to groundwater and surface water should be identified and monitored, while the current situation and proposed remedial measures should be reported as well. The preparation of river basin management plans for the remaining water bodies (Ibri, Morava e Binçës and Lepenci) should commence.

On Nature, the drafting of detailed regulatory plans for the "Sharri" National Park and the "Bjeshkët e Nemuna" National Park should be finalized, while the Biodiversity Strategy should be prepared.

In the Forestry sector, efforts on combating illegal logging should be reported, and the law on forests should be adopted by transposing the Timber Regulation 995/2010, while the action plan to combat illegal logging should be prepared.

On Civil Protection, Kosovo should participate more actively in the activities under the Civil Protection Mechanism of the European Union, such as trainings, exchange of experts, prevention and preparedness projects, etc. Also draft a Strategy for Needs Assessment and Disaster Recovery. Regarding Industrial Pollution, the Draft-law on Integrated Pollution Prevention and Control must be approved.

In the area of Climate Change, the inter-institutional cooperation should be improved in order to ensure the integration of climate change into other sectors, especially in the sector of energy and transport, and to strengthen the role of the National Council on Climate Change. In this context, an integrated National Plan of Climate and Energy and a long-term decarbonisation strategy should be prepared.

State of Play

Legislative, Policy and Institutional Framework

Horizontal legislation

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

- Law on Environmental Impact Assessment (EIA);
- Law on Strategic Environmental Assessment (SEA); and
- Law on Environmental Protection.

These normative acts have transposed the following *acquis* acts:

- Directive No. 2001/42/EC on Strategic Environmental Assessment;
- Directive 2014/52/EC, amending the Directive 2011/92/EU on assessment of certain effects of public and private projects on the environment.
- Directive No. 2003/35/EC on Public Inclusion.

On 22.06.2021, the Government approved the Draft-law on the Establishment of the National Spatial Information Infrastructure, where next is expected the approval in the Assembly of Kosovo. This Draft-law transposes the Directive on the Establishment of the Infrastructure for Spatial Information (INSPIRE Directive No. 2007/2/EC) and sets out the general rules for the establishment of a national spatial information infrastructure in Kosovo, for the implementation of environmental policies and activities which may have an impact on the environment.

The Ministry of Environment and Spatial Planning and Infrastructure, namely the Department of Environmental Protection and Water/Division for the Protection from Industrial Pollution is responsible authority for the implementation of the horizontal environmental legislation.

Air quality

The legislative framework in this area consists of the Law No. 03/L-160 on Air Protection from Pollution, which has transposed the following *acquis* acts:

- Air Quality Framework Directive No. 2008/50/EC, partially transposed;
- Directive No. 2004/70/EC on arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons in ambient air, fully transposed;
- Directive No. 70/220/EEC on measures to be taken against air pollution by emissions from motor vehicles, partially transposed;
- Directive 1999/13/EC on the limitation of emissions of volatile organic compounds due to the use of organic solvents in certain activities and installations, fully transposed;
- Directive No. 2001/81/EC on national emission ceilings for certain atmospheric pollutants, partially transposed;
- Directive No. 96/61/EC on prevention and control of pollution from industrial plants, partially transposed;
- Regulation No. 1005/2009 on substances that deplete the ozone layer, partially transposed; and
- Regulation No. 842/2006 of the European Parliament and of the Council on certain fluorinated greenhouse gases partially transposed.

For further transposition of the Air Quality Framework Directive no. 2008/50/EC, MEE is in the process of preparing a draft-law on air protection from pollution. On the other hand, the air quality action plan 2018-2020, (approved on 05.06.2018), provides the framework by which will be achieved protection and reduction of air pollution in the country, in accordance with established EU standards and principles of best practice.

In addition, the National Emission Reduction Plan (NERP) 2018-2027, (approved on 29.05.2018), provides the framework by which to reduce air emissions from the Kosovo Energy Corporation (TPP Kosovo A and TPP Kosovo B), which will reflect the reduction of air pollution in the vicinity of KEK but also in the entire territory of the country in accordance with the set EU standards and obligations arising from the Energy Community Treaty.

The authority in charge for air quality is the Ministry of Environment and Spatial Planning and Infrastructure, respectively the Department of Environmental Protection and Water management/Division of Protection from Industrial Pollution, Kosovo Environmental Protection Agency/Hydrometeorological Institute, with a total of 9 officials. Other institutions related to this area are mainly: Ministry of Agriculture, Forestry and Rural Development, Ministry of Health, and Ministry of Local Government Administration.

Waste management

The legislative framework in this area consists of the Law No. 04/060 on Waste, which has transposed the following *acquis* acts:

- Directive No. 2008/98/EC on Waste, partially transposed (full alignment is expected to be achieved gradually by 2025);
- Directive No. 86/278/EEC on Sewage Sludge, partially transposed;
- Directive No. 2000/53/EC on end-of-life vehicles (ELV), partially transposed;
- Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment, fully transposed;
- Directive No. 2002/95/EC on Waste Electrical and Electronic Equipment (WEEE), fully transposed;
- Directive No. 1999/31/EC on the Landfill of Waste, fully transposed;
- Regulation No. 1013/2006/EC on shipments of waste, partially transposed.

During this period, the draft-law on waste (amendment) was approved by the Government on November 10, 2021. Currently the law is in the Assembly for pending adoption, and has passed the first reading.

During 2019, supported by GIZ, the Strategy and Action Plan for integrated waste management 2020-2029 have been drafted, which were recently approved (June 2021) and are now in force. According to the Law on Waste, Article 13, the competent authority designated for waste management is the Ministry of Environment and Spatial Planning and Infrastructure (MESPI) and the Municipalities of the Republic of Kosovo. The Department of Environmental and Water Protection, namely, the Division for Chemicals and Waste, as well as the Environmental Protection Agency, function within the MESPI. Other institutions involved in various forms in the waste sector are mainly: Ministry of Agriculture, Forestry and Rural Development (MAFRD), Ministry of Health (MH), and Ministry of Local Government Administration (MLGA). While the municipalities, according to the Law on Waste, are competent for the management of solid waste, bulky waste, construction waste and the waste from demolition of construction building.

Water quality

The legislative framework in this area consists of the Law No. 04/L-147 on Waters of Kosovo, which has transposed the following *acquis* acts:

- Water Framework Directive No. 2000/60/EC, partially transposed;
- Directive No. 91/271/EEC concerning Urban Waste-Water Treatment, partially transposed; and
- Directive No. 98/83/EC on the quality of water intended for human consumption, partially transposed.

The Law on Kosovo Waters is in the process of being amended and is expected to be approved by the Government in Q2 2022, while revision of the State Water Strategy of Kosovo 2017-2036 (approved on 30.05.2018) and the Action Plan 2023 -2025 is planned to start as a process in 2022.

The authority in charge on water protection and management is the Ministry of Environment and Spatial Planning and Infrastructure, namely the Water Department/Agency for Environment Protection with 30 officials. Other institutions involved in the area of water include mainly the following: Ministry of Health, Ministry of Agriculture, Forestry and Rural Development, Ministry of Local Government Administration, and Regulatory Office for Water and Sewage.

Nature protection

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

- Law No. 03/L-233 on Nature Protection;
- Law No. 04/L-086 on National Park "Bjeshket e Nemuna";
- Law No. 04/L-087 on National Park "Sharri";
- Law No. 2003/3 on Kosovo Forests; and
- Law on hunting (which during this period has gone through the process of amendment and was approved by the Government on 24.11.2021).

These normative acts have transposed the following *acquis* acts:

- Directive No. 2009/147/EC on the conservation of wild birds;
- Council Directive No. 92/43/EEC, of 21 May 1992, on the conservation of natural habitats, wild fauna and flora;
- Council Directive No. 1999/22/EC relating to the keeping of wild animals in zoos;
- Directive No. 83/129/EEC concerning the importation into Member States of skins of certain seal pups and products derived therefrom;
- Regulation No. 338/97 (EC) on the protection of species of wild fauna and flora by regulating trade therein, with amendments;
- Regulation No. 3254/91 (EEC) prohibiting the use of leghold traps in the Community and the introduction into the Community of pelts and manufactured goods of certain wild animal species originating in countries which catch them by means of leghold traps or trapping methods which do not meet international humane trapping standards;
- Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market Text with EEA relevance;
- Regulation No. 2173/2005 (EC) on the establishment of a FLEGT licensing scheme for imports of timber into the European Community;
- Regulation No. 348/81 (EEC) on common rules for imports of whales or other cetacean products, and amendments.

The strategic framework for nature protection in the Republic of Kosovo consists of the strategy and action plan for biodiversity 2011-2020; Forest Strategy 2010-2020; National Strategy for the sector of non-timber forest products 2014-2020 and Strategy for climate protection in the forestry sector in Kosovo.

In addition, the Biodiversity Action Plan 2016-2020 (approved on 30.05.2018) identifies specific activities, responsible and supporting institutions, sources of provided or potential funding and the timeframe.

In 2021 started the drafting of the Strategy for Environmental Protection and Sustainable Development 2022-2030, which is planned to be completed by the end of 2022, including environmental protection, air quality, biodiversity, emission reduction and other areas covered by this sector.

The authority in charge for protection of nature is the Ministry of Environment and Spatial Planning and Infrastructure, namely the Department for Environmental Protection, division for nature protection, Agency for Environment Protection, with a total of 15 officials. Other institutions related to this area include

the following: Ministry of Agriculture, Forestry and Rural Development, Ministry of Culture, Youth and Sports, Ministry of Local Government Administration and Municipalities.

Industrial pollution control

The legislative framework in this area consists of the Law No. 03/L-043 on Integrated Prevention Pollution Control.

It has transposed the following *acquis* acts:

- Directive No. 2012/18/EU SEVESO III on the control of major-accident hazards involving dangerous substances, partially transposed; and
- Directive 2004/42/CE of the European Parliament and of the Council of 21 April 2004 on the limitation of emissions of volatile organic compounds due to the use of organic solvents in certain paints and varnishes and vehicle refinishing products, partially transposed.

Furthermore, the law on integrated pollution prevention and control is in the process of amending, and is expected to be adopted in Q2 2022; it has transposed Directive No. 2010/75/EC on industrial emissions (integrated pollution prevention and control).

The AI on the prevention of major accidents involving hazardous substances (approved on 06.09.2018), further transposes the SEVESO III Directive. On the other hand, in order to implement the transposed EU legislation, the Environmental Protection Strategy 2013-2022 and the Kosovo Plan for Environmental Action for the period 2013-2017 are in force.

The assigned authority in charge for the control of industrial pollution is Ministry of Environment and Spatial Planning and Infrastructure, the Environmental Protection Department, namely the Division for the Protection from industrial pollution being assisted by the Environment Protection Agency, with a total of 15-20 officers, and the Ministry of Local Government Administration.

Chemicals

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

- Law No. 04/L-197 on Chemicals;
- Law No. 03/L-119 on Biocide Products.

These normative acts have transposed the following *acquis* acts:

- Council Directive No. 87/217/EEC of 19 March 1987 on the prevention and reduction of environmental pollution by asbestos;
- Regulation No. 528/2012/EC, EU concerning the making available on the market and use of biocidal products;
- Regulation No. 1907/2006/EC on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH);
- Regulation (EC) No. 1272/2008 on classification, labelling and packaging of substances and mixtures;
- Regulation (EC) No. 689/2008 on the export of chemicals, namely Regulation No. 649/2012/EU for export-import -PIC procedure;
- Regulation No. 648/2004/EC on Detergents.

The authority in charge for the control of pollution by chemicals is the Ministry of Environment and Spatial Planning and Infrastructure, namely the Department of Environmental Protection, Division for chemicals and waste, as well as the Environmental Protection Agency, with a total of 4 officials, and Ministry of Local Government Administration.

Noise protection

The legislative framework in this area consists of the Law on Noise Protection, which has partially transposed Directive No. 2002/49/EC of the European Parliament and of the Council of 25 June 2002 relating to the assessment and management of environmental noise and other amendments to the Directive

by Regulation (EU) 2019/1010 of the European Parliament and of the Council of 5 June 2019; Regulation (EU) 2019/1243 of the European Parliament and of the Council of 20 June and Directive (EU) 2020/367 of 4 March 2020.

In order to further approximate local legislation with the EU *acquis* in the area of noise protection, Kosovo has decided to amend the Law on Noise Protection, is expected to be adopted during 2021. Through this law will be further transposed the Directive No. 2002/49/EC of the European Parliament and of the Council of 25 June 2002 concerning the assessment and management of environmental noise.

The authority in charge on protection from environmental noise is the Ministry of Environment and Spatial Planning and Infrastructure, namely Department of Environment Protection/Division on protection from industrial pollution and the Agency for Environment Protection/ Hydro-meteorological Institute, with a total of 4 officials, Ministry of Local Government Administration and Municipalities.

Forestry

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

- Law No. 2003/3 on Forests;
- Law No. 02/L-53 on Hunting;
- Law No. 2006/02- L41 on Fire Protection;
- Law No. 02/L-26 on Agricultural Land.

These normative acts have transposed the following *acquis* acts:

- Directive (EU) No. 92/43/EEC on the conservation of natural habitats and of wild fauna and flora;
- Directive (EU) No. 79/409/EEC on the conservation of wild birds;
- Regulation (EU) No. 691/2011 on European environmental economic accounts;
- Regulation (EU) No. 995/2010 laying down the obligations of operators who place timber and timber products on the market, so called "EU TR".

Further, on 23.05.2019 the Law on Kosovo Forests was approved by the Government of Kosovo. This draft-law was forwarded for approval to the Assembly, but due to the dissolution of the Assembly it was returned for re-procedure for approval. It is expected to be approved in Q4 2021.

On the other hand, policies, strategies and action plans for the development of the forest sector in Kosovo approved by the Government of Kosovo are summarized in the document "Forestry Development Strategy 2010/2020". Whereas, the Government approved on 23.12.2021 the Forestry Sector Development Strategy 2021-2030 and the Minister of MAFRD signed the Action Plan for illegal logging.

The competent authority designated for forestry is the Ministry of Agriculture, Forestry and Rural Development, as the highest body of forest administration and management in Kosovo, respectively the Department of Forestry and the Kosovo Forest Agency. The number of employees in the Forestry department is 7, while KFA as executive authority has 140 employees. Other institutions related to the area of forestry are mainly: the Ministry of Environment and Spatial Planning and Infrastructure and the Ministry of Administration and Local Government.

Climate change

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

- Law No. 03/L-160 on Air Protection from Pollution;
- AI for substances that deplete the ozone layer and fluorinated greenhouse gases;
- AI for access to the information for economic consumption of fuels and CO2 emission of new personal vehicles;
- AI for application of clean development flexible mechanisms;
- AI No. 01/2016 on Mechanisms for Monitoring and Reporting Greenhouse Gas Emissions; and
- AI No. 09/2015 for Monitoring Greenhouse Gas Emissions.
- AI on mechanism for monitoring greenhouse gas emissions;

These normative acts have transposed the following *acquis* acts:

- Directive 1999/94/EC of the European Parliament and of the Council of 13 December 1999 relating to the availability of consumer information on fuel economy and CO₂ emissions in respect of the marketing of new passenger cars;
- Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC;
- Directive 2004/101/EC of the European Parliament and of the Council of 27 October 2004 amending Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Community, in respect of the Kyoto Protocol's project mechanisms;
- Directive 2009/29/EC of the European Parliament and of the Council of 23 April 2009 amending Directive 2003/87/EC so as to improve and extend the greenhouse gas emission allowance trading scheme of the Community;
- Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/2006;
- Regulation (EC) No 219/2009 of the European Parliament and of the Council of 11 March 2009 adapting a number of instruments subject to the procedure referred to in Article 251 of the Treaty to Council Decision 1999/468/EC with regard to the regulatory procedure with scrutiny – Adaptation to the regulatory procedure with scrutiny;
- Commission Regulation (EU) No 291/2011 of 24 March 2011 on essential uses of controlled substances other than hydrochlorofluorocarbons for laboratory and analytical purposes in the Union under Regulation (EC) No 1005/2009 of the European Parliament and of the Council on substances that deplete the ozone layer;
- Regulation (EU) No 525/2013 on a mechanism for monitoring and reporting greenhouse gas emissions and for reporting other information at national and Union level relevant to climate change;
- Commission Regulation (EU) No 744/2010 amending Regulation (EC) No 1005/2009 on substances that deplete the ozone layer, with regard to the critical uses of halons;
- Regulation (EC) No 842/2006 of the European Parliament and of the Council of 17 May 2006 on certain fluorinated greenhouse gases;
- Regulation (EC) No 1005/2009 of the European Parliament and of the Council of 16 September 2009 on substances that deplete the ozone layer;
- Commission Regulation (EC) No 1493/2007 of 17 December 2007 establishing the format for the report to be submitted by producers, importers and exporters of certain fluorinated greenhouse gases;
- Commission Regulation (EC) No 1494/2007 of 17 December 2007 establishing, pursuant to Regulation (EC) No 842/2006 of the European Parliament and of the Council, the form of labels and additional labelling requirements as regards products and equipment containing certain fluorinated greenhouse gases; and
- Commission Regulation (EC) No 1516/2007 of 19 December 2007 establishing, pursuant to Regulation (EC) No 842/2006 of the European Parliament and of the Council, standard leakage checking requirements for stationary refrigeration, air conditioning and heat pump equipment containing certain fluorinated greenhouse gases.

Regarding the policy framework, the Strategy and Action Plan for Climate Change 2019-2028 / 2019-2021 (approved on 19 February 2019) is in force. In addition, the concept paper on climate change is (adopted on 21.12.2020) and which precedes the process of drafting the law on climate change.

Furthermore, the national plan on energy and climate is being drafted by the inter-ministerial group led by the MEA. As a result, 5 thematic subgroups have been established such as: greenhouse gases, RES, security

of supply, internal energy market and the subgroup for innovation and competitiveness. This plan is expected to be completed by 2021.

The competent authority designated for climate change is the Ministry of Environment and Spatial Planning and Infrastructure, respectively the Department of Environmental Protection/Division for Protection from Industrial Pollution, and the Agency for Environmental Protection/Hydrometeorological Institute.

Civil protection

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

- Law No. 04/L-27 for Protection against Natural and other Disasters;
- Law No. 04-L-230 on the Agency for Emergency Management;
- Law No. 04/L-012 on Fire Protection; and
- Law No. 04/L-049 on Fire-Fighting and Rescue.

These normative acts have partially transposed Directive No. 2012/18/EU- SEVESO III.

So far Kosovo has drafted the National Response Plan as well as the Disaster Risk Reduction Strategy and Plan of Action 2016 - 2020. The medium-term priorities will also include the drafting of the Disaster Needs Assessment and Recovery Strategy which is expected to be completed in 2022. Whereas, the Regulation (RKS No. 28/2020) on the Methodology for Assessing the Risk from Natural and other Disasters was approved in December 2020. This Regulation integrates aspects of the Law on Critical Infrastructure Protection, as well as accommodates the standards and guidelines issued by the IPA DRAM program.

The competent authority designated for Civil Protection is: Ministry of Internal Affairs, Agency for Emergency Management, as well as the Ministry of Environment and Spatial Planning and Infrastructure, respectively the Department of Environmental Protection, respectively the Division for Protection from Industrial Pollution, KTA Hydrometeorological. Other institutions related to the area of civil protection are mainly: Ministry of Foreign Affairs and Diaspora, Ministry of Finance, Labour and Transfers, Ministry of Agriculture and Rural Development, National Institute of Public Health; Kosovo Firefighting Unit, Ministry of Local Government Administration.

Donor Support

Horizontal legislation

Regarding Donor Support, the SIDA-funded project "Kosovo Environmental Programme 2016-2020" worth EUR 6,810,000 is being developed in support to MEE. The project consists of eight (8) components, including strengthening of institutional capacities for monitoring, conservation of biodiversity through the Red Book of animal species in Kosovo; strengthening of the management of transboundary natural parks; establishment of the groundwater monitoring system in Kosovo; strengthening capacities for the implementation of the environmental legislation at the local and central level; study on groundwater of the Drini i Bardhë/White Drin basin; support to the drafting of management plan of White Drin basin and support to the Inter-Ministerial Water Council. Furthermore, as a result of the review of the "Kosovo Environmental Programme 2016-2020" (KEP), support will continue in finalizing components such as: Drini i Bardhë River Basin Management Plan and other relevant activities.

In addition, in the area of water, the project "Improvement of Water Supply and Protection of Water Resources" for RWC Gjakova is being implemented under the WBIF in the amount of 0.9 million EUR. In 2021, the development of Flood Risk and Hazard Maps (EUR 2.5 million) and the development of the Preliminary Design and Environmental and Social Impact Assessment for Phase 2 of the Iber-Lepenc Hydrosystem (EUR 1.8 million) will commence under the WBIF. Project WB25-KOS-ENV-02 Development of Flood Risk and Hazard Maps has already started its preparation and is in the phase of drafting the Terms of References. Whereas the project WB25-KOS-ENV-01 Development of Preliminary Design and Environmental and Social Impact Assessment for Phase 2 of the Iber-Lepenc Hydrosystem is expected to start preparation soon.

In addition, the project supported by SDC is being implemented by the consortium Skat Consulting Ltd and ADA, which is in the phase of development of activities provided by the Water Framework Directive 2000/60/EC of the EU, for drafting Ibri, Morava e Binqes and Lepenc River Basin Management Plans, which are expected to be carried out according to the work plan, in 2024.

Air quality

With the support of the European Commission Office in Prishtina, the software for collecting data from monitoring stations has been installed. This software enables real-time reporting of air quality monitoring from the 8 monitoring stations. Through the support of MCC/FMC, the software application Web Portal for Air Quality <https://airqualitykosova.rks-gov.net/en/> and the smartphone application (for Android and IOS) were developed for real-time reporting by 12 fixed stations and one mobile station for air quality monitoring. Through these applications, citizens and relevant institutions have access to information on the current air quality situation and air quality forecast for the next three days. In addition, through the support of the MCC/FMC project and in cooperation with the European Environment Agency, the Kosovo network for air quality monitoring was integrated into the European network for air quality monitoring, <https://airqualitykosova.rks-gov.net/en/>. Investments in improving the air quality monitoring system will continue with additional support from the US Government through the Millennium Challenge Corporation Programme and from the Japanese Government through the Japan International Cooperation Agency.

Under IPA 2018 and IPA 2019 programmes, the rehabilitation of Kosovo B will be supported with an amount of EUR 78 million, EUR 40 million within IPA 2018 and EUR 38 million under IPA 2019, thus reducing pollution created by the operation of the power plant. Under IPA 2021 programme, KEK will be supported with a grant for the design of the infrastructure project to reduce SOx emissions.

Waste management

Under the IPA 2018 programme, the EU has allocated EUR 11 million for the environment. These funds will be used to assist the solid waste management system in the municipalities of Kosovo through investments in establishment of new landfills, rehabilitation of the existing ones and assisting the institutional capacities of MEE and municipalities. IPA 2020 also provides further environmental support in the amount of EUR 16 million for the waste management system.

