

# **5<sup>th</sup> Plenary Meeting of the Stabilisation and Association Process Dialogue**

**Wednesday, 8 July 2015**

**Pristina, Kosovo**

## **Meeting Conclusions**

### **(1) Introduction**

The fifth plenary meeting of the Stabilisation and Association Process Dialogue took place in Pristina on Wednesday, 8 July 2015. The meeting was co-chaired by Mr Bekim Çollaku, Minister of European Integration of the Republic of Kosovo, and Mr Jean-Eric Paquet, Director for Western Balkans of the DG for Neighbourhood and Enlargement Negotiations of the European Commission.

The Prime Minister of the Republic of Kosovo, Mr Isa Mustafa, highlighted the importance of recent developments in Kosovo's European agenda and its EU accession process, as essential for the country's development and prosperity. The Prime Minister expressed the strong belief of Kosovo's institutions and its citizens that the Stabilisation and Association Agreement (SAA) will serve as a foundation for the country's integration process and an opportunity for its economic development. He further pointed out the importance of the SAA in strengthening democracy and rule of law in Kosovo, its political and economic stability and development, harmonisation of its legislation with the *acquis*, promotion of regional cooperation, as well as for Kosovo to build close political relations with the EU institutions and member states individually. PM Mustafa also reiterated the commitment of Kosovo's Government for successful conclusion of the SAA and of the visa liberalisation process as soon as possible.

In his opening remarks, Director Paquet highlighted the importance of previous and ongoing developments towards conclusion of the Stabilisation and Association Agreement for Kosovo's EU accession process, noting that discussions with Member States on the text of the initialled agreement are upon finalization. Mr Paquet also pointed out that the SAA will be a historic step that will open a new phase in EU-Kosovo relations, noting that it is essential that Kosovo is ready when it enters into force next year. More specifically, he called upon Kosovo authorities to move forward on the Specialist Chambers, to continue to engage constructively in the dialogue with Serbia, and to press ahead with reforms in the areas of rule of law, public administration reform, economic development and governance, and in tackling unemployment.

### **(2) Political and Home Affairs**

#### *(a) Assembly: Appointment of Members of Boards of Independent Institutions*

Mr Gëzim Kasapolli (Political Advisor to the President of the Assembly of the Republic of Kosovo) presented the developments and the current state of play with regard to appointment of board members of those independent institutions with boards that are incomplete. Mr Kasapolli highlighted the appointment of the Ombudsperson as the most important achievement in this regard. He also pointed out that out of 22 such institutions, 12 have been identified in May 2014 as having not fully functional boards due to the

expiry of the term of some or all of their members. In order for appointments to be completed, the procedures are currently pending submission by the Government of proposals for appointment by the Assembly of members of boards of eight independent institutions (Railway Regulatory Authority, Regulatory Authority