Under IPA 2021, the Landfill Management Company is expected to be supported with a grant of EUR 2 million for capacity building. Whereas under IPA 2022, the EU, in cooperation with GIZ, are expected to support Kosovo with EUR 11.4 million for Advancing the Circular Economy and Integrated Waste Management in Kosovo. The preparation of the Construction Sector Waste Management Plan will begin under the WBIF.

MESPI plans to review the Action Plan on Waste Management 2024-2027 during 2023, and in its framework it will include projects that are related and contribute to the development of circular economy.

Water quality

Regarding donor support in this sector, a project “Prishtina III” is being developed. Municipality of Prishtina, Fushë Kosovë and Gračanica benefit directly from this project, while 8 other municipalities in which RWC Prishtina operates benefit indirectly. The value of this project is EUR 35 million (EUR 20 million loan from KfW, EUR 5 million from IPA 2010, EUR 5 million from the Government of Kosovo and EUR 5 million from the Municipality of Prishtina).

In addition, with the support of the German Government, 6 wastewater projects are being implemented and prepared in six phases: First and second phase - construction of the plant for wastewater treatment in Prizren, with MEE. The third phase - construction of the plant in Gjakova, in cooperation with the Swiss Government. The fourth phase - construction of the plant in Peja, also with the Swiss Government. The fifth phase - rehabilitation of the network in Gjakova, Peja and Prizren. The sixth phase remains for additional intervention needs.

The construction of wastewater and stormwater network in Prishtina will be supported under IPA 2022.

Under WBIF, Wastewater Treatment Plants will be built in Mitrovica and Gjiilan through combinations of grants from WBIF as well as loans from EBRD and EIB. The plant for Gjiilan will be financed by a loan in the amount of €10 million from EBRD; a grant of €3.1 million by EU from WBIF, and €0.35 million from the Swiss government. The project is being prepared. Whereas the plant for Mitrovica will be financed with €16 million loan from EBRD, €16 million with loan from EIB and €0.35 million from the Swiss government, as well as €5 million from EU (WBIF). The project is being prepared, while the loan agreement has not been signed yet.

In addition, the development of the project for the construction of a wastewater treatment plant in Kosovo B, with a total indicative value of EUR 10,000,000, is foreseen under the IPA 2021 program.

Industrial pollution control

In terms of donor support in this area, MESPI has benefited from the project from JICA 2017-2020 worth about USD 4 million for the development of capacities for air pollution control. This project has already been completed but is expected to have another phase of support in 2022.

Medium-term Priority Objectives

In order to meet the obligations arising from the SAA and other documents and mechanisms for EU accession in the areas within the scope of Chapter 27, the focus during 2022 – 2026 will be on following medium-term priorities:

- Transposition of Directive no. 2004/35 / EC on Environmental Responsibilities, Directive no. 2003/04 / EC on Access to Information, Directive no. 66/2010 / EC on Eco-label, Regulation no. 1221/2009 / EC EMAS, as well as Regulation no. 2011/832 / BE EMAS Global;
- Drafting of the National Energy and Climate Plan;
- Adoption of the Long Term Strategy for Decarbonisation;
- Drafting the Action Plan for Climate Change 2024-2026;
- Establishment of deposit recovery system for glass bottles, plastic and cans;
- Adoption of the AI on responsibilities of the waste owner, producer and importer of the product (based on the polluter pays principle);
- Transposition of the Nitrates Directive 91/676 / EEC, in the secondary legislation after the approval and entry into force of the Law No. 04 / L-147 on Kosovo Waters;
- Development of Surface and Groundwater Monitoring Programme;
- Management plans of the Ibar river basin, Morava e Binçës and Lepenc;
- Preparation of Flood Risk Maps;
- Rehabilitation of the sanitary landfill in Peja, construction of a new cell, and closure of the illegal landfill in Istog;
- Administrative/human/professional capacity building for the designation of NATURE 2000 sites;
- Increasing the number of nature protected areas for another 40 areas;
- National programme for wildlife management and hunting;
- Drafting of 4 Detailed Regulatory Plans for national parks;
- National forest inventory III.

3.28. Acquis Chapter 28: Consumer and Health Protection

The EU legislation in this chapter consists of measures, regulation, recommendations, coordination and support for activities of Member States, including financial support. The Chapter deals with the interest of citizens in relation to consumer safety policies, economic interest and public health.

The *acquis* in the area of **consumer protection** includes consumer protection, product safety, selling of consumption products and their guarantees, unfair contract conditions, online sale, door to door sale, misleading information, unfair commercial practices, consumer loans, as well as cross-border implementation and cooperation. The EU Rapid Alarm System (RAPEX) is part of this as well.

In the area of **public health**, EU legislation deals with public health including tobacco control, communicable diseases, products of human origin, blood, tissues, cells and organs, mental illness, drug abuse prevention, and cancer diagnosis. The *acquis* on this area also regulates patients' rights to cross-border health care, the promotion of a healthy environment and injury prevention.

Implementation of policies in consumer protection and public health requires adequate administrative capacities and infrastructure at all administrative organisational levels. In terms of consumer protection this means effective market surveillance and adequate judicial and non-judicial mechanisms for claim and dispute resolution. The EU policies aim at public involvement in policy consultation and awareness-raising in consumer protection.

SAA Requirements

Regarding **consumer protection**, Article 81 of the SAA obliges Kosovo to create active consumer protection policies, in line with the EU law, including enhancement of information and development of independent organisations in Kosovo, alignment of national legislation on consumer protection with the existing EU *acquis*, effective legal protection of consumers to ensure improvement of the quality of goods consumed, and maintaining the adequate safety standards, monitoring the regulations by the respective authorities and ensuring access to adequate legal compensation in cases of disagreement, as well as exchange of information on hazardous products.

Requirements from other EU accession mechanisms

In the area of consumer protection, EC's Kosovo 2021 Report states that there was limited progress on health protection, notably with the partial introduction of a basic health information system. During the COVID-19 pandemic Kosovo made significant progress in improving surveillance, case investigation, contact tracing, case management and vaccination. The competent inspection authorities in the area are required to be strengthened in order to have the right to take administrative measures to ensure implementation. It is considered that the lack of secondary legislation prohibits the application of fines in cases of non-compliance.

According to the conclusions of the Subcommittee on Internal Market, Competition, Health and Consumer Protection, held in early 2021, on consumer protection, the Commission recommended to work on further approximation of framework and implementing legislation with that of the EU. It also recommended to increase the human capacity of MIET, in particular of the inspectorate, in order to better protect consumers. Finally, it recommended continuing awareness-raising activities on rights of consumers and obligations of traders, especially on online shopping.

Regarding public health, EC's Kosovo 2021 Report states that limited progress has been made on health protection, in particular with the partial introduction of a basic health information system. During the COVID-19 pandemic Kosovo made significant progress in improving surveillance, case investigation, contact tracking, case management and vaccination.

According to the conclusions of the 2021 Subcommittee on Internal Market, Competition, Health and Consumer Protection, on Public Health, it was stated that the legislative framework should be approved and the Law on Health and Law on Health Insurance should start implementation, together with the implementation of existing legislation, Action Plan for tobacco control. Measures should be established to provide adequate primary health care services and compulsory health insurance and further measures should be adopted to improve quality standards in health care, including investment in health promotion activities and training, while also preparing the package of benefits and placing it on the public consultation platform before starting the collection of premiums. With regard to communicable diseases, the Commission has recommended that an action plan for communicable diseases be adopted based on the ECDC recommendations. Efforts should continue to improve the level of capacity of the microbiological system for public health based on the findings of the ENLabCap survey.

State of Play

Legislative and Policy Framework

Legislative and policy framework in the area of consumer protection

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

- Law No. 06/L-034 on Consumer Protection;

These normative acts have transposed these *acquis* acts:

- Directive 93/13/EEC on Unfair Contract Conditions, Directive 98/6/EC on consumer protection in the indication of the prices of products offered to consumer;
- Directive 1999/44/EC on certain aspects of the sale of consumer goods and associated guarantees, Directive 2002/65/EC concerning the distance marketing of financial services;
- Directive 2005/29/EC concerning unfair business-to-consumer commercial practices in the internal market;
- Directive 2008/48/EC on credit agreements for consumers;
- Directive 2008/122/EC on the protection of consumers in respect of certain aspects of timeshare, long-term holiday product, resale and exchange contracts;
- Directive 2009/22/EC on injunctions for the protection of consumers' interests,
- Directive 2011/83/EU on Consumer Rights;
- Directive 1999/44/EC of the European Parliament and of the Council and repealing the Council Directive 85/577/EEC and Directive 97/7/EC.

Policy framework in this area consists of Consumer Protection Programme 2016-2020.

The Law on Consumer Protection is supported by the following secondary legislation:

- AI No. 13/2018 on the Complaints Treatment Procedure by the Department of Consumer Protection.
- AI No. 18/2018 on the form for information, time and procedures for the implementation of withdrawal from Contracts in distance and outside the business premises.
- AI No. 01/2019 on determining the form, content and use of the flag on the origin of the product.
- AI No. 05/2019 on Determining Standard Consumer Information Forms on Time-Sharing Contracts and Related Contracts
- AI No. 01/2020 on Keeping the electronic register of collective lawsuits finalized with a final judgment
- Government Decision dated 3 December 2018 on the composition of the Consumer Protection Council;

The policy framework in this area consists of the Consumer Protection Programme 2021-2025.

Health protection

Legislation in the area of public health consists of Law No. 04/L-125 on Health. This law has the aim of establishing legal grounds for the protection and improvement of health of the citizens of the Republic of Kosovo through health promotion, preventive activities and provision of comprehensive and quality healthcare services.

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

- Law No. 04/L-249 on Health Insurance
- Law No. 2003/22 on the Sanitary Inspectorate of Kosovo
- Law No. 10/L-188 on Medicinal Products and Medical Devices
- Law No. 2004/38 on the Rights and Responsibilities of the Citizens in the Health Care
- Law No. 2004/50 on Private Practices in Health
- Law No. 10/L-157 on Tobacco
- Law No. 02/L-38 on Health Inspectorate
- Law No. 05/L-024 for Emergency Medical Service
- Law No. 02/L-76 on Reproductive Health

- Law No. 05/L-023 on the Promotion and Protection of Breastfeeding
- Law No. 02/L-78 on Public Health
- Law No. 02/L-101 for Blood Transfusion
- Law No. 02/L-109 for Prevention and Fighting Against Infectious Diseases
- Law No. 03/L-110 for Termination of Pregnancy
- Law No. 03/L-179 on Red Cross of Kosova
- Law No. 04/L-156 on Tobacco Control
- Law No. 04/L-150 on Chambers of Healthcare Professionals
- Law No. 04/L-192 on Transplantation of Tissues and Cells

These normative acts have transposed the following *acquis* acts:

- Directive 2002/98/EC on setting standards of quality and safety for the collection, testing, processing, storage and distribution of human blood and blood components regardless of purpose;
- Directive 2004/33/EC, through which is applied Directive 2002/98/EC in relation to technical requirements for blood and blood components;
- Directive 2005/61/EC, through which is applied Directive 2002/98/EC in relation to traceability and reporting of serious adverse reactions and events;
- Directive 2004/23/EC on the Establishment of Quality and Safety Standards for the Donation, Procurement, Testing, Proceeding, Preservation, Storage and Distribution of Human Tissues and Cells.
- Directive 2001/37/EC on the Production, Presentation and Sales of Tobacco Products, Directive 2003/33/EC on the Advertising and Sponsorship of Tobacco Products and the Council Recommendation 2002 on the Prevention of Smoking and Tobacco Control Improvement Initiatives.
- Directive 2006/141/EC on Infant Formula and Subsequent Formula.

Policy framework

The priority policies of the sector are reflected in the Health Sector Strategy 2017-2021, other strategic plans of the health sector and the respective implementation plans. The Health Sector Strategy 2017-2021 sets out three objectives for the development of the health sector: maintaining and advancing health, ensuring sustainable health financing and reorganizing the health sector. In the second half of 2021 was made the evaluation of the implementation of this strategy, based on which the new health sector strategy will be drafted. The Ministry of Health, in order to continue to improve the health of mother, child, adolescent and the reproductive health, has finalized the Strategic Plan for mother, child, adolescent and reproductive health 2019-2021 (SPMCRH). The Strategic Plan provides a comprehensive framework in the efforts to achieve the goal of reducing the morbidity and mortality of mothers and children in the Republic of Kosovo.

The extended programme on immunization is the document that defines the legally required vaccines with which children of a certain age are immunized at a certain time interval. In order to increase the level of vaccination of Roma, Ashkali and Egyptian children, a series of activities are being developed that will affect the inclusion of these children in the framework of regular vaccination.

Institutional Framework

Consumer protection

Institutional framework in this area consists of following institutions:

- Ministry of Industry, Entrepreneurship and Trade, namely the Department for Consumer Protection and the Market Inspectorate;
- Central Bank of Kosovo, specifically the Division on Appeals Review for Financial Service Users;
- Authority of Electronic and Postal Communications;
- Energy Regulatory Office;
- Independent Media Commission;

- Food and Veterinary Agency;
- Water Services Regulatory Authority.

Another important body in the area of consumer protection is the Consumer Protection Council, established through the Law on Consumer Protection. The Council members have been appointed by the Government's Decision No. 12/68, dated 23 March 2022, with 4 (four) representatives of civil society organisations. Members of the Council represent MIET, Food and Veterinary Agency (KFVA), Kosova Chamber of Commerce (KCHC), Kosovo Business Alliance (KBA), Central Bank of Kosovo, Energy Regulatory Office, Authority of Electronic and Postal Communications, National Institute of Public Health of Kosovo, as well as NGOs Konsumatori, INDEP and Community Building Mitrovica. The Council's responsibilities are of a counselling nature in the area of consumer protection. It is also responsible to draft the Programme for Consumer Protection, and the monitoring of its implementation.

Health protection

The main body in the area of health protection is the Ministry of Health. In practice, the provision of health services is organized at three levels of the public health system: primary health care, secondary health care and tertiary health care, namely specialized services. Competent bodies for implementation and monitoring of the law on tobacco control are the following: Central Inspectorates of line ministries: Health Inspectorate (MoH), Sanitary Inspectorate (FVA), Market Inspectorate (MIET), Labour Inspectorate, Education Inspectorate (MESTI), Transport Inspectorate (MESPI), Kosovo Police (MIA), and Municipal Inspectorates.

Transfusion activity in the Republic of Kosovo is performed by authorized transfusion institutions organized in two levels; Kosovo National Centre for Blood Transfusion and Blood Transfusion Centres which are units of the National Centre for Blood Transfusion with the new law. The Health Inspectorate operates within the Ministry of Health and has 12 employed inspectors.

The Inter-Ministerial Council for Tobacco Control was established by the Government of Kosovo based on the Law on Tobacco Control and has 15 members: Ministry of Health, Ministry of Education, Science, Technology and Innovation; Ministry of Finance, Labour and Transfers; Ministry of Justice; Ministry of Internal Affairs, Ministry of Environment, Spatial Planning and Infrastructure, Ministry of Economy; Ministry of Agriculture, Forestry and Rural Development, Ministry of Culture, Youth and Sports; as well as health professionals, media representatives and civil society. This council is competent for proposing preventive measures, awareness-raising measures, education measures, and at the same time monitors their implementation, but it has not been functional for a long time now.

Donor Support

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

Current and planned IPA Projects

Consumer protection

The IPA 2021/2022 Programme of the sector "Competitiveness and Innovation" foresees the project which will support MIET through human capacity building and support in the drafting and implementation of market surveillance and consumer protection legislation, in accordance with the requests of the EU. The project is expected to start implementation in the second half of 2022.

Support to the Kosovo institutions in the integration process is the programme of the Luxembourg government which aims to increase the institutional capacity of the Republic of Kosovo in implementing the priorities deriving from the SAA. This project started in 2019 and will provide support to Kosovo institutions in the area of consumer protection.

Current and planned projects - Health protection

- The health sector is supported by the project “Accessible and Quality Health Care” funded by the Swiss Government/SDC. The project will focus on Primary Health Care and aims to improve the health of the population of Kosovo by improving access to health services, quality of services and health management by empowering the needs of patients (especially vulnerable groups). This project is being designed for the second phase which is expected to start in 2020.
- The Government of Luxembourg through the project Support to the health system of Kosovo SOC 017 (phase 2). The project will continue to support the health sector in developing health sector reforms in amount of 6.000.000. The second phase of this project will start during 2020.
- The Global Fund will continue to support activities in preventing TB and funding the continuation of the project "Prevention of HIV in Kosovo".
- The health sector will continue to be supported through the project "Support to the health system" funded by the Italian Government. The remaining project budget will be 628,869 and will focus on developing cardiac surgery with the aim of making the cardiac surgery clinic operational through professional staff training, provision of expertise by Italian experts and purchase of equipment.
- *Support to Kosovo institutions in the integration process* is the programme of the Government of Luxembourg which aims to increase the institutional capacity of the Republic of Kosovo in implementation of the priorities deriving from the SAA. This project started in 2019 and will provide support to Kosovo institutions in the area of health protection until the end of 2022.

Medium-term Priority Objectives

In order to meet the obligations arising from the SAA and other documents and mechanisms of EU accession within the scope of Chapter 28, the focus during the period 2022-2026 will be on these medium-term priority objectives.

Consumer protection:

- Implementation of the Consumer Protection Programme 2021-2025;
- Strengthening and further development of administrative capacities in the Department of Consumer Protection;
- Continuous increase of the level of involvement of consumer associations as well as relevant actors in the area of consumer protection;
- Continuous realization of awareness and awareness activities for consumer protection.

Health protection:

- In the legal aspect, in the mid-term plan will continue the alignment of the primary and bylaws with the EU *acquis* in the area of patients’ rights in the cross-border healthcare, mental health, blood, tissue, cells, injury prevention, smoking, diet, psychological and physical activity.
- Regarding the institutional capacities, work will be performed to functionalize the State Authority, namely the Division for Biomedicine, which is determined on the basis of the Law on Transplantation of Tissues and Cells;
- The development of a new health strategy and the implementation of existing strategies will be priority aspects including the strategic framework for cancer control, health promotion and education, primary health care, mental health, antimicrobial resistance, immunization program, mother, child, adolescent and reproductive health, vaccination, and HIV-AIDS;
- Functionalization of the Health Insurance Fund through the completion of the legal framework that enables the start of the collection of contributions for the implementation of the compulsory health insurance scheme

3.29. Acquis Chapter 29: Customs Union

The *acquis* in the area of customs union consists almost exclusively of legislation which is directly binding for the Member States. It includes the EU Customs Code and its implementing provisions, combined nomenclature, common customs tariff and provisions on tariff classification, customs duty exemption, duty suspensions and certain tariff quotas, and other provisions, such as those on customs control of counterfeit

and pirated goods, drugs precursors, export of cultural goods, as well as on mutual administrative assistance in customs matters and transit. Member States must ensure that the necessary implementing and enforcement capacities, including links to the relevant EU computerised customs systems, are in place. The customs services must also ensure adequate capacities to implement and enforce special rules laid down in related areas of the *acquis*, such as external trade.

SAA Requirements

Actions in the area of customs have been undertaken in accordance with obligations deriving from Stabilisation and Association Agreement, Articles 17, 39, 48, 75, 93 and 104. Articles 17, 18, 19, 39, 40, 48, 49 and 104 (together with protocol 4) particularly outline strengthening of cooperation with countries in the region that have signed the SAA, while Article 49 and Protocol 3 stipulates the originating rules for implementation of this Agreement.

The SAA, in particular Article 104, sets the framework for cooperation on customs. This Article obliges the parties that will enter into cooperation in this area with the purpose of guaranteeing compliance with provisions to be adopted in the area of trade and to reach approximation of the customs system of Kosovo with the one of EU, thus contributing towards achievement of liberalization measures foreseen by this Agreement and to gradually approximate Kosovo customs legislation with the EU *acquis*. The cooperation will take into account the priority areas related to the EU customs *acquis*. In this aspect, Protocol 4 establishes the rules for mutual administrative assistance in the area of customs, between the parties. In addition, in order to ensure free trade, the Customs will enhance administrative capacities in the area of fighting informal economy, and the area of protection of intellectual property (Chapter VI, Article 4.3).

Within Protocol 3, following the entry into force of the SAA, Kosovo should sign and ratify the Convention on Pan-Euro-Mediterranean preferential rules of origin, as the convention that implements SAA regarding the area of trade.

Customs is considered as one of the key areas in the implementation of obligations deriving from SAA on free movements of goods, implementation of facilitating trade measures as well as fighting fiscal evasion, contraband and piracy for a stable economic development. This covers legislation aligned/adopted with *acquis*, strategic documents, structuring of Customs Administration, administrative capacities and the rule of law.

Requirements of other EU accession mechanisms

Based on EC's Kosovo 2021 Report, Kosovo is moderately prepared in the area of customs. Customs has continued to improve the systematic exchange of excise data with other customs jurisdictions and by enforcing customs measures, in particular for the protection of intellectual property rights (IPRs). The recommendations in last year's report have not been fully addressed and therefore Kosovo should in particular further harmonize customs legislation, strengthen coordination between Kosovo Customs, law enforcement agencies and other relevant institutions to combat the informal economy and customs fraud. Customs should gradually phase out the use of privately owned inland customs terminals and remove the relevant fees charged to exporters/importers, in accordance with EU customs legislation.

Conclusions of the SAA Subcommittee on this area in 2021 call for the adoption of the Customs and Excise Code in order to further align it with EU legislation and practices; further strengthen coordination between Kosovo Customs, law enforcement agencies and other relevant institutions to combat informal economy and customs fraud; apply principles of good human resource management and merit in Kosovo Customs recruitment and promotion policies.

It is also required to complete the assessment to gradually phase out the use of privately owned inland customs terminals, and to remove the associated fees charged to exporters/importers, in accordance with EU customs legislation.

Kosovo apply the provisions of the Regional Convention on preferential Pan-Euro-Mediterranean rules of origin. Protocol III lays down the rules of origin for the implementation of the provisions of this Agreement.

PROTOCOL III - Refers to the CONCEPT OF "ORIGIN OF PRODUCT". For the purpose of implementing this Agreement, Annex I and the relevant provisions of Annex II on the Regional Convention on preferential pan-Euro-Mediterranean rules of origin (hereinafter referred to as the "Regional Convention") shall apply. All the references to "relevant agreement" in Annex I to the Regional Convention and in the relevant provisions of Annex II to the Regional Convention shall be construed as provided in this Agreement.

The Regional Convention on Pan-Euro-Mediterranean Preferential Rules contains uniform rules of origin which are binding on all Contracting Parties to apply under the Free Trade Agreement which they have mutually concluded. Annex I of the Convention contains general provisions defining the concept of originating products and methods of administrative cooperation. Annex II of the Convention contains specific provisions applicable between the designated Contracting Parties and exemption to the provisions set out in Annex I.

State of Play

Legislative and Policy Framework

In the recent years, Customs has made significant progress and has undertaken a number of positive steps towards modernization and development, which aim to approximate the administration procedures and systems with those of EU. Overall, Kosovo legislation in the area of customs duties is assessed to be largely in line with the *acquis* and the EU customs framework.

Regarding the *transposition of acquis acts* into these normative acts, Kosovo Customs implements as primary legislation the Kosovo Customs and Excise Code No. 03/L-109 supplemented-amended. This law is partially in line with the EU Customs Code, more specifically with EU Regulation No. 952/2013 of the European Parliament and of the Council of 9 December 2013 laying down the Union Customs Code.

Kosovo Customs has continued to improve its legislation. On 8 May 2018, the Law No. 06/L-015 on Customs Measures for the Protection of Intellectual Property Rights has been published in the Official Gazette. Several domestic bylaws (including those that have only been amended) have been adopted, of which the most important are listed below:

- AI No. 43-2017 on procedures for granting authorization for approved exporters' procedures. The purpose of this AI is to enhance simplified procedures during issuance and verification of reduction of administrative costs and time by being authorized as a certified exporter.
- AI No. 44-2017 amending AI 86/2010, which specifies the obligation to place fiscal controlling signs (banderols) in alcoholic beverages. This AI specifies the conditions and criteria to be met for issuing a license for banderols, to the entity that deals with the import, production of alcoholic beverages and the setting out the sanctioning measures.
- AI No. 45/2017 amending the AI No. 37/2016 on the establishment of employment relationship for Customs Officers. This AI has amended Article 45 dealing with the promotion, Article 94 dealing with the schedule of using annual holiday and Article 98 dealing with the compensation of educational activities.
- AI No. 46/2018 on the implementation of selective controls on customs operations. This rule of AI for the implementation of selective controls is defined by using risk management techniques.
- AI No. 47-2018 amending the AI No. 36/2016 on salaries, allowances and remunerations applicable to Kosovo Customs.
- AI No. 48-2018 amending the AI No. 92/2011 which defines the places where customs offices will be located, the working hours, routes and deadline for goods brought to Kosovo.
- AI MF-KC No. 471/2018 amending AI No. 36/2016 on salaries, allowances and remunerations applicable to Kosovo Customs, dated 18.01.2018;
- AI No. 48/2018 amending AI No. 24/2016 which has amended the AI No. 92/2011 which defines the places where the customs offices will be located, the working hours, routes and the deadline for presenting goods brought to Kosovo, dated 19.03.2018;

- AI No. 49/2018 amending the AI No. 69/2009 laying down the conditions for the transport of excise products and the documents that should accompany them, dated 18.05.2018;
- AI No. 50/2018 amending the AI No. 103/2012 on the inventory of Kosovo Customs property, dated 07.06.2018;
- AI No. 51/2018 amending the AI No. 106/2012 on assessment of the property of Kosovo Customs, dated 07.06.2018;
- AI No. 52/2018 amending AI No. 33/2016 on the Treatment and Administration of Seized and Confiscated Goods, dated 20.06.2018;
- AI (MF-KC) No. 53/2018 on the implementation of Law No. 06/L-015/2018 on Customs Measures for the Protection of Intellectual Property Rights, dated 16.07.2018;
- AI No. 57/2019 amending AIs No. 39/2017 on the organisational structure of Kosovo Customs and its annexes.
- AI No. 58/2019 laying down special rules for the regulation and operation of customs during the transition following the change of status for civil staff employed in Customs to public officials.
- AI No. 59/2019 amending AI No. 39/2017 on the organisational structure of Kosovo Customs and its Annexes, as amended by AI No. 57/2019.
- AI No. 60/2019 amending AI No. 37/2017 regulating the employment relationships of Customs officers.
- AI 64/2020 which amends the previous AI 62/2019, for the registration of customs representatives in the customs procedure;
- AI 65/2020, which amends AI 55/2019, on the designation of the place of customs offices, itineraries and deadlines for declaration of goods for customs clearance.
- AI 66/2020, on Kosovo Customs for the management of non-financial assets.
- AI 67/2021, amending AI No. 55/2019 on the designation of places where customs offices are located, working hours, routes and the period of delivery of goods to Customs.
- AI 68/2021 amending AI 70/2009 on the declaration of assets and changes in property;
- AI 69/2021 amending AI 86/2010 on determining the obligation to place fiscal stamps (banderoles) on alcoholic beverages.
- AI 70/2021 amending AI 55/2019 on determining the locations where customs offices are located, working hours, routes and time of delivery of goods brought to Customs.

Institutional and Policy Framework

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

- Ministry of Finance, Labour and Transfers, including Kosovo Customs; and
- Other institutions for specific aspects in interaction with MFLT, such as MIET, MIA, MAFRD, etc.

Kosovo Customs is an executive agency within the MFLT, which is responsible for implementing customs policies in the Republic of Kosovo and ensuring fair and uniform application in accordance with customs rules and other applicable provisions for goods which are subject to of customs supervision. The Customs and Excise Code was approved on 11 November 2008 by the Assembly of Kosovo, while it was amended in 2012 and is in accordance with EU legal standards and, among other things, has the objective of economic development of the Republic of Kosovo. The Kosovo Customs and Excise Code has started to be revised during 2021.

In addition to the responsibility to collect customs duties, Kosovo Customs is a key institution for the collection of VAT from imports, excise taxes, and for the protection of society from smuggling of other goods that are prohibited and have a detrimental effect of economic crime and tax evasion.

In terms of strategic documents, customs policies are partly determined by Kosovo international trade agreements and relations such as the SAA and other multilateral and bilateral trade agreements and the strategic framework for public financial management. Kosovo Customs operates based on the Operational

Strategy. The Strategic Plan 2020-2024 was approved at the end of 2019. This strategy defines the goals and objectives set by the Government of the Republic of Kosovo.

Kosovo Customs has been developed in accordance with the EU standards and is completely financed by the Kosovo consolidated budget and currently employs around 591 employees. Customs invests in its staff, in order to keep up with new developments, always in accordance with the Customs Operative Strategy and Blueprint (EU document).

With regard to trade facilitation, Customs constantly strives to maintain a balance between control and facilitation of trade, creating appropriate conditions for customs clearance and acceleration procedures.

In the context of trade facilitation, the Customs applies the I-Customs Information System as a Mandatory Information of Origin (BOI), Mandatory Tariff Information (BTI), Authorized Economic Operators (AEO), Authorized Exporter Status, and Customs Procedures with economic impact etc.

Kosovo Customs has introduced the E-customs application, which enables citizens to report corruption and all negative phenomena that fall within the Customs domain. E-customs allows the user to describe the case, the location and also to attach evidence. Furthermore, through this application, citizens will be able to get information about the details of the car, mileage and customs clearance status through the car chassis number.

Kosovo has signed 12 bilateral agreements/memoranda with countries in the region and those of the EU, in order to advance international customs cooperation, while other agreements are being negotiated. Kosovo also aims to obtain informal observer status in the Joint Transit Convention. Furthermore, in order to implement the SAA Protocol 4, on administrative assistance in customs matters, Customs has exchanged the point of contact with OLAF, through which information will be exchanged in order to prevent, investigate and combat illegal cross-border activities.

In order to facilitate the movement of goods with the countries of the region, this year was signed the Agreement between the Ministers of Finance of Kosovo and North Macedonia, for the establishment and joint use of the railway border crossing point at the Kosovo side. Kosovo Customs and Albanian Customs operate at the joint border crossing point Morinë-Vërmicë since 2018. In 2019, Kosovo Customs has opened the first customs office in the Port of Durrës, Albania, to develop customs procedures for goods destined for Kosovo. SEED application remains one of the most important tools for exchanging pre-arrival information with Montenegro, Albania, Serbia and North Macedonia.

Kosovo is a member of the World Customs Organization (WCO). During 4 years as a member of WCO, Kosovo Customs is benefiting through the adaptation of all customs areas to further advance according to the most professional world standards. In 2020 Kosovo has acceded to two (2) International Conventions which are administered by the World Customs Organization.

From 2020, Kosovo participates in the EU *Customs 2020* Programme, while it is in the process of signing the new Customs 2021-2027 agreement.

The "Agreement on the use of the WCO nCEN application" was signed during 2019 between Kosovo Customs and the World Customs Organization. The nCEN platform enables the exchange of information on suspicions and discoveries with countries of the region through the iCom tool.

The World Customs Organization has accredited 2 officials from Kosovo Customs as experts in the COPES (Customs Operational Practices for Enforcement and Seizures) programme. Through this accreditation, customs officials are helping to increase the capacity of the Customs of other countries.

On protection of Intellectual Property Rights (IPR), Kosovo Customs implements the Law on Customs Measures for the Protection of Intellectual Property Rights as part of the State Council for Intellectual Property, aiming to increase the level of cooperation and coordination between institutional.

In terms of systems, the latest version of the ASYCUDA World 4.3.2 custom system has been applied, which has enabled many modules to add some features that were missing in the previous version. Now with the

new version of the transit module it is made possible and has started immediately with the attachment of invoices and other relevant documents that facilitate the risk analysis in transit. Also in the process are many other changes that will directly affect the simplification of customs procedures.

Medium-term Priority Objectives

In the medium term plan, the main legal priority that is foreseen to be accomplished is:

- Approximation of the legal framework with the EU *acquis*, including bylaws for implementation of the Customs Code.

In the medium term, the main implementation priorities that are expected to be accomplished are the following:

- Modernization of Kosovo Customs according to the standards of the EU Customs Code (EU Blueprint)
- Implementation of the Economic Operators Authorization (AEO) Programme;
- Further strengthening of coordination between Kosovo Customs, law enforcement agencies and other relevant institutions to combat the informal economy and customs fraud;
- Finalizing of the information exchange of border agencies through SEED + at national level of CEFTA countries.
- Application for informal observer status in the EU Common Transit Convention

3.30. Acquis Chapter 30: External Relations

The *acquis* in this area consists mainly of EU *acquis*, which is directly applicable and does not require transposition into national legislation. This legislation of the EU in essence results from multilateral and bilateral commitments of the EU in the area of trade, as well as from a number of autonomous trade measures. In the area of export credits and dual-use goods, some Directives require amendment of national legislation.

In this context, candidate countries are required to progressively align their policies towards third countries and to align their positions within international organisations (e.g. WTO, OECD) on policies and positions adopted by the EU and the Member States.

In the area of development policy and humanitarian aid, EU Member States shall comply with the EU *acquis* and international commitments and ensure the capacity to participate in development and EU's humanitarian policies.

SAA Requirements

The obligation for the approximation of legislation with the EU derives from Article 74 of the SAA, a provision according to which Kosovo has not only the obligation to bring its national legislation in line with EU law, but also to ensure its implementation.

The SAA includes a part of the free trade agreement between Kosovo and the EU. It includes provisions in several areas requiring the parties to act in accordance with international rules or obligations. Moreover, the SAA regulates the economic cooperation with the EU and other countries that have SAA into force, such as customs cooperation (protocol on customs cooperation), implementation of WTO rules on free trade, etc. Kosovo's obligations under the determination contained within the SAA on trade policy and economic cooperation are provided under the following Articles: 20, 23, 24, 27, 31, 33, 38, 39, 45, 60, 64, 74, 75, 76, 94, and 104. The obligations in this Programme are addressed by the relevant chapters for free movement of goods, customs, monetary and economic policies, etc.

State of Play and Perspective

In the context of economic relations and the overall framework of the EU integration perspective, Kosovo currently benefits from preferential trade arrangements with the EU under the Stabilization and Association Agreement. For more on economic cooperation with the EU, please see the chapter on economic criteria and that on economic and monetary policy. The Republic of Kosovo has signed a series

of agreements for economic cooperation with EU countries and other countries. The full list of agreements can be found in the Official Gazette. In the framework of this cooperation, Kosovo is implementing 18 agreements on the Elimination of Double Taxation on Income and Capital and the fight against tax evasion and avoidance, which are currently in force. Agreements of the Elimination of Double Taxation on Income and Capital and the fight against tax evasion and avoidance have been signed with the following countries: Belgium, Great Britain, Finland, Germany, Hungary, North Macedonia, Slovenia, Albania, Turkey, Austria, Switzerland, Luxembourg, United Arab Emirates, Croatia, Latvia, Lithuania, Malta, and the Kingdom of Saudi Arabia.

In 2018, Kosovo signed a Joint Declaration on Cooperation with EFTA states aiming at a free trade agreement with four EFTA member states. Following the exit of the United Kingdom from the EU, the Republic of Kosovo signed the partnership, trade and cooperation agreement with Britain as a continuation of the trade cooperation arrangements previously regulated by the SAA. Kosovo has also a free trade agreement with Turkey.

Kosovo is part of the CEFTA (*Central European Free Trade Agreement*), a free trade agreement in which eight countries of the Western Balkans region participate: Kosovo, Albania, North Macedonia, Montenegro, Serbia, Bosnia and Herzegovina and Moldova. Since in 2007 all previous CEFTA parties had joined the European Union and left CEFTA, it was decided that CEFTA would be extended to the rest of the Balkans outside the EU aiming for EU membership. The first CEFTA Agreement was signed between Poland, Hungary, the Czech Republic and Slovakia in December 1992 and became effective in July 1994. Through CEFTA these participating countries were mobilized to access political, legal and economic institutions of the EU, thus strengthening their democracy and market economies. Since, in 2007 all previous parties to CEFTA entered the EU and left the CEFTA, it was decided to expand CEFTA to the part of the Balkans left outside the EU which aim to join te EU

In the context of regional cooperation, Kosovo will continue to give its contribution in the framework of the Berlin Process, namely in the framework of the implementation of the Action Plan for the Common Regional Market.

Furthermore, the Republic of Kosovo is a member of the World Bank, the International Monetary Fund and several international financial institutions. Kosovo also benefits from a preferential unilateral trading system for exports of some products to the US and Japan.

3.31. Acquis Chapter 31: Foreign, Security and Defence Policy

The Common Foreign and Security Policy and the European Security and Defence Policy are based on legal acts, including legally binding international agreements, and on political documents. The *acquis* consists of political declarations, decisions and agreements. Member States must be able to conduct political dialogue in the framework of Common Foreign and Security Policy (CFSP), to align with EU statements, to take part in EU actions and to apply agreed sanctions and restrictive measures. Applicant countries are required to progressively align with EU statements, and to apply sanctions and restrictive measures when and where required.

The political dialogue is conducted intensively on several levels between the institutions of the Republic of Kosovo and EU for fulfilment of the criteria set forth on the integration process, initially by signing, ratifying and implementing the SAA.

The political and policy dialogue, as needed, will contribute to the process of normalization of relations between Kosovo and Serbia. Kosovo pledges for continual commitment towards significant and sustainable relations with Serbia. This process will ensure that both countries can continue their respective European paths, avoiding the possibility of blocking either party on their efforts and gradually leading towards overall normalization of the relations between Kosovo and Serbia, on a form of a legally binding agreement, where both countries will be able to fully practice their rights and fulfil their responsibilities. Consequently, Kosovo has to continuously implement in good faith all the agreements reached in the dialogue with Serbia and respect entirely the principles of inclusive regional cooperation.

Moreover, the obligations deriving from provisions of SAA provide that Kosovo resolves through constructive dialogue on other unsolved issues, based on practical and sustainable solutions and will cooperate with Serbia on issues of common interest; to effectively cooperate with the Common Foreign and Security Policy mission during its mandate and actively contribute on full and unobstructed fulfilment of its mandate in the entire Kosovo.

The Stabilisation and Association Council will review regularly the progress in this process and will take decisions and issue recommendations on this matter. SAC can help this process in accordance with article 129.

The Republic of Kosovo, has taken seriously the responsibility to offer safety for its citizens' territory. Kosovo is aware of the importance to continue increasing the capability of its institutions in offering security to all Kosovo citizens. Therefore, as a part of the process of gradually taking more responsibility about its security since the beginning of Strategic Review of the Security Sector (SRSS) in 2012, and afterwards from the recommendations of 2014, deriving from Strategic Review of the Security Sector (SRSS), the architecture of the security sector in Kosovo was defined, and it also clearly determined the role and mission of each institution of the safety sector, to maximise institutional capacities; has identified the necessary capacities to provide protection and safety to citizens of Kosovo, which have been proceeded with the adoption of legislative package by the Assembly of Kosovo.

The Republic of Kosovo aspires to become a constitutive part of the regional and global security structures, in particular to become a member of EU, NATO, OSCE and UN. In this context, the national security of Kosovo is closely related with regional and broad Euro-Atlantic security.

SAA Requirements

Within the criteria in the area of public administration that must be fulfilled by the Government and relevant institutions of the Republic of Kosovo pursuant to Articles 5, 11 and 13 of the SAA, Kosovo will continue to align with certain measures deriving from Foreign Policy, Security and Defence. Part of the SAA's obligation is also normalization of relations with Serbia, including implementation of signed agreements, compliance with the principles of regional cooperation and effective cooperation with the mission of Foreign Policy, Security and Defence.

State of Play

The European integration of Kosovo is a national strategic goal, a guarantee for peace, stability and prosperity of the region. In this aspect, the Government of the Republic of Kosovo is fully willing to undertake all the reforms needed within the European Integration process. Furthermore, Kosovo strongly supports the EU foreign policy of security and defence, which aims at strengthening of the role of EU as an entity with an increasing political influence on international politics.

The legislative framework on foreign policy, security and defence is determined as still consolidating with the necessary laws aiming to treat all the issues deriving from this area. The legislative framework concerned, is in compliance with the EU principles and goals and it consists of the Law on Prevention of Money Laundering and Prevention of Terrorism Financing; The Law on Prohibition of Joining the Armed Conflicts Outside State Territory; National Strategy of Preventing and Fighting Informal Economy, Money Laundering, Terrorist Financing and Financial Crime 2014-18, Strategy Against Terrorism and the Acting Plan 2014-2018, AI for prevention and detection of money laundering and the Administrative Order for prevention and detection of terrorism financing.

The institutional structure in charge of Foreign Policy, Security and Defence consists of Ministry of Foreign Affairs and Diaspora, Ministry of Defence, the Ministry of Internal Affairs, and diplomatic missions.

Among the top priorities of Kosovo foreign affairs remains the advancement of strategic partnership with EU and NATO, including establishment of contractual relations with these organisations, towards the Euro-Atlantic integration.

Kosovo aims the development on regional cooperation, especially good relations with the neighbouring states, and providing assistance in implementing the Brussels agenda for a sustainable, democratic region and integrated in the EU and NATO. The Republic of Kosovo considers that regional cooperation is not only a precondition for the European integration but also a necessity for the regional stability.

This orientation of our foreign affairs is also reflected on our proactive participation in multilateral initiatives and organisations operating in South-Eastern European area and broader. Kosovo is a member of 40 regional initiatives; inter alia, a member of cooperation in the area of trade, security, education, technology and environment.

Regarding the current security situation, it is important to note that on 14 December 2018 the Assembly of the Republic of Kosovo approved the draft-law on the Ministry of Defence, the draft-law on the Kosovo Security Force and the draft-law on Service in the Kosovo Security Force, which laws came into force on 18 January 2019 thereby granting military mission to the KSF. Article 126 of the Constitution, inter alia, clearly defines the KSF as a national security force that reflects the multi-ethnic character of the country, which is under civilian control of democratic institutions and has a duty to protect the citizens and communities of Kosovo. Since changes in the KSF mission do not affect the vital interests of minority communities, as defined by the Constitution of the Republic of Kosovo, there are no requirements for constitutional amendment.

Political dialogue with Serbia

Regarding the dialogue between Kosovo and Serbia, Kosovo remains committed to its participation in the dialogue to achieve mutual recognition through reaching a comprehensive, legally binding agreement for the normalization of relations.

Kosovo pays serious attention to the Brussels dialogue, not only on improving the wellbeing of citizens and the bilateral relations between two states, but also because this dialogue is currently the most important contributor for peace and stability in the region.

On this matter, the Government of the Republic of Kosovo, as a constructive and serious party in the Brussels dialogue, pays particular importance to the implementation of all Agreements of Brussels and the potential agreements expected to be reached in the following period.

There has been some progress in reaching an agreement between Kosovo and Serbia, however the findings of the recent Government of the Republic of Kosovo (2019) report indicate a low progress in the implementation of the agreements in general by Serbia. Looking at the agreements separately, the report identifies different levels of progress in some areas and lack of progress in most areas, and therefore dialogue is expected to enter a new phase.

The part of the dialogue with Serbia is related to the area of Regional Cooperation and International Obligations within the Political Criteria.

Medium-term Priority Objectives:

- Adoption of the Foreign Affairs Strategy;
- Training of civil servants in the area of foreign policy and security will continue. Priority will be given to those in charge of implementing restrictive measures and arms control. In addition, through visits to member states, experiences on the most effective implementation of restrictive measures will be exchanged.
- The MFAD will draft an action plan for the most efficient development of the Political Dialogue between RKS and the EU. This action plan will include concrete short-term and medium-term activities for inter-institutional coordination within RKS and coordination of EU/EEAS institutions for the implementation of this dialogue.
- The Republic of Kosovo aspires to be an integral part of multilateral organizations at the regional and global level, in particular the EU, NATO, OSCE and the UN. In this regard, MFAD will intensify lobbying as well as cooperation with ministries and institutions of the Republic of Kosovo

for the implementation of memberships that are considered necessary for good governance and for the improvement of living standard of its citizens.

- The Republic of Kosovo will continue to implement the restrictive measures agreed upon by the Council. In this regard, Kosovo will further functionalize the mechanism for the implementation of restrictive measures.

3.32. Acquis Chapter 32: Financial Control

This chapter covers two main policy areas: (a) the Public Internal Financial Control (PIFC) and external auditing (EA) and (b) protection of financial interests of EU and protection of Euro from counterfeiting. Concerning the PIFC and external audit, there is no specific EU *acquis* that would be used in approximation with national laws. Instead, the states commit in adopting the international standards of control and external audit defined by the International Organisation of Supreme Audit Institutions (INTOSAI), as well as EU good practices.

Public Internal Financial Control is an integrated part of the management of public finances and includes the entire public budget. Particularly, the principles of Financial Control require the existence of i) effective and transparent systems of control and management of finances (including inspections and appropriate ex-ante and ex-post financial controls and inspections); ii) Functional and independent systems of internal auditing; iii) respective organisational structures (including central coordination); and iv) functional external and financially independent auditing, among others, evaluating the quality of the created systems of PIFC.

In the area of **External Auditing**, the candidate states are expected to apply INTOSAI standards, especially the Declarations of Lima and Mexico for functional independence of finances and institutions and implementation of financial auditing (correctness) and performance.

As far as the **protection of EU financial interests** is concerned, the Treaty on the Functioning of EU (Article 325) requires that Member States take actions against fraud that affect the financial interests of EU. Member States are obliged to coordinate their actions and cooperate with the European Commission. Protecting the financial interests of EU includes approximation of local criminal legislation with the Convention on the Protection of European Communities' Financial Interests (PFI Convention) and its three protocols for cooperation among national authorities and the Commission. Candidate states are required to nominate a national service against the fraud as a contact point to facilitate the coordination with the Commission and Member States.

Concerning the **protection of the Euro from counterfeiting**, this chapter addresses non-criminal aspects whereas the criminal aspects are addressed in Chapter 24. The main principles against counterfeiting of currency are defined in the Geneva Convention and further detailed in relevant *acquis*. Relevant legislation includes procedures of collecting, saving and exchanging information on counterfeited banknotes, stopping of metals similar to euro coins, the obligation for financial institutions to check the authenticity, withdrawal of counterfeited banknotes from circulation and cooperation on the national and international level.

SAA Requirements

The main arrangements for this chapter are derived from Article 97 of the SAA. This article requires cooperation between the parties to focus on priority areas related to the EU *acquis* in the area of public internal financial control. . In particular, requires the Parties to cooperate aiming further development in applying effective internal control and the functionally independent system of internal auditing in public sector in Kosovo, compatible with the internationally accepted framework and EU good practices. In addition, the cooperation should focus on creating and strengthening the central alignment units for financial management and control.

On the area of External Audit, Article 97 requires the parties to cooperate especially with the aim of further development of independent functional external audit in Kosovo, in compliance with the INTOSAI

Framework of Professional Standards and EU best practice. Cooperation also focuses on building the capacities of Office of the Auditor General.

Requirements from other EU accession mechanisms

EC's Kosovo 2021 Report finds that Kosovo has some level of preparation in the area of financial control. Progress has been made with the adoption of secondary legislation in the area of public internal financial control (PIFC). However, further efforts are needed to integrate PIFC elements into the new public finance management strategy 2022-2026 and finalise the corresponding PIFC action plan; improve accountability by aligning special laws with the overarching Law on the Organisation and Functioning of State Administration and Independent Agencies, and clarify the accountability lines within and between public institutions. The report also highlights the improvement of more systematic and timely implementation of external audit recommendations, especially with regard to performance audits that have been undertaken in recent years.

The conclusions of the 2021 Subcommittee call for the inclusion of a specific component of PIFC in the new PFM strategy, which takes into account the SIGMA Study on Managerial Accountability and the Quality Review Study and consultation with the European Commission. The effectiveness of the annual report on the implementation of PIFC should also be evaluated, to improve the functioning of PIFC and to develop data-based recommendations. On external audit, it is required to amend the Law on the Auditor General and the National Audit Office of Kosovo, removing the obligation to conduct regular audits every year in all budget organizations (regardless of their size, complexity, risk, etc.) and introduce the risk-based audit approach. The report underlines that the monitoring and reporting of the implementation of external audit recommendations by budget organizations should continue. The Commission encourages the increase of the number of performance audits by the NAO on topics of public interest.

State of Play

Legislative Framework

In Kosovo, there is a comprehensive legislative framework that regulates the Public Internal Financial Control, including: laws, instructions, regulations, other international standards, policies of Government of Kosovo.

The legal basis for **Internal Audit of Public Finances** is defined by the Law No. 06/L-021 on Public Internal Financial Control published in the Official Gazette on 19 April 2018. All sublegal acts for the implementation of this Law have been prepared and adopted during 2019. This Law regulates the system of internal control of public finances, which includes financial management and control, internal audit, and their alignment, in accordance with international standards on internal control and internal audit.

Secondary legislation in the area of PIFC includes:

- Regulation No. 01/2019 on Financial Management and Control;
- Regulation of the Government of Kosovo on the Establishment and Implementation of the Internal Audit Function in Public Sector Entities;
- AI on the Establishment and Functioning of Audit Committees;
- Methodology for monitoring the quality of internal control in PSE;
- Methodology for monitoring the internal audit qualities of IAU;
- Public Procurement Audit Manual;
- Performance Audit Manual;
- Internal Auditing Manual;
- Financial Rule No. 01/2013/MF - Public funds expenditure addresses the expenses and internal control and decentralization of management of expenses in budget organisations.
- The FMC Procedures Manual that is in force since 2011 consists of 14 procedures that aim covering all the areas of budget cycle. The FMC Manual could be used by budget organisations if they had adequate information and management systems, where controls are part of processes with a few

instructions offered from CHU/FMC and if there were strict accountability and report mechanisms. These conditions were not applicable when FMC Manual entered into force.

- Book of Processes for Management of Public Expenditures signed by the Minister of Finance and piloting of this book at the local level.

The applicable legislative framework for the internal control of public finances contains the general principles and refers to the standards of INTOSAI, the COSO Framework, and the Standards of the Institute of Internal Audit (IIA).

Training scheme in the area of financial management and control

The CHU has established a training scheme in the area of financial management and control. This scheme envisages the training of managers in the area of financial management and control and is focused on the following areas: risk management, self-assessment, process description, strategic and budget planning. CHU/FMC continuously organizes trainings for FMC officials.

Certification scheme for internal auditors

The national programme for training and certification of internal auditors has been established. The implementation of the programme started in September 2016 and continues even now. This scheme consists of the theoretical and practical part.

Although a certification scheme for internal auditors is in place, it needs to be improved. To improve the management and content of the certification scheme, the CHU is reviewing the AI for certification of internal auditors.

Continuing professional education for internal auditors

In addition to the certification scheme for internal auditors, the CHU has also established a training scheme for continuing vocational education which is focused on the strategic plan, annual plan and quality assurance. CHU/IA continuously organizes trainings for internal auditors.

To improve the PIFC system, the CHU has continued to monitor the PSEs in the area of financial management and control and Internal Audit (so far 8 PSEs and 6 Internal Audit Units have been monitored). There are also two PSEs and 4 IAUs in the FMC monitoring process.

In order to improve the PIFC system, the monitoring of PSE on Financial Management, Internal Control and Audit has continued (so far 6 SSPs have been monitored) and 6 Internal Audit Units. In addition, in the process of monitoring FMC are two PSEs and 4 IAUs. The training of FMC and IA officials also continued (due to the pandemic, the trainings were mainly held online).

In addition to the abovementioned legislation, there are also other laws related to PIFC, including:

- Law on Public Financial Management and Accountability;
- Annual laws for approval of Kosovo budget;
- Law on Public Procurement (Law No. 04-L-042);
- Law on Public Enterprises.
- Law on Organisation and Functioning of the State Administration and Independent Agencies (Law No. 06/L-1113);
- Law on the Office of the Auditor General (Law No. 03/L-075);
- Law on Suppression of Corruption (Law No. 2004/34);
- Law on Civil Service (Law No. 2010/03-L-149);
- Law on Salaries of Civil Servants (Law No. 03-L-147) and
- Law on Access to Public Documents (Law No. 06/L-081).

On **external audit**, the Declaration of Lima and the Declaration of Mexico emphasize that preserving of objectivity and independence are a priority for well-functioning of Auditor General. These two principles are crucial for our institution. The objectivity and independence must be ensured by proper

implementation of a broad, sustainable and legal mandate; in pursuance with accepted international standards of audit of public sector and an internal code for professional courtesy. Mandate and functionality is regulated by means of prior legislation:

- Constitution of Kosovo Articles 136, 137, 138;
- Law No. 05/L-55 on the Auditor General and the National Audit Office of the Republic of Kosovo.

Other relevant legislation in the area of audit includes:

- Law on Public Financial Management and Accountability;
- Law on Public Internal Financial Control;
- Law on Public Procurement;
- Law on Publicly Owned Enterprises;
- Law on Suppression of Corruption;
- Law on Business Organisations.

Policy Framework

The National Audit Office has implemented the Strategic Plan 2018-2021, while it is developing the new Strategic Plan 2022-2025. Annual Operational Plans and Annual Audit Plans are drafted for its implementation. The NAO continuously takes care of the professional development of the auditors to ensure the necessary qualifications to perform their work. For this purpose, Annual Professional training and development plans are drafted.

Regarding **protection of the Euro from counterfeit**, the Central Bank of Kosovo, within its competencies, on 14 March 2007 issued the AI on Retaining Counterfeit Euro Banknotes and Coins from Circulation, an instruction that applies to all financial institutions operating in Kosovo and licensed by the CBK. The purpose of this Instruction is to lay down measures necessary with a view to retain counterfeit euro banknotes and coins from circulation.

Financial institutions, specifically lending institutions and any other institution engaged in the distribution and distribution of banknotes and coins to the public as a professional activity, including institutions, whose activity consists in the exchange of banknotes and coins of different currencies, such as p. sh. exchange offices will be obliged to withdraw from circulation all euro banknotes and coins accepted by them, which they know or have sufficient reason to believe are counterfeit. Banknotes and coins suspected of being counterfeit must be immediately handed over to the competent authority (in this case the Police and the Police submit them to the Kosovo Forensic Agency). The CBK has also issued a document "Valuable Tips for Cash Operators" which sets out step-by-step actions on how to treat suspected money laundering.

Institutional Framework

The Government has developed the institutional framework consisting of public sector organisations working under the lead of Central Alignment Unit, respectively the Financial Management and Control (FMC) and Internal Audit (IA) and under the surveillance of external auditor to form an accountability chain.

The concept of "Public Internal Financial Control" became first official in 1999 from the European Commission. It refers to "systems of internal control of government aiming the protection of financial interests of government in total". PIFC was formed as a good strategy to help the reform process in developing public systems of internal control in states willing to become candidates for EU members. The system of PIFC is defined as a system that consists of functional elements of Financial Management and Control (FMC) and Internal Audit (IA) together with the responsible institutions for alignment of these functions through government (CHU=FMC + IA).

Public sector entities (budget organisations)

Accountability consists of a chain of participants where each is responsible in achieving the set goals and each is accountable to an authority of the higher rank regarding achievement of these goals. The highest

rank of authorities in this chain is the citizens who are represented by deputies elected in the Parliament and the local governments. Subjects in public sector carriers of PIFC are the following:

- Assembly: Committee for Oversight of Public Finances has been established within the Assembly of Kosovo and has the authority to monitor public money expenditure through reports from OAG, CHU, etc.;
- Government of Kosovo determines competences and responsibilities for its Ministers to apply Government policies through regulations, policies and administrative arrangements with senior management of budget organisations.
- Ministry of Finance is in charge of development of rules and detailed procedures for PIFC (FMC and IA), as well as for training and offering technical support for all the parties related to application of FMC and IA rules;
- Senior management of public sector subject – holds full responsibility in applying PIFC and is in charge of their performance in using public resources to achieve organisational objectives.

External audit

In the area of external audit, the National Audit Office plays an important role in overseeing public spending and improving financial management and good governance. Maintaining functional and financial independence remains a priority in the area of external audit. In the short term, the NAO aims to implement its strategic plan 2022 -2025 as well as to develop and further increase the professional and human capacities to conduct more performance audits and public enterprises. In the medium term, sustainable institutional development, quality maintenance and the development of procedures and administrative capacity to ensure the effective protection of the EU's financial interests will be one of the key priorities.

Article 136 of the Kosovo Constitution defines Audit General as the highest institution for economic and financial control. Auditor General is appointed by the Parliament through a majority vote based on President's proposal. The Parliament decides on discharging the Audit General with (2/3) of majority of all deputies from the President's proposal or on the basis of (1/3) of all deputies. The mandate of AG is five (5) years with the possibility of extension or re-election for another mandate.

Article 137 of Constitution can be updated in compliance with present definitions of ISSAI concerning the role and mandate of Supreme Audit Institutions. It stresses that General Auditor controls: (1) economic activities of public institutions and other state legal persons; (2) use and protection of public funds from public and local government bodies; (3) economic activities of public enterprises and other legal persons, on whom the State has stocks, or where loans, credits and their obligations are guaranteed from the State.

The present definition in the Constitution is not an obstacle in the further development of external public audit. But it could be considered for amendment when appropriate.

With the entry into force of the new Law No. 05/L-055 on the Auditor General and the National Audit Office of the Republic of Kosovo, the functional, financial and operational independence has been consolidated since June 2016. The Auditor General and the National Audit Office shall have full discretion in the performance and exercise of the functions and powers to carry out their mandate in accordance with the internationally recognized Constitution, Law, and International Standards of Supreme Audit Institutions in the Public Sector. Under the legislation in force, the Auditor General is independent in the organisation and management of the National Audit Office.

Working instruments:

- INTOSAI Professional Auditing Standards Framework;
- Regularity Audit Manual;
- Regularity Audit Quality Control Guideline;
- Performance Audit Manual;
- Information Technology Audit Manual;
- Guideline on following up on performance recommendations;

- Fraud Audit Guideline;
- Code of Ethics;
- NAO Strategic Plan 2022 - 2025;
- Policies and other secondary policies.

Professional development of staff

Certification, training and development of human resource capacities remain one of the main priorities of the NAO as this contributes to better quality, higher professionalism and more organized approach to work. NAO continuously encourages the audit staff to follow the certification schemes for accountants and auditors provided by local professional associations. NAO supports the audit staff to attend certification schemes for accountants and auditors offered by local professional associations.

A certification programme for Audit of Regularity is set and being implemented based on the standards internationally recognized for auditing in public sector (ISSAI). The programme is divided into four parts: Introduction, Preparations, Technical part and Continuous Professional Development. The technical part is conducted by a local association¹⁶ certified by IFAC. The programme is financed from the Kosovo budget. Duration usually is of 3.5 years and this certification decision is based on the results of exams, experience and staff evaluation results.

The certification programme for performance auditors has been implemented, and certifications for 18 auditors were awarded in February 2020.

In addition, in the framework of long-term cooperation “Institutional Development Cooperation between the National Audit Office of Kosovo National Audit Office of Sweden 2020-2023, trainings and seminars are organized on Quality Control and Quality Assurance, as well as performance auditing.

Concerning **protection from counterfeiting in the Republic of Kosovo**, in the light of mutual cooperation between Kosovo Police (KP) and Central Bank of Republic of Kosovo (CBK) aiming the protection of banknotes against counterfeiting in the Republic of Kosovo, on 11 September 2009, KP and CBK signed an agreement on establishment of the Central Committee of Analysing the counterfeited money (Committee).

The committee consists of three high representatives of KP and three high representatives of CBK. The representatives of committee meet on regular basis to discuss issues deriving from the role of this committee. The committee has no decision-making power.

The main role of the committee is as follows:

- Enforcement of necessary measures to prevent circulation of counterfeited banknotes and coins;
- Collecting, analysing and publishing technical and statistical data related to counterfeited banknotes and coins; and
- Ensuring information and instructions and training for the financial institutions, and other relevant institutions and wide opinion about the counterfeited banknotes and coins.

The Committee has competences to establish working groups, as necessary, to further study specific issues and to make recommendations to the Committee on such issues. Working groups will have ad hoc status with a clear mandate and time frame.

In the Republic of Kosovo, the competent body to analyse the money suspected to be counterfeited is the Kosovo Agency for Forensics – The lab for documents and scripts, which operates within the Ministry of Internal Affairs (earlier used to operate under KP).

Donor Support

MFLT is being supported by the Norwegian Government project. The purpose of this project is to support the Kosovo public administration in the implementation of the SAA and increase the readiness for EU membership in several chapters including statistics. This project will strengthen the institutional capacities

¹⁶ Association of Certified Accountants and Auditors of Kosovo.

of the public administration of Kosovo, in particular the Financial Control chapter by providing specialized training on the content of EU requirements, transposition of the *acquis* into national legislation as well as relevant policy reforms.

The MFLT is being supported by the IPA programme of the EU for Kosovo, through the project “Technical Assistance to support the implementation of Public Financial Management Reforms in Kosovo contract no. 2019/413-800”. The purpose of this project is to improve and strengthen the policies, legislation, and capacities of key stakeholders (particularly the Public Financial Management Coordination Group) involved in implementing the Public Financial Management Sector Reform by providing technical assistance to support the implementation of public financial management reforms. For capacity building in the area of PIFC during 2020 CHU is being supported by USAID through the project “Transparent, Effective, and Accountable Municipalities (TEAM) activity in Kosovo”.

Medium-term Priority Objectives

In the mid-term plan, the main implementing priorities foreseen to be realized are the following:

Internal Control of Public Finances

- Drafting the Public Financial Management Strategy, which will include the Public Internal Finance Control
- Advancing and integrating the information technology systems used in the Ministry of Finance in order to improve the quality of financial information. Improvement of budgeting in accordance with the programme and reporting with objectives and performance indicators (strategic planning is related to budgetary resources);
- Improving programme-based budgeting and reporting through performance objectives and indicators (strategic planning relates to budget resources);
- Training of all managers of institutions in charge of implementation of managerial accountability and training of internal auditors;
- Monitoring of Internal Control at BO;
- Implementation of Book of Processes;
- Improving the quality of internal audit through monitoring of internal audit units.

External Audit

- Revision of the Law on the Auditor-General and the National Audit Office of Kosovo establishing a risk-based audit approach instead of periodic regularity audits Further development of relevance of audit by gradually conducting more performance audits;
- Further develop audit relevance by gradually conducting more performance audits;
- Ensure a more systematic follow-up for timely implementation of external audit recommendations;
- Initiate the implementation of leadership in accordance with the budget management system;
- Continue with timely and qualitative Annual Audit Report, including effective recommendations based on higher relevance of audit;
- Further development of IT audits;
- Improvement of the quality of Mandatory Regularity Audits and Non-Statutory Performance Audits through increased quality control for planning, execution and reporting phases;
- Fulfill the constitutional and legal mission by conducting relevant audits, in line with the INTOSAI Professional Auditing Standards Framework;
- Develop and strengthen institutional capacity to support auditing and corporate governance; and
- Develop and maintain good relations with external entities, promote auditing, enhance influence, and integrate into global and regional ISA organisations.

3.33. Acquis Chapter 33: Financial and Budgetary Provisions

This chapter covers rules regarding the necessary financial resources in order to finance the EU budget (own resources). These sources are mainly composed of contributions from the member states, based on their own traditional sources from the customs and agricultural and sugar taxes; sources based on added value tax and sources based on the level of national gross income. The Member States need to have

appropriate administrative capacities to adequately coordinate and ensure correct calculations, summing, payment and control of their resources. The *acquis* in this area is directly applicable and does not require transposing into national legislation.

SAA Requirements

Article 74 of the SAA requires approximation of Kosovo legislation with the EU *acquis*, including this chapter.

State of Play

Legislative Framework

The main legal acts related to this Chapter include the following:

- Law No. 03/L-048 on Public Financial Management and Accountability;
- Law No. 08/L-016 amending the Law No. 07/L-041 on budget allocations for the budget of the Republic of Kosovo for 2021;
- The draft-law on Budget Appropriations for the Budget of the Republic of Kosovo for 2022 was approved by the Government through Decision No. 01/43, dated 29.10.2021;
- Law No. 05/L-037 on Value Added Tax;
 - AI MF-No. 03/2015 on implementing the Law No. 05/L-037 on Value Added Tax;
 - Law No. 04/L-099 amending the Code No. 03/L-109 on Customs and Excise of Kosovo;
 - AI MF – No. 05/2014 amending AI No. 11/2009 on implementation of customs and excise code, amended by AI No. 05/2010 and AI No. 06/2013.

The Value Added Tax system in the territory of the Republic of Kosovo is regulated by Law No. 05/L-037 on Value Added Tax. The Value Added Tax includes application of the general consumption tax on goods and services, which is exactly proportional with the price of the goods and services, and which is calculated on this price in accordance with the applicable norms, is charged in various production stages, distribution and life cycle of goods and services trade, which in the end is carried by the end customer.

VAT is charged with the standard norm of eighteen per cent (18%), while the deducted VAT norm is calculated and paid by eight per cent (8%) for some basic goods and services, including their import.

The collection and control procedures for customs obligations and import taxes are conducted by Kosovo Customs. Kosovo Customs is under the authority of the Ministry of Finance, in line with the Law No. 03/L-109, dated 10 November 2008, and amended by Law No. 04/L-099, dated 3 May 2012, Customs and Excise Code of Kosovo. This law is partially in line with the EU Customs Code, specifically with Council Regulation EEC 2913/92/ – “On Establishment of Community Customs Code”.

Institutional Framework

The main institution for this chapter is the Ministry of Finance, Labour and Transfers (MFLT). Within MFLT other contributing structures include Kosovo Tax Administration and Kosovo Customs.

Medium-term Priority Objectives:

- Preparation of the Medium Term Expenditure Framework as a basis for the development of annual budget projections;
- Consolidation of the legal framework on public financial management.

3.34. Acquis Chapter 34: Institutions

This *acquis* chapter is not covered by this Programme at this phase of EU accession.

3.35. Acquis Chapter 35: Other Issues

This *acquis* chapter is not covered by this Programme at this phase of EU accession.

MATRIX OF SHORT-TERM MEASURES

LEGISLATIVE MEASURES										
No.	SAA provisions	National acts to be aligned	EU acquis acts to be transposed	Responsible institutions	Supporting institutions	Time-frame	Level of alignment	Budget		
								BRK	Donors	Total
1. BLOCK I: POLITICAL CRITERIA										
1.1.	Democracy and Rule of Law									
1.1.1.	Constitution, Parliament and Electoral System									
1.1.1.	<u>Framework legislation</u>									
1.1.1.1	Article 120	Rules of Procedure of the Assembly of the Republic of Kosovo (new regulation), adopted		Assembly		Q1 2022		10,000	0	10,000
1.1.1.	<u>Bylaws and other regulatory acts</u>									
1.1.1.	This section does not contain any measures.									
1.1.2.	Public Administration									
1.1.2.	<u>Framework legislation</u>									
1.1.2.1	Article 120	Draft-law on salaries in the public sector, approved		MIA	OPM	Q1 2022		5,000	0	5,000
1.1.2.2	Article 120	Draft-law on public officials, approved		MIA	OPM	Q1 2022		5,000	0	5,000
1.1.2.3	Article 120	Draft-law on administrative inspection, approved		MIA	OPM	Q1 2022		5,000	0	5,000
1.1.2.	<u>Bylaws and other regulatory acts</u>									
1.1.2.	This section does not contain any measures.									
1.1.3.	Ombudsperson									
1.1.3.	<u>Framework legislation</u>									
1.1.3.	This section does not contain any measures.									
1.1.3.	<u>Bylaws and other regulatory acts</u>									
1.1.3.	This section does not contain any measures.									
1.1.4.	Civilian Oversight of Security Forces									
1.1.4.	<u>Framework legislation</u>									
1.1.4.	This section does not contain any measures.									
1.1.4.	<u>Bylaws and other regulatory acts</u>									
1.1.4.	This section does not contain any measures.									
1.2.	Regional Cooperation and International Obligations									
1.2.	<u>Framework legislation</u>									
1.2.	This section does not contain any measures.									
1.2.	<u>Bylaws and other regulatory acts</u>									
1.2.	This section does not contain any measures.									
2. BLOCK II: ECONOMIC CRITERIA										
2.1.	Existence of a Functional Market Economy									
2.1.	<u>Framework legislation</u>									
2.1.	This section does not contain any measures.									
2.1.	<u>Bylaws and other regulatory acts</u>									
2.1.	This section does not contain any measures.									

2.2.	Capacity to Cope with Competitive Pressure and Market Forces within the Union									
2.2.	Framework legislation									
2.2.	This section does not contain any measures.									
2.2.	Bylaws and other regulatory acts									
2.2.	This section does not contain any measures.									
3. BLOCK III: EUROPEAN STANDARDS – APPROXIMATION OF KOSOVO’S LEGISLATION WITH THE EU ACQUIS										
3.0. Legal Framework on Approximation of Kosovo’s Legislation with the EU Acquis										
3.0.	Framework legislation									
3.0.	This section does not contain any measures.									
3.0.	Bylaws and other regulatory acts									
3.0.	This section does not contain any measures.									
3.1. Acquis Chapter 1: Free Movement of Goods										
3.1.	Framework legislation									
3.1.1	Articles 20, 80 and 74 point 3	Draft-law on General Product Safety, approved	Directive 2001/95/EC and the Fraudulent Products Directive 87/357/EEC	MIET		Q2 2022	F	2,500	0	2,500
3.1.	Bylaws and other regulatory acts									
3.1.2	Articles 20, 80 and 74 point 3	Regulation on Transportable Pressure Equipment, adopted	Regulation 2010/35/EU	MoE	MESPI MIET MIA	Q4 2022	P	5,400	0	5,400
3.1.3	Articles 20, 80 and 74 point 3	Regulation on simple pressure vessels, adopted	Directive 2014/29/EU	MoE	MIA	Q2 2022	P	2,700	0	2,700
3.2. Acquis Chapter 2: Freedom of Movement for Workers										
3.2.	Framework legislation									
3.2.	This section does not contain any measures.									
3.2.	Bylaws and other regulatory acts									
3.2.	This section does not contain any measures.									
3.3. Acquis Chapter 3: Right of Establishment and Freedom to Provide Services										
3.3.	Framework legislation									
3.3.	This section does not contain any measures.									
3.3.	Bylaws and other regulatory acts									
3.3.1	Articles 51, 56, 57, 58, 59 and 74.	Regulation on cross-border parcel delivery services, adopted	Regulation (EU) 2018/644	RAEPC	MoE	Q4 2022	F	6,510	0	6,510
3.3.2	Articles 51, 56, 57, 58, 59 and 74.	AI on Professionals who have acquired the right to practice a regulated profession outside the Republic of Kosovo.	EU Directive 2005/36	MESTI		Q4 2022	P	5,954	0	5,954
3.4. Acquis Chapter 4: Free Movement of Capital										
3.4.	Framework legislation									
3.4.	This section does not contain any measures.									
3.4.	Bylaws and other regulatory acts									
3.4.	This section does not contain any measures.									
3.5. Acquis Chapter 5: Public Procurement										

3.5.	<u>Framework legislation</u>									
3.5.1	Article 79	Draft-law on public procurement (amendment), approved.	Directive 2014/24/EU on Procurement in the Classical Sector; Utilities Directive 2014/25/EU; Directive 2009/81/EC; Council Directive 89/665/EEC; Council Directive 92/13/EEC	MFLT	PPRC CPA PRB	Q2 2022		1,500	0	1,500
3.5.	<u>Bylaws and other regulatory acts</u>									
3.5.	This section does not contain any measures.									
3.6. Acquis Chapter 6: Company Law										
3.6.	<u>Framework legislation</u>									
3.6.	This section does not contain any measures.									
3.6.	<u>Bylaws and other regulatory acts</u>									
3.6.1	Articles 51, point 1, 2, 4	AI on investigation and discipline, adopted	Amended Directive 2006/43/EC.	MFLT		Q3 2022		3,750	0	3,750
3.7. Acquis Chapter 7: Intellectual Property Law										
3.7.	<u>Framework legislation</u>									
3.7.	This section does not contain any measures.									
3.7.	<u>Bylaws and other regulatory acts</u>									
3.7.	This section does not contain any measures.									
3.8. Acquis Chapter 8: Competition Policy										
3.8.	<u>Framework legislation</u>									
3.8.	Competition									
3.8.	This section does not contain any measures.									
3.8.	State Aid									
3.8.1	Article 74	Amended draft-law on state aid, approved	EU Regulation 2015/1589, of 13 July 2015, Article 108 of TFEU, Regulation (EU) 2015/1588, of 13 July 2015, on the application of Articles 107 and 108 of TFEU	MFLT		Q4 2022	P	5,710	2,000	7,710
3.8.	<u>Bylaws and other regulatory acts</u>									
3.8.	Competition									
3.8.	This section does not contain any measures.									
3.8.	State Aid									
3.8.2	Article 74	Adoption of the Regulation on the conditions for the provision of Horizontal Aid	EC Regulation No. 1588/2015 and EC Regulation No. 651/2014 as well as other regulations in the area of horizontal aid	MFLT		Q4 2022	P	11,420	16,650	28,070
3.9. Acquis Chapter 9: Financial Services										
3.9.	<u>Framework legislation</u>									
3.9.	This section does not contain any measures.									
3.9	<u>Bylaws and other regulatory acts</u>									
3.9.3	Articles 50, 96 and annex 6	Regulation on Liquidity Risk Management, adopted	EU Directive 2013/36	CBK	CBK	Q4 2022	P	7,000	0	7,000
3.10. Acquis Chapter 10: Information Society and Media										
3.10.	Framework legislation									

3.10.1	Articles 109, 110 and 111	Draft-law on security measures for networks and information systems (new draft-law), approved	EU Directive no. 2016/61/EU Directive (EU) 2016/1148 of the European Parliament and of the Council of 6 July 2016 concerning measures for a high common level of security of network and information systems across the Union	MoE	RAEPC ACA MPL	Q4 2022	F	1,800	0	1,800
3.10.	<u>Bylaws and other regulatory acts</u>									
3.10.2	Articles 109, 110 and 111	Regulation on electronic identification schemes for certain level of security (new bylaw), adopted	Commission Implementing Regulation (EU) 2015/1501	MoE	CBK TAK MIA	Q4 2022	F	1,800	0	1,800
3.10.3	Articles 109, 110 and 111	Regulation on trust mark for reliable and qualified services (new bylaw), adopted	Commission Implementing Regulation (EU) 2015/806	MoE	CBK TAK MIA	Q4 2022	F	1,800	0	1,800
3.10.4	Articles 109, 110 and 111	Regulation on advanced electronic signatures and seals, advanced electronic time stamps and their validity (new bylaw), adopted	Commission Implementing Regulation (EU) 2015/1506	MoE	CBK TAK MIA	Q4 2022	F	1,800	0	1,800
3.10.5	Articles 109, 110 and 111	Regulation on equipment for creating a qualified or unqualified electronic signature and seal (new bylaw), adopted	Commission Implementing Regulation (EU) 2015/1506	MoE	CBK TAK MIA	Q4 2022	F	1,800	0	1,800
3.10.6	Articles 109, 110 and 111	Regulation on Conformity Assessment of advanced providers of trusted services and advanced qualified services and insurance against risk and damages caused by provision of advanced qualified services (new bylaw), adopted		MoE	CBK TAK MIA	Q4 2022	F	1,800	0	1,800
3.10.7	Articles 109, 110 and 111	Regulation on audio-visual commercial communications (amendment), adopted	Audio-Visual Media Services Directive - AVMSD	IMC		Q4 2022	P	1,800	0	1,800
3.10.8	Articles 109, 110 and 111	Regulation on the protection of children and minors in audio and audio-visual media services (amendment), adopted	Audio-Visual Media Services Directive - AVMSD	IMC		Q1 2022	P	1,800	0	1,800
3.10.9	Articles 109, 110 and 111	Regulation on the ownership and concentration of audio and audio-visual media services (new bylaw), adopted	Audio-Visual Media Services Directive - AVMSD	IMC		Q4 2022	P	1,800	0	1,800
3.10.10	Articles 109, 110 and 111	Regulation on Number Portability (amendment)	Directive (EU) 2018/1972 of the European Parliament and of the Council of 11 December 2018 establishing the European Electronic Communications Code;	RAEPC		Q2 2022	F	1,800	0	1,800
3.10.11	Articles 109, 110 and 111	Regulation on Market Analysis (amendment)	Directive (EU) 2018/1972 of the European Parliament and of the Council of 11	RAEPC		Q1 2022	F	1,800	0	1,800

			December 2018 establishing the European Electronic Communications Code							
3.10.12	Articles 109, 110 and 111	Regulation on dispute resolution, adopted	Directive 2014/61/EU of the European Parliament and of the Council of 15 May 2014 on measures to reduce the cost of deploying high-speed electronic communications networks	RAEPC		Q1 2022	F	1,800	0	1,800
3.11. Acquis Chapter 11: Agriculture and Rural Development										
3.11.	Policy framework									
3.11.1	Article 102	Draft-law on establishing a common organisation of markets, approved	Regulation (EU) 1308/2013 establishing a common organisation of the markets; Commission Delegated Regulation (EU) 2017/40 with regard to Union aid for the supply of fruit and vegetables, bananas and milk in educational establishments Commission Implementing Regulation (EU) 2017/39 on rules for the application of 1308/2013	MAFRD		Q4 2022	P	8,100	0	8,100
3.11.	Bylaws and other regulatory acts									
3.11.	This section does not contain any measures.									
3.12. Acquis Chapter 12: Food Safety, Veterinary and Phytosanitary Policy										
3.12.	Framework legislation									
3.12.	This section does not contain any measures.									
3.12.	Bylaws and other regulatory acts									
3.12.1	Article 102	AI on laying down health rules for animal by-products and products derived thereof not intended for human consumption (new bylaw), adopted	Regulation (EC) No 1069/2009 of the European Parliament and of the Council laying down health rules as regards animal by-products and derived products not intended for human consumption and repealing Regulation (EC) No 1774/2002 (Regulation on animal by-products).	FVA	MAFRD OPM MESPI MLGA	Q1 2022	P	160	0	160
3.12.2	Article 102	AI on Implementing AI on laying down health rules as regards animal by-products and derived products not intended for human consumption (new bylaw), adopted	Commission Regulation no. 142/2011 implementing Regulation (EC) No 1069/2009 of the European Parliament and of the Council laying down health rules as regards animal by-products and derived products not intended for human consumption and implementing Council Directive 97/78/EC as regards certain samples and items exempt from veterinary checks at the border under that Directive	FVA	MAFRD OPM MESPI MLGA	Q2 2022	P	160	0	160
3.13. Acquis Chapter 13: Fisheries										
3.13.	Framework legislation									
3.13.	This section does not contain any measures.									
3.13.	Bylaws and other regulatory acts									
3.13.	No measures has been foreseen in this Chapter									

3.14. Acquis Chapter 14: Transport Policy										
3.14.	Framework legislation									
3.14.1	Article 113	Draft-law on road transport (amended-supplemented), approved	Directive no. 1071/2009/EC on access to the occupation of road transport operator Directive no.1072/2009/EC on common rules for access to the international road haulage market Directive No. 1073/2009/EC on common rules on access to the international market of vehicle crew and passenger transportation services Regulation 2016/68 on common procedures and specifications necessary for the interconnection of electronic registers of drivers cards Regulation 165/2014 of EU which regulates driving and rest time	MESPI	MIA	Q2 2022	P	3,375	0	3,375
3.14.	Bylaws and other regulatory acts									
3.14.2	Article 113	AI on technical conditions of vehicles to participate in road traffic, adopted	Council Directive 96/53/EC of 25 July 1996 laying down maximum dimensions allowed in internal and international traffic and maximum authorized weights allowed in internal and international traffic for certain vehicles in EU states (OJ L 235, dated 17.09.1996) Directive 2002/7/EC of the European Parliament and of the Council of 18 February 2002 amending Council Directive 96/53/EC laying down for certain road vehicles circulating within the Community the maximum authorised dimensions in national and international traffic and the maximum authorised weights in international traffic (OJ L 67, dated 09.03.2002) Directive (EU) 2015/719 of the European Parliament and of the Council of 29 April 2015 amending Council Directive 96/53/EC laying down for certain road vehicles circulating within the Community the maximum authorised dimensions in national and international traffic and the maximum authorised weights in international traffic (OJ L 115, dated 06.05.2015) Directive 2007/38/EC of the European Parliament and of the Council of 11 July 2007 on the retrofitting of mirrors to heavy goods	MESPI		Q4 2022	P	3,375	0	3,375

			vehicles registered in the Community (OJ L 57, dated 02.03.2007) Council Directive 92/6/EEC of 10 February 1992 on the installation and use of speed limitation devices for certain categories of motor vehicles in the Community (OJ L 57, dated 02.03.1992) Directive 2002/85/EC of the European Parliament and of the Council of 5 November 2002 amending Council Directive 92/6/EEC on the installation and use of speed limitation devices for certain categories of motor vehicles in the Community (OJ L 327, dated 04.12.2002)							
3.14.3	Article 113	AI on periodic roadworthiness tests. (amended-supplemented), adopted	Directive 2014/45 on periodic roadworthiness tests	MESPI		Q1 2022	P	3,780	0	3,780
3.14.4	Article 113	AI on the technical roadside inspection of the roadworthiness, adopted	Directive 2014/47 on the technical roadside inspection of the roadworthiness	MESPI		Q1 2022	P	1,125	0	1,125
3.14.5	Article 113	AI for licensing the road transport operators of goods (amended-supplemented), adopted	Regulation (EC) No 1071/2009 on access to road transport Network operator occupation Directive no.1072-2009-EC on common rules for access to the international road haulage market	MESPI		Q3 2022	P	2,950	0	2,950
3.14.6	Article 113	AI on licensing the operators for the road transport of passengers by bus (amended-supplemented), adopted	Regulation no. 1071/2009/EC for access to road transport operator occupation	MESPI		Q4 2022	P	2,950	0	2,950
3.14.7	Article 113	Regulation on approval of basic parameters for the registers of train driving licences and complementary certificates, adopted	Commission Decision 2010/17/CE of 29 October 2009 on the adoption of basic parameters for registers of train driving licences and complementary certificates provided for under Directive 2007/59/EC of the European Parliament and of the Council (notified under document C(2009) 8278 (Text with EEA relevance)	RRA	MI	Q4 2022	F	2,950	0	2,950
3.14.8	Article 113	Regulation on technical specifications for interoperability as regards to subsystem "telematics applications for passenger services" STI TAP, adopted	Commission Regulation (EU) No 454/2011 of 5 May 2011 on the technical specification for interoperability relating to the subsystem 'telematics applications for passenger services' of the trans-European rail system	RRA	MI	Q4 2022	F	2,950	0	2,950
3.14.9	Article 113	Regulation (CAA) amending Regulation (CAA) 05/2015 as regards the automatic validation of Union flight crew licences and take-off and landing training (amendment), adopted	Commission Regulation (EU) 2018/1065 of 27 July 2018 amending Regulation (EU) No 1178/2011 as regards the automatic validation of Union flight crew licences and take-off and landing training	CAA		Q1 2022	F	469	0	469

3.14.10	Article 113	Regulation (CAA) amending Regulation (CAA) 05/2015 as regards declared training organisations (amended-supplemented), adopted	Commission Regulation (EU) 2018/1119 of 31 July 2018 amending Regulation (EU) No 1178/2011 as regards declared training organisations	CAA		Q1 2022	F	3,219	0	3,219
3.14.11	Article 113	Regulation (CAA) amending Regulation (AAC) 05/2015 laying down technical requirements and administrative procedures related to civil aviation aircrew pursuant to Regulation (AAC) 05/2020, adopted	Commission Implementing Regulation (EU) 2018/1974 of 14 December 2018 amending Regulation (EU) No 1178/2011 laying down technical requirements and administrative procedures related to civil aviation aircrew pursuant to Regulation (EU) 2018/1139 of the European Parliament and of the Council	CAA		Q1 2022	F	6,495	0	6,495
3.14.12	Article 113	Regulation (CAA) amending Regulation (CAA) 05/2015 laying down technical requirements and administrative procedures related to civil aviation aircrew pursuant to Regulation (CAA) 05/2020 of the European Parliament and of the Council (amended-supplemented), adopted	Commission Implementing Regulation (EU) 2019/27 of 19 December 2018 amending Regulation (EU) No 1178/2011 laying down technical requirements and administrative procedures related to civil aviation aircrew pursuant to Regulation (EU) 2018/1139 of the European Parliament and of the Council	CAA		Q1 2022	F	4,845	0	4,845
3.14.13	Article 113	Regulation (CAA) amending Regulation (CAA) 9/2020 as regards reporting requirements and reporting channels between organisations, and requirements for meteorological services. (amended-supplemented), adopted	Commission Implementing Regulation (EU) 2021/1338 amending Implementing Regulation (EU) 2017/373 as regards reporting requirements and reporting channels between organisations, and requirements for meteorological services	CAA		Q2 2022	F	6,321	0	6,321
3.14.14	Article 113	Regulation (CAA) amending and correcting Regulation (CAA) 1/2019 regarding requirements for fuel/energy planning and management, and as regards requirements on support programmes and psychological assessment of flight crew, as well as testing for psychoactive substances (amended-supplemented), adopted	Commission Implementing Regulation (EU) 2021/1296 of 4 August 2021 amending and correcting Regulation (EU) No 965/2012 as regards the requirements for fuel/energy planning and management, and as regards requirements on support programmes and psychological assessment of flight crew, as well as testing of psychoactive substances	CAA		Q3 2022	F	6,321	0	6,321
3.14.15	Article 113	Regulation (CAA) amending Regulation (CAA) No. 9/2017 regarding the joint European risk classification scheme (amended-supplemented), adopted	Commission Delegated Regulation (EU) 2020/2034 of 6 October 2020 supplementing Regulation (EU) No 376/2014 of the European Parliament and of the Council as regards the common European risk classification scheme	CAA		Q4 2022	F	1,588	0	1,588
3.15. Acquis Chapter 15: Energy										
3.15.	<u>Framework legislation</u>									

3.15.1	Article 114	Draft-law on mandatory oil reserves, approved	Directive no. 2009/119/EC imposing an obligation on member states to maintain minimum reserves of crude oil and petroleum products	MIET		Q4 2022	P	7,200	0	7,200
3.15.2	Article 114	Draft-law on Renewable Energy Sources, approved	Directive No. 2009/28/EC on the promotion of the use of energy from renewable sources and repealing Directive No. 2001/77/EC and Directive No. 2003/30/EC	ME	MESPI MIET ERO KAEE MAFRD MFLT	Q4 2022		7,200	0	7,200
3.15.	Bylaws and other regulatory acts									
3.15.3	Article 114	AI on energy services (ESCO) for the private and household sector, adopted	Directive No. 2012/27/EC on energy efficiency, amending Directive No. 2009/125/EC and Directive No. 2010/30/EC and repealing Directive No. 2004/8/EC and Directive No. 2006/32/EC	ME	MFLT KAEE ERO	Q1 2022	P	7,200	0	7,200
3.16. Acquis Chapter 16: Taxation										
3.16.	Framework legislation									
3.16.	No measures are foreseen in this Chapter.									
3.16.	Bylaws and other regulatory acts									
3.16.	No measures are foreseen in this Chapter.									
3.17. Acquis Chapter 17: Economic and Monetary Policy										
3.17.	Framework legislation									
3.17.	No measures are foreseen in this Chapter.									
3.17.	Bylaws and other regulatory acts									
3.17.	No measures are foreseen in this Chapter.									
3.18. Acquis Chapter 18: Statistics										
3.18.	Framework legislation									
3.18.	This section does not contain any measures.									
3.18.	Bylaws and other regulatory acts									
3.18.	This section does not contain any measures.									
3.19. Acquis Chapter 19: Social Policy and Employment										
3.19.	Framework legislation									
3.19.1	Articles 82 and 106	Draft-law on labour, approved	1. Council Directive 91/533/EEC of 14 October 1991 on an employer's obligation to inform employees of the conditions applicable to the contract or employment relationship (OJ L 288, 18.10.1991); 2. Council Directive 92/85/EEC of 19 October 1992 on the introduction of measures to encourage improvements in the safety and health at work of pregnant workers and workers who have recently given birth or are breastfeeding (tenth individual Directive within the meaning of	MFLT	MoH, OPM, MEST MoE	Q2 2022	P	6,750	300	7,050

			<p>Article 16 (1) of Directive 89/391/EEC (OJ L 348, 28.11.1992);</p> <p>3. Council Directive 94/33/EC of 22 June 1994 on the protection of young people at work (OJ L 216, 20.8.1994);</p> <p>4. Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services (8 OJ L 18, 21.1.1997);</p> <p>5. Directive 2014/67/EU of 15 May 2014 on the enforcement of Directive 96/71/EC concerning the posting of workers in the framework of the provision of services and amending Regulation (EU) No. 1024/2012 on administrative cooperation through the Internal Market Information System ('the IMI Regulation');</p> <p>6. Council Directive 97/81/EC of 15 December 1997 concerning the Framework Agreement on part-time work concluded by UNICE, CEEP and the EUTC (OJ L 14, 20.1.1998), amended by Council Directive 98/23/EC of 7 April 1998 (OJ L 131, 5.5.1998);</p> <p>7. Council Directive 98/59/EC of 20 July 1998 on the approximation of the laws of the Member States relating to collective redundancies (OJ L 225, 12.8.98);</p> <p>8. Council Directive 99/70/EC of 28 June 1999 concerning the framework agreement on fixed-term work concluded by ETUC, UNICE and CEEP (OJ L 14, 20.01.1998);</p> <p>9. Council Directive 2000/43/EC of 29 June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin (OJ L 180, 19.07.2000);</p> <p>10. Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation (OJ L 303, 2.12.2000);</p> <p>11. Council Directive 2001/23/EC of 12 March 2001 on the approximation of the laws of the Member States relating to the safeguarding of employees' rights in the</p>									
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			event of transfers of undertakings, businesses or parts of undertakings or businesses (3 OJ L 82 , 0.6.2001); 12. Directive 2002/14/EC of the European Parliament and of the Council of 11 March 2002 establishing a general framework for informing and consulting employees in the European Community (OJ L 80, 23.3.2002); 13. Directive 2003/88/EC of the European Parliament and of the Council of 4 November 2003 concerning certain aspects of the organization of working time (OJ L 299, 18.11.2003); 14. Directive 2006/54/EC of the European Parliament and of the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation (recast) (OJ L204, 26.7). 2006, p.23); 15. Directive 2008/94/EC of the European Parliament and of the Council of 22 October 2008 on the protection of employees in the event of the insolvency of their employer (codified version) (OJ L 283, 28.10.2008); 16. Directive 2008/104/EC of the European Parliament and of the Council of 19 November 2008 concerning certain aspects of the organization of working time (OJ L 327, 5.12.2008); 17. Directive (EU) 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers and repealing Council Directive 2010/18/EU.							
3.19.2	Articles 82 and 106	Draft-law on social assistance scheme, approved		MFLT	OPM	Q4 2022		0	50,000	50,000
3.19.3	Articles 82 and 106	Draft-law amending the Law No. 04/L-161 on Safety and Health at Work, approved	Directive 89/391/EC of European Council of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work (Framework Directive).	MFLT	MoH OPM	Q2 2022	P	6,750	300	7,050
3.19.	Bylaws and other regulatory acts									
3.19.	This section does not contain any measures.									
3.20. Acquis Chapter 20: Enterprise and Industrial Policy										
3.20.	Framework legislation									

3.20.	This section does not contain any measures.									
3.20.	<u>Bylaws and other regulatory acts</u>									
3.20.	This section does not contain any measures.									
3.21. Acquis Chapter 21: Trans-European Networks										
3.21.	<u>Framework legislation</u>									
3.21.	This section does not contain any measures.									
3.21.	<u>Bylaws and other regulatory acts</u>									
3.21.	This section does not contain any measures.									
3.22. Acquis Chapter 22: Regional Policy and Coordination of Structural Instruments										
3.22.	<u>Framework legislation</u>									
3.22.	This section does not contain any measures.									
3.22.	<u>Bylaws and other regulatory acts</u>									
3.22.	This section does not contain any measures.									
3.23. Acquis Chapter 23: Judiciary and Fundamental Rights										
3.23.	<u>Framework legislation</u>									
3.23.	Judicial System									
3.23.1	Articles 83 and 91	Draft-law on the Kosovo Prosecutorial Council (amendment), approved		MoJ	KPC KJC	Q2 2022		3,000	0	3,000
3.23.2	Articles 83 and 91	Draft-law on the State Prosecutor (amendment), approved		MoJ	KPC KJC	Q2 2022		3,000	0	3,000
3.23.3	Articles 83 and 91	Draft-law on Central Criminal Records System (new draft-law), approved		MoJ	KPC KJC MIA	Q3 2022		3,000	0	3,000
3.23.4	Articles 83 and 91	Draft-law on Administrative Disputes, approved		MoJ	KJC MIA OPM MFLT	Q2 2022		3,000	0	3,000
3.23.	Anticorruption policy									
3.23.	This section does not contain any measures.									
3.23.	Fundamental Rights									
3.23.5	Articles 3 and 4	Draft-law on Freedom of Religion in Kosovo (amendment), approved		OPM		Q3 2022		3,000	0	3,000
3.23.6	Articles 3 and 4	Draft-law on Execution of Penal Sanctions (amendment), approved		MoJ	KJC MIA OPM MFLT	Q2 2022		3,000	0	3,000
3.23.7	Articles 3 and 4	Draft-law on the Independent Media Commission (amendment), approved		OPM	IMC	Q3 2022		3,000	0	3,000
3.23.8	Articles 3 and 4	Draft-law on Prevention and Protection from Domestic Violence and Gender-Based Violence, approved	The Istanbul Convention should be transposed, which, by a constitutional amendment in 2020, became part of the Constitution of Kosovo.	OPM		Q1 2022		3,000	0	3,000
3.23.	Protection of Minorities and Cultural Heritage									

3.23.	This section does not contain any measures.									
3.23.	Protection of Personal Data									
3.23.	This section does not contain any measures.									
3.23.	<u>Bylaws and other regulatory acts</u>									
3.23.	Judicial System									
3.23.9	Articles 83	Regulation on Standard Rate, adopted		KJC		Q2 2022		2,984	0	2,984
3.23.10	Articles 83	Regulation on Appointment of Judicial Experts, adopted.		KJC		Q4 2022		2,984	0	2,984
3.23.11	Articles 83	Regulation on Performance Evaluation of the Chairs, Deputy Chairs, Members serving in the KJC full time, Presidents of Court and Supervising Judges, adopted.		KJC		Q4 2022		2,984	0	2,984
3.23.12	Articles 83	Regulation on the Procedure for the Election, Appointment, Suspension and Dismissal of Presidents of Court and Supervising Judges, adopted.		KJC		Q4 2022		2,984	0	2,984
3.23.13	Articles 83	Regulation on the Status, Rights, Obligations, Performance and Discipline of Professional Associates, adopted.		KJC		Q4 2022		2,984	0	2,984
3.23.14	Articles 83 and 91	AI on the Use of Symbols in the Prosecutorial System of the Republic of Kosovo, adopted		KPC		Q4 2022		4,381	0	4,381
3.23.15	Articles 83	AI on remuneration for the work and reimbursement of expenses related to work performed by notaries, adopted		MoJ	KJC MFLT	Q3 2022		3,000	0	3,000
3.23.16	Articles 83	AI on Execution Fees, adopted		MoJ	KJC MFLT	Q3 2022		3,000	0	3,000
3.23.	Anticorruption policy									
3.23.	This section does not contain any measures.									
3.23.	Fundamental Rights									
3.23.	This section does not contain any measures.									
3.23.	Protection of Minorities and Cultural Heritage									
3.23.	This section does not contain any measures.									
3.23.	Protection of Personal Data									
3.23.17	Article 84	Regulation on Security Measures during the Processing of Personal Data		IPA		Q3 2022		2,700	0	2,700
3.23.18	Article 84	Regulation on the Internal Procedure of Review of Requests		IPA		Q4 2022		4,050	0	4,050

		for Allowing the International Transfer of Personal Data								
3.24. Acquis Chapter 24: Justice, Freedom and Security										
3.24.	<u>Framework legislation</u>									
3.24.	Border Management									
3.24.1	Article 85	Draft-law on Amending Law No. 04/L-072 on State Border Control and Surveillance	Council Directive 2004/82/EC of 29 April 2004 on the obligation of carriers to communicate passenger data; Directive 2016/681/EU of the European Parliament and of the Council of 27 April 2016 on the use of passenger name record (PNR) data for the prevention, detection, investigation and prosecution of terrorist offenses and serious crime	MIA		Q2 2022	P	1,500	0	1,500
3.24.	Visas									
3.24.	This section does not contain any measures.									
3.24.	Document Security									
3.24.	This section does not contain any measures.									
3.24.	Asylum									
3.24.	This section does not contain any measures.									
3.24.	Migration									
3.24.2	Article 88	Readmission agreement with Latvia, signed		MIA	MFAD KP	Q4 2022		3,000	0	3,000
3.24.3	Article 88	Readmission agreement with Lithuania, signed		MIA	MFAD KP	Q4 2022		3,000	0	3,000
3.24.4	Article 85	Draft-law amending the Law on Foreigners	Council Directive No. 2003/86/EC of 22 September 2003 on the right to family reunification; Council Directive 2003/109/EC of 25 November 2003 concerning the status of third-country nationals who are long-term residents; Council Directive 2009/50/EC of 25 May 2009 on the conditions of entry and residence of third-country nationals for the purposes of highly qualified employment (EU Blue Card Directive); Directive 2011/98/EU of the European Parliament and of the Council of 13 December 2011 on a single application procedure for a single permit for third-country nationals to reside and work in the territory of a Member State and on a common set of rights for third-country workers legally residing in a Member State;	MIA		Q4 2022	P	10,800	5,000	15,800

			<p>Directive 2014/36/EU of the European Parliament and of the Council of 26 February 2014 on the conditions of entry and stay of third-country nationals for the purpose of employment as seasonal workers;</p> <p>Directive 2014/66/EU of the European Parliament and of the Council of 15 May 2014 on the conditions of entry and residence of third-country nationals in the framework of an intra-corporate transfer;</p> <p>Directive (EU) 2016/801 of the European Parliament and of the Council of 11 May 2016 on the conditions of entry and residence of third-country nationals for the purposes of research, studies, training, voluntary service, pupil exchange schemes or educational projects and au pairing;</p> <ul style="list-style-type: none"> • Draft Regulation of the European Parliament and of the Council amending Regulation (EC) No. 862/2007 of the European Parliament and of the Council on Community statistics on migration and international protection. <p>- Directive 2008/115/EC of the European Parliament and of the Council of 16 December 2008 on common standards and procedures in Member States for returning illegally staying third-country nationals.</p>							
3.24.	Fight against money laundering and terrorist financing									
3.24.	This section does not contain any measures.									
3.24.	Fight against narcotics									
3.24.	This section does not contain any measures.									
3.24.	Fight against organized crime and police cooperation									
3.24.5	Article 91	Draft-law on cyber-security, approved	EU Directive 2013/40/EU of the European Parliament and of the Council of 12 August 2013 on attacks against information systems and replacing Council Framework Decision 2005/222/JHA	MIA		Q2 2022	P	10,800	5,000	15,800
3.24.6	Article 91	Draft-law amending the Law No. 05/L-022 on Weapons, approved	Directive (EU) 2021/555 of the European Parliament and of the Council of 24 March 2021 on the control of the purchase and possession of weapons	MIA		Q4 2022	P	10,800	0	10,800
3.24.	Fight against terrorism									
3.24.	This section does not contain any measures.									
3.24.	International legal cooperation in criminal and civil matters									

3.24.7	Articles 3 and 4	Legal Cooperation Agreement with France, signed		MoJ		Q4 2022		2,000	0	2,000
3.24.8	Articles 3 and 4	Legal Cooperation Agreement with Switzerland, signed		MoJ		Q1 2022		2,000	0	2,000
3.24.	<u>Bylaws and other regulatory acts</u>									
3.24.	Border Management									
3.24.	This section does not contain any measures.									
3.24.	Visas									
3.24.	This section does not contain any measures.									
3.24.	Document Security									
3.24.	This section does not contain any measures.									
3.24.	Asylum									
3.24.	This section does not contain any measures.									
3.24.	Migration									
3.24.	This section does not contain any measures.									
3.24.	Fight against money laundering and terrorist financing									
3.24.	This section does not contain any measures.									
3.24.	Fight against narcotics									
3.24.	This section does not contain any measures.									
3.24.	Fight against organized crime and police cooperation									
3.24.	This section does not contain any measures.									
3.24.	Fight against terrorism									
3.24.	This section does not contain any measures.									
3.24.	International legal cooperation in criminal and civil matters									
3.24.	This section does not contain any measures.									
3.25. Acquis Chapter 25: Science and Research										
3.25.	<u>Framework legislation</u>									
3.25.	This section does not contain any measures.									
3.25.	<u>Bylaws and other regulatory acts</u>									
3.25.	This section does not contain any measures.									
3.26. Acquis Chapter 26: Education and Culture										
3.26.	<u>Framework legislation</u>									
3.26.1	Article 118	Draft-law on Higher Education (amendment), approved		MESTI		Q4 2022		15,072	0	15,072
3.26.2	Article 118	Draft-law on Early Childhood Education 0-6 years in the Republic of Kosovo (new draft-law), approved		MESTI		Q2 2022		15,072	0	15,072
3.26.3	Article 118	Draft-law on Textbooks and Teaching Material		MESTI		Q3 2022		15,072	0	15,072
3.26.	<u>Bylaws and other regulatory acts</u>									
3.26.	This section does not contain any measures.									
3.27. Acquis Chapter 27: Environment										
3.27.	Framework legislation									

3.27.1	Articles 115, 116 and 117	Draft-law on Waters of Kosovo (amendment), approved	Water Framework Directive No. 2000/60/EC Directive No. 91/271/EEC concerning Urban Waste-water Treatment Directive No. 98/83/EC on the Quality of Water intended for Human Consumption	MESPI	OPM MAFRD MFLT	Q2 2022	P	8,910	0	8,910
3.27.2	Articles 115, 116 and 117	Draft-law on Integrated Pollution Prevention and Control, approved	Directive No. 2010/75/EU (IED) on Industrial Emissions	MESPI	MFLT	Q2 2022	P	8,910	0	8,910
3.27.	Bylaws and other regulatory acts									
3.27.3	Articles 115, 116 and 117	AI on conditions, manners, parameters and limit values of wastewater discharge into public sewerage network and in the water body (amendment), adopted	Directive No. 91/271/EEC concerning urban waste-water treatment	MESPI	MIET MoH	Q1 2022	P	3,780	0	3,780
3.28. Acquis Chapter 28: Consumer and Health Protection										
3.28.	Framework legislation									
3.28.	Consumer protection									
3.28.1	Article 81	Draft-law on Consumer Protection, approved	Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumers commercial practices Directive EU/2019/2161 of the European Parliament and of the Council of 27 November 2019 as regards the better enforcement and modernization of Union consumer protection rules	MIET		Q4 2022	P	5,000	11,500	16,500
3.28.	Health protection									
3.28.2	Article 106	Draft-law on Health Insurance, approved	Decision 2011/24/EC	MoH		Q4 2022		5,000	10,000	15,000
3.28.3	Article 106	Draft-law on Health, approved	Council Directive 2010/32/EU of 10 May 2010 implementing the Framework Agreement on prevention from sharp injuries in the hospital and healthcare sector concluded by HOSPEEM and EPSU	MoH		Q4 2022		5,000	10,000	15,000
3.28.4	Article 106	Draft-law on Prevention and Fighting against Infectious Diseases, approved	2.1 Decision No. 1082/2013/EU of the European Parliament and of the Council on serious cross-border threats to health and repealing Decision No. 2119/98/EC; 2.2 Commission Decision 2002/253/EC of 19 March 2002 laying down case definitions for reporting communicable diseases to the Community network under Decision No. 2119/98/EC of the European Parliament and of the Council; 2.3 Directive 95/46/EC of the European Parliament and of the Council of 24 October	MoH		Q4 2022		5,000	10,000	15,000

			1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data							
3.28.	<u>Bylaws and other regulatory acts</u>									
3.28.	Consumer protection									
3.28.	This section does not contain any measures.							-	-	-
3.28.	Health protection									
3.28.5	Article 106	AI on the implementation of exemption from payment of premiums, co-payments and co-financing for health services, drafted		MoH		Q4 2022		2,500	5,000	7,500
3.29. Acquis Chapter 29: Customs Union										
3.29.	<u>Framework legislation</u>									
3.29.1	Articles 77 and 104	Customs and Excise Draft Code of Kosovo (amendment), approved	Regulation (EU) No. 952/2013 of the European Parliament and of the Council of 9 December 2013 laying down the Union Customs Code	MFLT		Q2 2022	P	5,600	0	5,600
3.29.	<u>Bylaws and other regulatory acts</u>									
3.29.	This section does not contain any measures.							-	-	-
3.30. Acquis Chapter 30: External relations										
3.30.	<u>Framework legislation</u>									
3.30.	This section does not contain any measures.							-	-	-
3.30.	<u>Bylaws and other regulatory acts</u>									
3.30.	This section does not contain any measures.							-	-	-
3.31. Acquis Chapter 31: Foreign, Security and Defence Policy										
3.31.	<u>Framework legislation</u>									
3.31.1	Articles 11 and 15	Law on International Sanctions, amended		MFAD	-	Q2 2022	-	10,000	0	10,000
3.31.	<u>Bylaws and other regulatory acts</u>									
3.31.	This section does not contain any measures.							-	-	-
3.32. Acquis Chapter 32: Financial Control										
3.32.	<u>Framework legislation</u>									
3.32.	This section does not contain any measures.							-	-	-
3.32.	<u>Bylaws and other regulatory acts</u>									
3.32.	This section does not contain any measures.							-	-	-
3.33. Acquis Chapter 33: Financial and Budgetary Provisions										
3.33.	<u>Framework legislation</u>									
3.33.	This section does not contain any measures.							-	-	-
3.33.	<u>Bylaws and other regulatory acts</u>									
3.33.	This section does not contain any measures.							-	-	-
3.34. Acquis Chapter 34: Institutions										
3.34.	The Programme does not cover this Chapter at this stage of EU accession.									
3.35. Acquis Chapter 35: Other Issues										
3.35.	The Programme does not cover this Chapter at this stage of EU accession.									

IMPLEMENTING MEASURES										
No.	SAA provisions	Objectives	Indicators	Responsible Institution	Supporting Institutions	Time-frame	Reference documents	Budget		
								BRK	Donors	Total
1. BLOCK I: POLITICAL CRITERIA										
1.1. Democracy and Rule of Law										
1.1.1. Constitution, Parliament and Electoral System										
1.1.1.	<u>Policy framework</u>									
1.1.1.	This section does not contain any measures.									
1.1.1.	<u>Institutional reforms and institutional capacity building</u>									
1.1.1.2	Article 120	Recommendations of the Election Observation Mission which are related to amendments in legislation, government decisions and allocation of financial resources, implemented	Ad-hoc Committee and Advisory Group, established	Assembly		Q4 2022	-	2,000	0	2,000
1.1.1.	<u>Enforcement</u>									
1.1.1.	This section does not contain any measures.									
1.1.2. Public Administration										
1.1.2.	<u>Policy framework</u>									
1.1.2.4	Article 120	Continuation of institutional reforms and institutional capacity building in the area of public administration, in order to implement EU standards and principles for PA	New Strategic Framework for PAR 2021-2026, adopted	MIA	OPM	Q4 2022	-	10,440	3,500	13,940
1.1.2.5	Article 120	Continuation of institutional reforms and institutional capacity building in the area of public administration, in order to implement EU standards and principles for PA	Concept Document on Local Elections	MLGA		Q2 2022		10,440	3,500	13,940
1.1.2.6	Article 120	Continuation of institutional reforms and institutional capacity building in the area of public administration, in order to implement EU standards and principles for PA	Concept Document on Inter-Municipal Cooperation and Local Democracy	MLGA		Q4 2022		10,440	3,500	13,940
1.1.2.7	Article 120	Continuation of institutional reforms and institutional capacity building in the area of public administration, in order to implement EU standards and principles for PA	Concept Document for Leasing and Exchange of Immovable Property of the Municipality, approved	MAPL		Q4 2022	Strategic Operational Plan 2022	10,440	3,500	13,940
1.1.2.8	Article 121	Continuation of institutional reforms and institutional capacity building in the area of public	Civil Service Admission Question Bank, established	MIA	OPM	Q4 2022	ERA II	0	18,000	18,000

		administration, in order to implement EU standards and principles for PA					Strategic Operational Plan 2022			
1.1.2.9	Article 122	Continuation of institutional reforms and institutional capacity building in the area of public administration, in order to implement EU standards and principles for PA	At least 20% of existing draft-laws, draft-laws, bylaws and administrative instructions that contain special administrative procedures and are part of the legislative program, harmonized with the LGAP	MIA	OPM	Q1 2022	ERA II Strategic Operational Plan 2022	500	0	500
1.1.2.10	Article 122	Continuation of institutional reforms and institutional capacity building in the area of public administration, in order to implement EU standards and principles for PA	Guidelng on conduction of interview in the recruitment process, approved	MIA	OPM	Q4 2022	ERA II Strategic Operational Plan 2022	0	2,000	2,000
1.1.2.11	Article 120	Continuation of institutional reforms and institutional capacity building in the area of public administration, in order to implement EU standards and principles for PA	Guide on evaluation of performance of executive agencies for the implementation of the law on the organization and functioning of the state administration and independent agencies, developed and approved, drafted	OPM		Q2 2022	ERA II	333	0	333
1.1.2.12	Article 120	Continuation of institutional reforms and institutional capacity building in the area of public administration, in order to implement EU standards and principles for PA	Annual report on evaluation of performance of executive agencies, drafted	OPM		Q3 2022	ERA II	333	0	333
1.1.2.13	Article 120	Continuation of institutional reforms and institutional capacity building in the area of public administration, in order to implement EU standards and principles for PA	Final report on performance of executive agencies in the Government, approved	OPM		Q3 2022	ERA II	333	0	333
1.1.2.	<u>Institutional reforms and institutional capacity building</u>									
1.1.2.	This section does not contain any measures.									
1.1.2.	<u>Enforcement</u>									
1.1.2.	This section does not contain any measures.									
1.1.3. Ombudsperson										
1.1.3.	<u>Policy framework</u>									
1.1.3.	This section does not contain any measures.									
1.1.3.	<u>Institutional reforms and institutional capacity building</u>									
1.1.3.	This section does not contain any measures.									
1.1.3.	<u>Enforcement</u>									
1.1.3.1	Articles 3, 4 and 7	Monitoring the implementation of the ombudsperson's recommendations	Number of OI recommendations implemented by the responsible authorities,	OPM		Q4 2022		4,800	0	4,800

			based on indicator 7.3.2 of the Sector Budget Contract for PAR							
1.1.3.2	Articles 3, 4 and 7	Monitoring the implementation of the ombudsperson's recommendations	Number of responses received from the responsible authorities, based on indicator 7.3.1 of the Sector Budget Contract for PAR	OPM		Q4 2022		4,800	0	4,800
1.1.4. Civilian Oversight of Security Forces										
1.1.4.	<u>Policy framework</u>									
1.1.4.	This section does not contain any measures.									
1.1.4.	<u>Institutional reforms and institutional capacity building</u>									
1.1.4.	This section does not contain any measures.									
1.1.4.	<u>Enforcement</u>									
1.1.4.	This section does not contain any measures.									
1.2. Regional Cooperation and International Obligations										
1.2.	<u>Policy framework</u>									
1.2.	This section does not contain any measures.									
1.2.	<u>Institutional reforms and institutional capacity building</u>									
1.2.	This section does not contain any measures.									
1.2.	<u>Enforcement</u>									
1.2.	This section does not contain any measures.									
2. BLOCK II: ECONOMIC CRITERIA										
2.1. Existence of a Functional Market Economy										
2.1.	<u>Policy framework</u>									
2.1.1	Articles 25, 43, 75, 93, 94, 96, 98, 106, 107, 121, 123	Drafting the Public Finance Management Reform Strategy 2022-2026 and the Action Plan	PFMRS Strategy (2022-2026) and Action Plan, adopted	MFLT	OPM MIA NAO PPRC	Q3 2022	Government Programme 2022-2025 ERA II	80,600	104,000	184,600
2.1.2	Articles 25, 43, 75, 93, 94, 96, 98, 106, 107, 121, 123	Development of a policy framework for public enterprises	Concept Document on Amending the Law on Publicly Owned Enterprises, adopted	ME		Q3 2022		9,000	0	9,000
2.1.	<u>Institutional reforms and institutional capacity building</u>									
2.1.	This section does not contain any measures.									
2.1.	<u>Enforcement</u>									
2.1.	This section does not contain any measures.									
2.2. Capacity to Cope with Competitive Pressure and Market Forces within the Union										
2.2.	<u>Policy framework</u>									
2.2.	This section does not contain any measures.									
2.2.	<u>Institutional reforms and institutional capacity building</u>									
2.2.	This section does not contain any measures.									
2.2.	<u>Enforcement</u>									
2.2.1	Articles 25, 43, 75, 93, 94, 96, 98, 106, 107, 121, 123	Reduction of the administrative burden	Programme for the Reduction of Administrative Burden, revised	OPM	Ministries	Q3 2022	ERA II Conclusions of SC on Economic and	0	50,000	50,000

							Financial Issues and Statistic			
3. BLOCK III: EUROPEAN STANDARDS – APPROXIMATION OF KOSOVO’S LEGISLATION WITH THE EU ACQUIS										
3.0. Legal Framework on Approximation of Kosovo’s Legislation with the EU Acquis										
3.0.	Framework legislation									
3.0.	This section does not contain any measures.									
3.0.	Bylaws and other regulatory acts									
3.0.	This section does not contain any measures.									
3.1. Acquis Chapter 1: Free Movement of Goods										
3.1.	Policy framework									
3.1.4	Articles 20, 80 and 74 point 3	Implementation of the Programme for the Elimination of Technical Barriers to Trade 2021-2025 (Articles 34-36 TFEU Treaty on the Functioning of the European Union)	Number of revised/approximated acts in the area of technical and non-technical non-harmonized legislation	MIET	MoH ME	Q4 2022	Conclusions of SC on Trade, Industry, Customs and Taxation	1,500	4,650	6,150
3.1.5	Articles 20, 80 and 74 point 3	Further development of the policy framework in the area of market surveillance	Action Plan drafted and adopted for the implementation of Regulation (EU) 2019/1020 on market surveillance and compliance of products and Regulation (EU) 2019/515 on the mutual recognition of goods	MIET		Q2 2022	Conclusions of SC on Trade, Industry, Customs and Taxation	5,000	0	5,000
3.1.	Institutional reforms and institutional capacity building									
3.1.	This section does not contain any measures.									
3.1.	Enforcement									
3.1.6	Articles 20, 80 and 74 point 3	Improvement of the conditions for legal control in the area of length and dimensional measurements	Length laboratory in MAK, established	MIET		Q4 2022	Conclusions of SC on Trade, Industry, Customs and Taxation	425,000	0	425,000
3.1.7	Articles 20, 80 and 74 point 3	Development of institutional capacities for market surveillance	Digital inspection platform, developed	MIET		Q3 2022		100,000	0	100,000
3.2. Acquis Chapter 2: Freedom of Movement for Workers										
3.2.	Policy framework									
3.2.1	Article 79, paragraph 9	Initiation/negotiation of bilateral social security agreements	At least one bilateral agreement, initiated	MFLT	OPM MFAD	Q4 2022	Economic Reform Programme 2021-2023	20,650	0	20,650
3.2.	Institutional reforms and institutional capacity building									
3.2.	This section does not contain any measures.									
3.2.	Enforcement									
3.2.	This section does not contain any measures.									
3.3. Acquis Chapter 3: Right of Establishment and Freedom to Provide Services										
3.3.	Policy framework									
3.3.	This section does not contain any measures.									
3.3.	Institutional reforms and institutional capacity building									

3.3.3	Articles 51, 56, 57, 58, 59 and 74.	Preparations for establishing a single point of contact	Single point of contact software, developed and functionalized	MIET	MIAPA, MEST, MEE,	Q1 2022	Conclusions of SC on Internal Market and Competition	2,600	0	2,600
3.3.	<u>Enforcement</u>									
3.3.4	Articles 51, 56, 57, 58, 59 and 74.	Development of a monitoring framework in the area of freedom to provide services	Mechanism for monitoring the implementation of the Action Plan for Services, established and functionalized	MIET		Q4 2022	Conclusions of SC on Internal Market and Competition	1,000	0	1,000
3.4. Acquis Chapter 4: Free Movement of Capital										
3.4.	<u>Policy framework</u>									
3.4.1	Article 89	Development of a policy framework for the prevention of money laundering and combating terrorist financing	Concept Document on Prevention of Money Laundering and Combating Terrorist Financing, adopted.	MFLT	FIU	Q3 2022	Conclusions of SC on Internal Market and Competition	4,500	0	4,500
3.4.	<u>Institutional reforms and institutional capacity building</u>									
3.4.2	Article 89	Establishment of a special team or organizational unit in the FIU-K for the development of strategic analyses.	Special team or organizational unit in the FIU-K for strategic analyses, established.	MFLT	MFLT	Q3 2022		9,160	0	9,160
3.4.	<u>Enforcement</u>									
3.4.	This section does not contain any measures.									
3.5. Acquis Chapter 5: Public Procurement										
3.5.	<u>Policy framework</u>									
3.5.	This section does not contain any measures.									
3.5.	<u>Institutional reforms and institutional capacity building</u>									
3.5.	<u>Enforcement</u>									
3.5.2	Article 79	Establishment of coordination mechanisms with the Kosovo Competition Authority in order to promote a favourable environment for competitive practices in public procurement	Memorandum of Understanding between the PPRC and the Kosovo Competition Authority, signed.	PPRC	MFLT KCA	Q3 2022	Conclusions of SC on Internal Market and Competition	1,000	0	1,000
3.6. Acquis Chapter 6: Company Law										
3.6.	<u>Policy framework</u>									
3.6.2	Articles 51, points 1, 2, 4 of SAA	Development of a policy framework for business organizations.	Concept Document on Amending the Law on Business Organizations, adopted.	MIET	KBRA	Q4 2022	Conclusions of SC on Internal Market, Competition, Consumer Protection and Health 2021	3,500	0	3,500
3.6.3	Articles 51 of SAA, points 1, 2 and 3	Assessment of the compliance of the business registration database in KBRA with the requirements of the EU Regulation on the Business	Analysis of the compliance of the existing platform with the BRIS requirements, designed.	MIET		Q4 2022	Conclusions of SC on Internal Market, Competition,	1,500	6,150	7,650

		Registers Interconnection System (BRIS).					Consumer Protection and Health 2021			
3.6.	<u>Institutional reforms and institutional capacity building</u>									
3.6.	This section does not contain any measures.									
3.6.	<u>Enforcement</u>									
3.6.	This section does not contain any measures.									
3.7. Acquis Chapter 7: Intellectual Property Law										
3.7.	<u>Policy framework</u>									
3.7.1	Articles 77 and 78	Development of policies in the area of industrial property law	Strategy on Industrial Property, adopted	MIET		Q2 2022	Conclusions of SC on Internal Market, Competition, Consumer Protection and Health 2021	7,700	15,650	23,350
3.7.	<u>Institutional reforms and institutional capacity building</u>									
3.7.	This section does not contain any measures.									
3.7.	<u>Enforcement</u>									
3.7.2	Articles 77 and 78	Effective coordination of law enforcement bodies for the effective enforcement of copyright through the Task Force against Piracy and the State Council on Intellectual Property	Number of actions and seizures in the market against physical piracy and digital piracy	MCYS	MIET Customs KJC KPC	Q4 2022	Conclusions of SC on Internal Market, Competition, Consumer Protection and Health 2021	6,000	0	6,000
3.7.3	Articles 77 and 78	Implementation of collective licensing agreements	Data on implementation from reports of Associations for Collective Management of Copyright in OC	MCYS, Associations for Collective Management of Copyright	IMC	Q4 2022	Conclusions of SC on Internal Market, Competition, Consumer Protection and Health 2021.	2,000	0	2,000
3.7.4	Articles 77 and 78	Implementation of collective licensing agreements	Establishment of shared forums with copyright holders and users	MCYS, Associations for Collective Management of Copyright	IMC	Q4 2022	Conclusions of SC on Internal Market, Competition, Consumer Protection and Health 2021.	2,000	0	2,000
3.8. Acquis Chapter 8: Competition Policy										
3.8.	<u>Policy framework</u>									
3.8.	Competition									
3.8.3	Articles 74 and 75	Sectorial analysis for the identification of monopolies and cartels.	Sectorial analysis in the financial sector, conducted	KCA	MIET	Q4 2022	ERA II	6,000	30,000	36,000

3.8.	State Aid									
3.8.	This section does not contain any measures.									
3.8.	<u>Institutional reforms and institutional capacity building</u>									
3.8.	Competition									
3.8.	This section does not contain any measures.									
3.8.	State Aid									
3.8.	This section does not contain any measures.									
3.8.	<u>Enforcement</u>									
3.8.	Competition									
3.8.	This section does not contain any measures.									
3.8.	State Aid									
3.8.4	Articles 74 and 75	Continuation of approximation of state aid schemes	Number of SAC decisions increased	MFLT		Q4 2022		122,260	41,950	164,210
3.8.5	Articles 74 and 75	Further engagement by Ministries and sectorial regulators involved in exchanging information on aid schemes.	Number of schemes notified in DSA	MFLT		Q4 2022	Conclusions of SC on Internal Market, Competition, Consumer Protection and Health 2021	22,260	22,650	44,910
3.9. Acquis Chapter 9: Financial Services										
3.9.	<u>Policy framework</u>									
3.9.	This section does not contain any measures.									
3.9.	<u>Institutional reforms and institutional capacity building</u>									
3.9.	This section does not contain any measures.									
3.9.	<u>Enforcement</u>									
3.9.2	Articles 50, 96 and Annex 7	Implementation of Solvency II measures	Guideline on the implementation of Solvency II measures, finalized	CBK	CBK	Q4 2022	Conclusions of SC on Internal Market, Competition, Consumer Protection and Health 2021	7,500	0	7,500
3.10. Acquis Chapter 10: Information Society and Media										
3.10.	<u>Policy framework</u>									
3.10.13	Articles 109, 110 and 111	Improvement of the strategic framework in the area of electronic communications	Digital Agenda for Kosova 2013-2020	ME	RAEPC OPM MIA MESTI MoH	Q2 2022	Electronic Communications Sector Policy - Digital Agenda for Kosova 2013-2020	104,700	0	104,700
3.10.	<u>Institutional reforms and institutional capacity building</u>									
3.10.	This section does not contain any measures.									
3.10.	<u>Enforcement</u>									

3.10.14	Articles 109, 110 and 111	Promotion of competition in the electronic communications markets, creation of opportunities for consumers to switch operators while maintaining the same number.	Number portability system, established and functionalized	RAEPC		Q4 2022		440,000	0	440,000
3.10.15	Articles 109, 110 and 111	Support for the deployment of 5G mobile infrastructure.	Connection to broadband infrastructure of at least 20 stacks of mobile network, 5G ready.	ME	RAEPC	Q4 2022	Law No. 06/L-112 on ratification of financing agreement between the Republic of Kosovo and the International Development Association for Kosovo Digital Economy Project	870,091	0	870,091
3.11. Acquis Chapter 11: Agriculture and Rural Development										
3.11.	<u>Policy framework</u>									
3.11.2	Article 102	Improvement of policies for land regulation	Concept Document on Land Regulation, adopted	MAFRD	MESPI	Q4 2022	Law No. 04/L-040 on Land Regulation; Strategy for Consolidation of Agricultural Land	10,800	0	10,800
3.11.3	Article 102	Improvement of agriculture and rural development policies	Agriculture and Rural Development Programme 2022-2028, adopted	MAFRD	FVA MESPI	Q1 2022	Law No. 2011/04-L-090 on Agriculture and Rural Development	5,400	0	5,400
3.11.4	Article 102	Improvement of policies for the organization of the common market	Concept Document on the Organization of the Common Market, adopted	MAFRD	MIET FVA	Q1 2022	Conclusions of SC on Agriculture and Fisheries; MAFRD Work Plan for 2021.	450	0	450
3.11.5	Article 102	Improvement of policies for agricultural lands and their protection	Concept Document on Agricultural Land, adopted	MAFRD	MIET	Q1 2022	Conclusions of SC on Agriculture and Fisheries; MAFRD Work Plan for 2021.	450	0	450

3.11.	<u>Institutional reforms and institutional capacity building</u>									
3.11.	This section does not contain any measures.									
3.11.	<u>Enforcement</u>									
3.11.	This section does not contain any measures.									
3.12. Acquis Chapter 12: Food safety, phytosanitary and veterinary policies										
3.12.	<u>Policy framework</u>									
3.12.3	Article 102	Further improvement of veterinary policies	Concept Document on Veterinary Medicine, adopted	MAFRD	FVA OPM MFLT	Q4 2022	Strategic Operational Programme (SOP) 2022-2025	6,300	0	6,300
3.12.4	Article 102	Improvement of the protection of public health and animal health	Programme for the advancement of agri-food enterprises, adopted	MAFRD	FVA	Q4 2022	Conclusions of SC on Agriculture and Fisheries, NPISAA	12,150	0	12,150
3.12.5	Article 102	Further improvement of phytosanitary policies	14 Standard Operating Procedures (SOP) for monitoring quarantine bodies (high priority bodies), adopted	FVA	MAFRD	Q2 2022	Law No. 2006/02-L95 on Plant Protection	450	0	450
3.12.6	Article 102	Improvement of agriculture and rural development policies	Concept Document on Wines, adopted	MAFRD	MLGA	Q1 2022	Law No. 04/L-19 on Wines	450	0	450
3.12.	<u>Institutional reforms and institutional capacity building</u>									
3.12.	This section does not contain any measures.									
3.12.	<u>Enforcement</u>									
3.12.	This section does not contain any measures.									
3.13. Acquis Chapter 13: Fisheries										
3.13.	<u>Policy framework</u>									
3.13.	This section does not contain any measures.									
3.13.	<u>Institutional reforms and institutional capacity building</u>									
3.13.	This section does not contain any measures.									
3.13.	<u>Enforcement</u>									
3.13.	This section does not contain any measures.									
3.14. Acquis Chapter 14: Transport Policy										
3.14.	<u>Policy framework</u>									
3.14.16	Article 113	Drafting of strategic development policies of the transport sector	Sectorial and multimodal transport strategy 2015-2025 and action plan, revised and adopted	MESPI		Q4 2022		3,750	0	3,750
3.14.17	Article 113	Drafting of the Concept Document on railways, adopted	Directive 2016/798 on railway safety	MESPI	RRA	Q2 2022		3,375	0	3,375
3.14.18	Article 113	Drafting of the Concept Document on the transport of dangerous goods, adopted	Directive 2008/68 on the international transport of dangerous goods	MESPI		Q3 2022		3,375	0	3,375
3.14.	<u>Institutional reforms and institutional capacity building</u>									
3.14.	This section does not contain any measures.									
3.14.	<u>Enforcement</u>									

3.14.19	Article 113	Improvement of railway infrastructure in accordance with the Technical Specifications of Interoperability and the European Rail Traffic Management System (ERTMS)	Project design for the rehabilitation and modernization of the third phase of the 10 th railway line (Mitrovica - Leshak), including signalling and telecommunications, completed	INFRAKOS	MESPI MFLT	Q4 2022	Sectorial and Multimodal Transport Strategy 2015-2025 and Action Plan	0	1,300,000	1,300,000
3.15. Acquis Chapter 15: Energy										
3.15.	<u>Policy framework</u>									
3.15.4	Article 114	Further development of energy policies in order to implement the provisions of the SAA and the transposed acquis	Energy Strategy 2022-2031, adopted	ME	OPM MFLT MESPI MIET MLGA MAFRD MESTI KCA ERO KOSTT KEK KEDS	Q2 2022	Article 6 of Law No. 05/L-81 on Energy	11,250	0	11,250
3.15.5	Article 114	Further development of energy efficiency (EE) policies in order to implement the provisions of the SAA and the transposed acquis	Concept Document on Energy Efficiency, adopted	ME	MFLT ERO KOSTT OPM	Q3 2022	Strategic Operational Plan – SOP	4,050	0	4,050
3.15.6	Article 114	Further development of energy and climate change policies in order to implement the provisions of the SAA and the transposed acquis	Concept Document on the revision of energy sector laws	ME	KAEE/ME, ERO, KOSTT, KEK, KEEF, Termokos, District Heating Gjakova	Q4 2022	Strategic Operational Plan – SOP	4,050	0	4,050
3.15.7	Article 114	Further development of energy and climate change policies in order to implement the provisions of the SAA and the transposed acquis	Plan for protection measures for vulnerable consumers (electricity), adopted	MFLT	ME ERO	Q4 2022	Economic Reform Programme (ERP) 2021-2023	4,050	0	4,050
3.15.	<u>Institutional reforms and institutional capacity building</u>									
3.15.	This section does not contain any measures.									
3.15.	<u>Enforcement</u>									
3.15.8	Article 114	Improving energy efficiency (EE)	Implementation of EE measures in 21 municipalities through works on buildings, lighting or installation of PV panels (55 projects) of the first package and (25 projects) of the second package	KEEF	ME	Q4 2022		1,000,000	14,355,886	15,355,886
3.16. Acquis Chapter 16: Taxation										

3.16.	<u>Policy framework</u>									
3.16.1	Articles 39, 40, 70 and 105	Review of current tax policies	Concept Document on revision of tax policy, adopted	MFLT		Q2 2022		6,600	0	6,600
3.16.	<u>Institutional reforms and institutional capacity building</u>									
3.16.	This section does not contain any measures.									
3.16.	<u>Enforcement</u>									
3.16.2	Articles 39, 40, 70 and 105	Fight against informal economy, tax evasion and avoidance	Number of actions taken to improve tax compliance	MFLT		Q4 2022		1,315,800	29,720	1,345,520
3.16.3	Articles 39, 40, 70 and 105	Fight against informal economy, tax evasion and avoidance	At least three projects implemented in the sectors of informal employment, accommodation/restaurants, and inventory of goods	MFLT		Q4 2022		1,315,800	0	1,315,800
3.17. Acquis Chapter 17: Economic and Monetary Policy (refer to Block 2: Economic Criteria)										
3.17.	<u>Policy framework</u>									
3.17.	This section does not contain any measures.									
3.17.	<u>Institutional reforms and institutional capacity building</u>									
3.17.	This section does not contain any measures.									
3.17.	<u>Enforcement</u>									
3.17.	This section does not contain any measures.									
3.18. Acquis Chapter 18: Statistics										
3.18.	<u>Policy framework</u>									
3.18.	This section does not contain any measures.									
3.18.	<u>Institutional reforms and institutional capacity building</u>									
3.18.1	Article 95	Improvement of coordination between key institutions for statistical data	Increase of the number of administrative data sources	MFLT	Ministries and administrative data production agencies	Q4 2022	Conclusions of SC on Economy, Financial Issues and Statistics 2021	1,500	16,000	17,500
3.18.	<u>Enforcement</u>									
3.18.2	Article 95	Increase of the coverage and number of statistical publications	At least 3 new publications	MFLT		Q4 2022	Conclusions of SC on Economy, Financial Issues and Statistics 2021	25,000	0	25,000
3.18.3	Article 95	Preparations for the 2022 population and housing census	Area data, collected (census conducted)	MFLT		Q4 2022	Conclusions of SC on Economy, Financial Issues and Statistics 2021	10,000,000	0	10,000,000
3.19. Acquis Chapter 19: Social Policy and Employment										

3.19.	<u>Policy framework</u>									
3.19.	This section does not contain any measures.									
3.19.	<u>Institutional reforms and institutional capacity building</u>									
3.19.4	Articles 82 and 106	Strengthening institutional capacity in the Labour Inspectorate	Number of inspectors, increased	MFLT	-	Q4 2022	MLSW Sector Strategy 2018-2022	0	132,000	132,000
3.19.5	Articles 82 and 106	Development of a Youth Guarantee Scheme	Plan drafted and adopted	MFLT	MCYS, MESTI, MIET	Q4 2022	ERA II	3,520	0	3,520
3.19.6	Articles 82 and 106	Undertaking measures to increase women's participation in the labour market	Number of women involved in active labour market measures, increased	MFLT	-	Q4 2022	ERA II	6,200,000	0	6,200,000
3.19.7	Articles 82 and 106	Improvement of the services of the labour inspectorate	Number of inspections by the Labour Inspectorate, increased	MFLT		Q4 2022	ERA II	26,000	0	26,000
3.19.	<u>Enforcement</u>									
3.19.	This section does not contain any measures.									
3.20. Acquis Chapter 20: Enterprise and Industrial Policy										
1.1.1.	<u>Policy framework</u>							-		
3.20.1	Articles 99 and 100	Development of tourism policy framework	Tourism Strategy, adopted	MIET		Q2 2022	Conclusions of SC on Economy, Financial Issues and Statistics 2021	2,500	0	2,500
3.20.2	Articles 99 and 100	Development of industry and business policy framework	Policy on Industry Development and Business Support, adopted	MIET		Q2 2022	Conclusions of SC on Economy, Financial Issues and Statistics 2021	1,500	0	1,500
3.20.	<u>Institutional reforms and institutional capacity building</u>									
3.20.3	Articles 99 and 100	Capacity building and improvement of KIESA services	Restructuring of KIESA, carried out through the establishment of: the mechanism for handling complaints and the program/unit for investor care	MIET		Q4 2022	ERA II	2,500	0	2,500
3.20.4	Articles 99 and 100	Capacity building and improvement of KIESA services	KIESA performance audit, conducted	MIET		Q4 2022	ERA II	1,500	0	1,500
3.20.	<u>Enforcement</u>									
3.20.	This section does not contain any measures.									
3.21. Acquis Chapter 21: Trans-European Networks										
3.21.	<u>Policy framework</u>									
3.21.	This section does not contain any measures.									
3.21.	<u>Institutional reforms and institutional capacity building</u>									
3.21.	This section does not contain any measures.									
3.21.	<u>Enforcement</u>									

3.21.	This section does not contain any measures.									
3.22. Acquis Chapter 22: Regional Policy and Coordination of Structural Instruments										
3.22.	Policy framework									
3.22.	This section does not contain any measures.									
3.22.	Institutional reforms and institutional capacity building									
3.22.	This section does not contain any measures.									
3.22.	Enforcement									
3.22.	This section does not contain any measures.									
3.23. Acquis Chapter 23: Judiciary and Fundamental Rights										
3.23.	Policy framework									
3.23.	Judicial system									
3.23.19	Article 83	Reduction of unresolved court cases	Strategy for reduction of old cases, adopted	KJC		Q2 2022	SC on Justice, Freedom and Security	8,550	0	8,550
3.23.20	Article 83	Increase of the transparency of the judiciary	KJC Communication Strategy 2022-2024, adopted	KJC		Q2 2022	SC on Justice, Freedom and Security	8,550	0	8,550
3.23.21	Articles 83 and 91	Advancement of the legal framework and system of administration of sequestrated and confiscated assets	Concept Document on the establishment of the confiscation fund, adopted	MoJ	KJC KPC MFLT OPM	Q1 2022		3,000	0	3,000
3.23.	Anticorruption policy									
3.23.	This section does not contain any measures.									
3.23.	Fundamental rights									
3.23.22	Articles 3 and 4	Improvement of the response to domestic violence, sexual harassment and other gender-based offenses	National Strategy and Action Plan against Domestic Violence, adopted	MoJ	MIA KJC KPC	Q1 2022		3,000	0	3,000
3.23.23	Articles 3 and 4	Advancement of the legal framework on fundamental rights	Concept Document on the realization of civil rights including the right of the parties to a trial within a reasonable time	MoJ	KJC, KPC, MFLT, OPM	Q3 2022		3,000	0	3,000
3.23.	Protection of minorities and cultural heritage									
3.23.24	Articles 3 and 4	Advancement of the legal framework and strategic documents for communities, returns and integration	Concept Document on Support of Community Projects	MCR	OPM	Q4 2022	Legislative plan	3,890	0	3,890
3.23.25	Articles 3 and 4	Advancement of the legal framework and strategic documents for communities, returns and integration	Concept Document on displaced persons	MCR	OPM	Q4 2022	Legislative plan	3,890	0	3,890
3.23.26	Articles 3 and 4	Advancement of the legal framework and strategic documents for communities, returns and integration	Strategy for the protection and promotion of the rights of communities and their members, adopted	MCR	OPM	Q2 2022	Plan of strategic documents	0	6,000	6,000

3.23.27	Articles 3 and 4	Improvement and advancement of the situation of the Roma, Ashkali and Egyptian communities through the implementation of policies	Strategy and Action Plan for the inclusion of Roma and Ashkali communities in the Kosovo society 2022-2026, adopted	OPM		Q2 2022		1,000	0	1,000
3.23.	Protection of personal data									
3.23.28	Article 84	Monitoring of the implementation of the Law on Protection of Personal Data and the Law on Access to Public Documents	Plan of regular inspections and controls for Personal Data Protection, developed	IPA		Q2 2022	IPA performance plan	2,700	0	2,700
3.23.	Institutional reforms and institutional capacity building									
3.23.	Judicial system									
3.23.29	Articles 83 and 91	Ensure that the selection process for the remaining members of the KJC and KPC is transparent, merit-based, ensuring that the selected candidates meet the legal requirements for these positions	Two (2) members of the KPC, appointed	Assembly				4,000	0	4,000
3.23.30	Articles 83 and 91	Ensure that the selection process of the remaining members of the KJC and KPC is transparent, merit-based, ensuring that the selected candidates meet the legal requirements for these positions.	One (1) member of the KJC from the minority community, appointed	Assembly				3,000	0	3,000
3.23.31	Articles 83 and 91	Further advancement of the performance of the judicial and prosecutorial system	16 prosecutors recruited	KPC		Q4 2022		13,623	0	13,623
3.23.	Anticorruption policy									
3.23.	This section does not contain any measures.									
3.23.	Fundamental rights									
3.23.32	Articles 3 and 4	Provision of return opportunities for displaced persons	Case management system for displaced persons, functionalized	MCR		Q2 2022	Regulation No. 01/2018 on the Return of Displaced Persons and Durable Solutions	3,890	4,000	7,890
3.23.33	Articles 3 and 4	Capacity building of institutional mechanisms for gender mainstreaming, gender integration, protection from domestic violence, violence against women	5 training sessions on advancing the realization of rights in the area of inheritance rights; decision making; peace, security and justice, conducted by AGE	OPM		Q4 2022	Kosovo Programme for Gender Equality 2020-2024	12,000	4,000	16,000
3.23.	Protection of minorities and cultural heritage									
3.23.	This section does not contain any measures.									
3.23.	Protection of personal data									
3.23.	This section does not contain any measures.									
3.23.	Enforcement									

3.23.	Judicial system									
3.23.34	Article 83	Further advancement of the performance in the judiciary, particularly in establishing mechanisms in the registration of criminal files.	Full functionalization of the competencies of the Central Office of Criminal Evidence in SKJC	KJC		Q4 2022	SC on Justice, Freedom and Security	35,040	0	35,040
3.23.35	Articles 83 and 91	Provision of more efficient administration of the prosecutorial system and strengthening of the administration	1/3 of prosecutors and prosecution offices, evaluated	KPC		Q4 2022		23,840	0	23,840
3.23.36	Article 83	Provision of more efficient administration of the judicial system and strengthening of the administration.	1/3 of the judges evaluated	KJC		Q4 2022	SC on Justice, Freedom and Security	23,840	0	23,840
3.23.37	Article 83	Further advancement of the electronic case management system.	Consolidation of the System phase (CMIS) in all regions of the courts, including Civil and Criminal Cases, as well as the implementation of the automatic distribution of cases to the Court of Appeals of Kosovo and the Supreme Court of Kosovo.	KJC		Q4 2022	SC on Justice, Freedom and Security;	321,000	332,730	653,730
3.23.38	Article 83	Efficient administration of disciplinary procedures in the justice system.	Electronic database, which will record all complaints and requests for initiating disciplinary investigations and information submitted by the competent authority for judges, established.	KJC		Q2 2022	SC on Justice, Freedom and Security;	25,000	0	25,000
3.23.39	Article 83	Increasing the number court cases solved through mediation	Referral of 10% of court cases to the courts through mediation	KJC		Q4 2022	Conclusions of SC on Justice, Freedom and Security 2021	3,350	0	3,350
3.23.40	Article 83	Capacity building for handling court cases of commercial nature	Training of current judges, professional associates and support staff of the Commercial Court on specific commercial areas to be dealt with by this court	KJC		Q4 2022	Conclusions of SC on Justice, Freedom and Security 2021	6,300		6,300
3.23.41	Article 83	Further advancement of the electronic case management system	Full functionalisation of ICT systems in courts, including CMIS	KJC		Q2 2022	Conclusions of SC on Justice, Freedom and Security 2021	300,000	190,000	490,000
3.23.42	Article 83	More efficient administration of the prosecutorial system and strengthening of the administration	Recruitment of 7 mediation officers in the basic prosecution offices	KPK		Q4 2022	Conclusions of SC on Justice, Freedom and Security 2021	330	0	330
3.23.43	Article 83	More efficient administration of the prosecutorial system and strengthening of the administration	Referral of 10% of cases to prosecutors through alternative procedures	KPK		Q4 2022	Conclusions of SC on Justice, Freedom and Security 2021	94,051	0	94,051

3.23.44	Article 83	Show concrete results in the field of organized fighting and corruption	Percentage of indictments filed in relation to targeted cases	KPK		Q4 2022	Conclusions of SC on Justice, Freedom and Security 2021	95,580	0	95,580
3.23.	Anticorruption policy									
3.23.	This section does not contain any measures.									
3.23.	Fundamental rights									
3.23.45	Articles 3 and 4	Raising public awareness on the importance of preventing violence against women and combating gender stereotypes, as well as on the rights guaranteed by the legal framework for gender equality	5 videoclips made per year; 3 roundtable discussions conducted per year	OPM	MESTI; MoJ; MIAPA	Q4 2022	Kosovo Programme for Gender Equality 2020-2024	15,000	0	15,000
3.23.46	Articles 3 and 4	Support through subsidies to NGO projects aimed at strengthening the role of women in society	3 NGOs supported	OPM		Q4 2022	Kosovo Programme for Gender Equality 2020-2024	40,000	0	40,000
3.23.47	Articles 3 and 4	Provision of return opportunities for displaced persons	Staff training on the Case Management System for displaced persons, organized	MCR		Q2 2022	Regulation No. 01/2018 on the Return of Displaced Persons and Durable Solutions	0	3,720	3,720
3.23.48	Articles 3 and 4	Overseeing implementation of the Law on Access to Public Documents	Number of complaints received regarding access to public documents	IPA		Q4 2022	IPA Performance Plan for 2022	2,700	0	2,700
3.23.49	Articles 3 and 4	Overseeing implementation of the Law on Access to Public Documents	Number of decisions taken regarding access to public documents	IPA		Q4 2022	IPA Performance Plan for 2022	2,700	0	2,700
3.23.	Protection of minorities and cultural heritage									
3.23.50	Articles 3 and 4	Support to Roma, Ashkali and Egyptian communities	Scholarships allocated to pupils and students	MESTI		Q4 2022		151,818	0	151,818
3.23.51	Articles 3 and 4	Support to Roma, Ashkali and Egyptian communities	Support to Learning Centres for Roma, Ashkali and Egyptian pupils	MESTI		Q4 2022		209,102	60,000	269,102
3.23.	Protection of personal data									
3.23.52	Articles 3 and 4	Overseeing the implementation of the Law on Personal Data Protection	Number of complaints received regarding the protection of personal data	IPA		Q4 2022	IPA Performance Plan for 2022	2,700	0	2,700
3.23.53	Articles 3 and 4	Overseeing the implementation of the Law on Personal Data Protection	Number of inspections carried out in relation to the protection of personal data	IPA		Q4 2022	IPA Performance Plan for 2022	2,700	0	2,700
3.23.54	Articles 3 and 4	Overseeing the implementation of the Law on Personal Data Protection	Number of decisions taken regarding the protection of personal data	IPA		Q4 2022	IPA Performance Plan for 2022	2,700	0	2,700

3.24. Acquis Chapter 24: Justice, Freedom and Security										
3.24.	<u>Policy framework</u>									
3.24.	Border Management									
3.24.9	Article 85	Further improvement of the policy framework in the area of border management, in order to implement the provisions of the SAA and the approximated legislation	6-point Action Plan of the National Centre for Border Management, fully implemented	MIA	MFLT/OP M	Q4 2022	Government SOP 2021-2025 Conclusions of the SC on Justice, Freedom and Security 2020	5,000	5,000	10,000
3.24.	Visas									
3.24.	This section does not contain any measures.									
3.24.	Document security									
3.24.	This section does not contain any measures.									
3.24.	Asylum									
3.24.	This section does not contain any measures.									
3.24.	Migration									
3.24.	This section does not contain any measures.									
3.24.	Fight against money laundering and terrorist financing									
3.24.	This section does not contain any measures.									
3.24.	Fight against narcotics									
3.24.	This section does not contain any measures.									
3.24.	Fight against organized crime and police cooperation									
3.24.10	Articles 89, 90, 91 and 92	Improvement of the policy framework in the fight against trafficking in human beings	Strategy against trafficking in human beings, adopted	MIA		Q2 2022	Government SOP 2021-2025/EC Report	3,500	0	3,500
3.24.	Fight against terrorism									
3.24.11	Article 92	Improvement of the policy framework in the area of combating violent extremism and terrorism	Reintegration and deradicalization program, adopted	MIA		Q2 2022	Government SOP 2021-202/ERA II	3,500	0	3,500
3.24.	International legal cooperation in criminal and civil matters									
3.24.	This section does not contain any measures.									
3.24.	<u>Institutional reforms and institutional capacity building</u>									
3.24.	Border Management									
3.24.12	Article 85	Capacity building for border management	API/PNR unit, functionalized	MIA		Q2 2022	Conclusions of SC on JFS 2021	50,000	0	50,000
3.24.	Visas									
3.24.	This section does not contain any measures.									
3.24.	Document security									
3.24.	This section does not contain any measures.									
3.24.	Asylum									
3.24.13	Article 85	Improvement of asylum policies	Three (3) training sessions on refugee status determination, organized	MIA	Donors	Q4 2022	Conclusions of SC on JFS 2021, EC Report	0	30,000	30,000

3.24.	Migration									
3.24.14	Articles 85, 86, 87 and 88	Capacity building for receiving and managing migrant influx	Temporary Reception Centre, functionalized through staff engagement, physical security of the facility and staff training	MIA		Q4 2022	Conclusions of SC on JFS 2021/ERA II	250,000	0	250,000
3.24.15	Articles 85, 86, 87 and 88	Advancement of policies and capacity building in strengthening the system for integration of foreigners	6 training sessions for at least 80 local level officials on the implementation of the Guideline on Standard Operating Procedures for the Integration of Foreigners in RKS, organized	MIA	MLGA	Q4 2022	Migration Strategy 2021-2025, Conclusions of SC on JFS 2021	0	20,000	20,000
3.24.16	Articles 85, 86, 87 and 88	Advancement of policies and capacity building in strengthening the system for integration of foreigners	A training of trainers (TOT) for the central staff with at least 10 people on the integration of foreigners, organized	MIA	MLGA	Q4 2022	Migration Strategy 2021-2025, Conclusions of SC on JFS 2021	0	20,000	20,000
3.24.17	Articles 85, 86, 87 and 88	Advancement of policies and capacity building for the sustainable reintegration of repatriated persons	6 training sessions with 180 local and central level officials on the Manual on risk management for sustainable reintegration of persons repatriated to Kosovo and the Practical Manual - identification of risks and planning for their management for sustainable reintegration of persons repatriated to Kosovo, organized	MIA	MLGA	Q4 2022	Migration Strategy 2021-2025, Conclusions of SC on JFS 2021	0	30,000	30,000
3.24.	Fight against money laundering and terrorist financing									
3.24.	This section does not contain any measures.									
3.24.	Fight against narcotics									
3.24.	This section does not contain any measures.									
3.24.	Fight against organized crime and police cooperation									
3.24.18	Article 89, 90, 91 dhe 92	Increase of cooperation with EU agencies (Europol, Eurojust and others) and EU member states	SIENA secure communication system, functionalized.	MIA		Q2 2022	EC Report, ERA II	0	3,000	3,000
3.24.19	Article 89, 90, 91 dhe 92	Increase of cooperation with EU agencies (Europol, Eurojust and others) and EU member states	EURPOL Liaison Officer, assigned and systematized.	MIA		Q2 2022	EC Report, ERA II	36,000	0	36,000
3.24.20	Article 89, 90, 91 dhe 92	Increase of cooperation with EU agencies (Europol, Eurojust and others) and EU member states	Agreement on the exchange and protection of classified information, signed.	MIA		Q1 2022	EC Report, ERA II	1,500	0	1,500
3.24.	Fight against terrorism									
3.24.	This section does not contain any measures.									
3.24.	International legal cooperation in criminal and civil matters									
3.24.	<u>Enforcement</u>									
3.24.	Border Management									
3.24.	This section does not contain any measures.									
3.24.	Visas									
3.24.	This section does not contain any measures.									
3.24.	Document security									

3.24.	This section does not contain any measures.									
3.24.	Asylum									
3.24.21	Article 85	Improvement of asylum policies	Guideline on the prevention, management of risk and response to gender-based violence in the context of mixed migration, developed	MIA	KP, MFLT	Q3 2022	Conclusions of SC on JFS 2021	0	5,000	5,000
3.24.22	Article 85	Improving migration and asylum policies, including reintegration and return	Integration measures for refugees, implemented	MIA		Q4 2022	ERA II Conclusions of SC on JFS 2021	0	5,000	5,000
3.24.23	Article 85	Improving migration and asylum policies, including reintegration and return	Biometric registration of asylum seekers, operational	MIA		Q4 2022	ERA II Conclusions of SC on JFS 2021	0	240,000	240,000
3.24.	Migration									
3.24.24	Articles 85, 86, 87 and 88	Improvement of migration policies, including reintegration and return	Guideline on functionalization of the GAM, drafted	MIA		Q3 2022	Conclusions of SC on JFS 2021, EC Report	0	10,000	10,000
3.24.25	Articles 85, 86, 87 and 88	Advancement of policies and capacity building in strengthening the system for integration of foreigners	Guideline on foreigners' access to vocational training and employment, drafted	MIA	MLGA/Municipalities / Donors	Q4 2022	Migration Strategy 2021-2025, Conclusions of SC on JFS 2021	0	10,000	10,000
3.24.26	Articles 85, 86, 87 and 88	Advancement of policies and capacity building for the sustainable reintegration of repatriated persons	Manual on Risk Management for Sustainable Reintegration of Repatriated Persons in Kosovo and Practical Manual - Identification of Risks and Planning for their Management for Sustainable Reintegration of Persons Repatriated to Kosovo, drafted	MIA	MLGA/Municipalities / Donors	Q4 2022	Migration Strategy 2021-2025, Conclusions of SC on JFS 2021	0	20,000	20,000
3.24.	Fight against money laundering and terrorist financing									
3.24.	This section does not contain any measures.									
3.24.	Fight against narcotics									
3.24.	This section does not contain any measures.									
3.24.	Fight against organized crime and police cooperation									
3.24.27	Articles 89, 90, 91 and 92	Further advancement of the concept of intelligence-led policing in the fight against organized crime	Report of Serious and Organized Crime Threat Assessment (SOCTA), drafted	MIA		Q4 2022	ERA II	0	7,100	7,100
3.24.	Fight against terrorism									
3.24.28	Article 92	Improvement of the policy framework in the area of combating violent extremism and terrorism	Reports on the implementation of the EU-Western Balkans Joint Action Plan against Violent Extremism and Terrorism	MIA		Q4 2022	Conclusions of SC on JFS 2021	0	5,000	5,000
3.24.29	Article 92	Improvement of the policy framework in the area of combating violent extremism and terrorism	Joint assessment on the risk and threats from terrorism, drafted	MIA		Q4 2022	Government SOP 2021-2025 ERA II	3,500	0	3,500
3.24.30	Article 92	Improvement of the policy framework in the area of combating violent extremism and terrorism	TeSAT report for EUROPOL, drafted	MIA		Q4 2022		5,000	0	5,000
3.24.	International legal cooperation in criminal and civil matters									

3.24.	This section does not contain any measures.									
3.25. Acquis Chapter 25: Science and Research										
3.25.	Policy framework									
3.25.1	Article 107	Development of a science and research policy framework	Revision of National Science Program	MESTI		Q1 2022	Conclusions of SC on Innovation, Information Society and Social Policy	103,000	0	103,000
3.25.2	Article 107	Development of information system for scientific research	Finalization and Launch of the CRIS Platform	MESTI		Q3 2022	Conclusions of SC on Innovation, Information Society and Social Policy	20,000	35,000	55,000
3.25.3	Article 107	Effective institutional coordination for participation in Horizon	Revision of Regulation No. 01/2018 on the Functionalization of the National Contact Points	MASHTI		Q2 2022	Conclusions of SC on Innovation, Information Society and Social Policy	6,160	0	6,160
3.25.	Institutional reforms and institutional capacity building									
3.25.	This section does not contain any measures.									
3.25.	Enforcement									
3.25.	This section does not contain any measures.									
3.26. Acquis Chapter 26: Education and Culture										
3.26.	Policy framework									
3.26.14	Article 118	Development of the curriculum for early childhood education	Drafting and adoption of the Core Curriculum for early childhood education				Q2 2022	103,000	0	103,000
3.26.6	Institutional reforms and institutional capacity building									
3.26.7	This section does not contain any measures.									
3.26.8	Enforcement									
3.26.9	This section does not contain any measures.									
3.27. Acquis Chapter 27: Environment										
3.27.	Policy framework									
3.27.4	Articles 115, 116 and 117	Improvement of policies for the reduction of air and water pollution and improvement of waste management	Strategy for Environmental Protection and Sustainable Development 2022-2030, including environmental protection, air quality, biodiversity, emission reduction and other areas covered by this sector, adopted	MESPI	OPM MFLT	Q4 2022	Law No. 03/L-025 on Environmental Protection; Strategic Operational Plan-SOP	108,000	0	108,000
3.27.5	Articles 115, 116 and 117	Improvement of Water Management Policies	Kosovo State Water Strategy 2017-2036 and Action Plan 2023-2025, adopted	MESPI	OPM MFLT	Q4 2022	Law on Waters of Kosovo;	108,000	0	108,000

							Strategic Operational Plan-SOP			
3.27.6	Articles 115, 116 and 117	Improvement of policies for sustainable forest management	Action Plan 2022-24 for the Forestry Development Strategy 2022 - 2030, adopted	MAFRD	OPM MESPI MFLT	Q1 2022	Forestry Development Strategy 2022 - 2030	5,000	0	5,000
3.27.7	Articles 115, 116 and 117	Improvement of environmental inspection	Concept Document on the Inspectorate of environment, waters, nature, spatial planning, construction and housing, adopted	MESPI	OPM MAFRD	Q3 2022	Law on General Inspections; Strategic Operational Plan-SOP	83,399	0	83,399
3.27.	<u>Institutional reforms and institutional capacity building</u>									
3.27.8	Articles 115, 116 and 117	Improvement of Water Management Policies	Number of inspectors trained to control the implementation of legislation for protection of groundwater and surface water as well as water resources	MESPI	OPM MFLT	Q4 2022	Law on Waters of Kosovo;	4,000	0	4,000
3.27.	<u>Enforcement</u>									
3.27.9	Articles 115, 116 and 117	Improvement of waste management policies and the circular economy	Number of illegal landfills reduced in Kosovo municipalities	MESPI	OPM	Q2 2022	Strategy (2021-2030) and Action Plan (2021-2023) for Integrated Waste Management	300,000	3,500,000	3,800,000
3.28. Acquis Chapter 28: Consumer and Health Protection										
3.28.	<u>Policy framework</u>									
3.28.	Consumer protection									
3.28.	This section does not contain any measures.									
3.28.	Health protection									
3.28.	This section does not contain any measures.									
3.28.	<u>Institutional reforms and institutional capacity building</u>									
3.28.	Consumer protection									
3.28.	This section does not contain any measures.									
3.28.	Health protection									
3.28.6	Article 106	Advancement of policies in the area of health protection	Strategic plan for prevention and control of communicable diseases, adopted	MoH		Q1 2022		5,000	50,000	55,000
3.28.7	Article 106	Advancement of policies in the area of health protection	Health Sector Strategy 2022-2032, drafted	MoH		Q3 2022		5,000	10,000	15,000
3.28.	<u>Enforcement</u>									
3.28.	Consumer protection									
3.28.	This section does not contain any measures.									
3.28.	Health protection									
3.28.	This section does not contain any measures.									
3.28.	Health protection									

3.28.	This section does not contain any measures.									
3.29. Acquis Chapter 29: Customs Union										
3.29.	<u>Policy framework</u>									
3.29.	This section does not contain any measures.									
3.29.	<u>Institutional reforms and institutional capacity building</u>									
3.29.2	Articles 39, 48, 104 and Protocol IV	Transfer of terminals from private ownership to public property in order to implement the SAA and in accordance with EU customs legislation	Transfer to public property and full functionalization of at least 2 customs terminals	MFLT		Q2 2022	Conclusions of SC on Economy, Financial Issues and Statistics 2021	180,000	0	180,000
3.29.	<u>Enforcement</u>									
3.29.3	Articles 39, 48, 104 and Protocol IV	Fight against informal economy	Number of activities (inspections, stop & search and patrol) against smuggling based on risk analysis has increased compared to the previous period	MFLT		Q4 2022	Conclusions of SC on Economy, Financial Issues and Statistics 2021	396,000	0	396,000
3.30. Acquis Chapter 30: External Relations										
3.30.	<u>Policy framework</u>									
3.30.1	Articles 11-16	Advancement of trade policies	Document on Trade Policy, adopted	MIET		Q4 2022		700	0	700
3.30.	<u>Institutional reforms and institutional capacity building</u>									
3.30.	This section does not contain any measures.									
3.30.	<u>Enforcement</u>									
3.30.	This section does not contain any measures.									
3.31. Acquis Chapter 31: Foreign, Security and Defence Policy										
3.31.	<u>Policy framework</u>									
3.31.2	Articles 11 and 15	Advancing foreign policy	Foreign Policy Strategy, adopted	MFAD	OPM	Q4 2022		3,600	1,500	5,100
3.31.3	Articles 11 and 15	Implementation of obligations within the Kosovo-EU Political Dialogue	Action Plan on Political Dialogue, adopted	MFAD	OPM	Q4 2022		5,000	0	5,000
3.31.	<u>Institutional reforms and institutional capacity building</u>									
3.31.	This section does not contain any measures.									
3.31.	<u>Enforcement</u>									
3.31.	This section does not contain any measures.									
3.32. Acquis Chapter 32: Financial Control										
3.32.	<u>Policy framework</u>									
3.32.	This section does not contain any measures.									
3.32.	<u>Institutional reforms and institutional capacity building</u>									
3.32.	This section does not contain any measures.									
3.32.	<u>Enforcement</u>									

3.32.1	Article 97	Ensure systematic monitoring of the implementation of external audit recommendations	Percentage of recommendations implemented by BOs has increased compared to the previous year	NAO	Assembly	Q4 2022	Conclusions of SC on Economy, Financial Issues and Statistics 2021	0	0	0
3.33. Acquis Chapter 33: Financial and Budgetary Provisions										
3.33.	<u>Policy framework</u>									
3.33.	This section does not contain any measures.									
3.33.	<u>Institutional reforms and institutional capacity building</u>									
3.33.	This section does not contain any measures.									
3.33.	<u>Enforcement</u>									
3.33.	This section does not contain any measures.									
3.34. Acquis Chapter 34: Institutions										
3.34.	The Programme does not cover this Chapter at this stage of EU accession.									
3.35. Acquis Chapter 35: Other issues										
3.35.	The Programme does not cover this Chapter at this stage of EU accession.									
Total (budget)								25,966,247	20,875,456	46,841,703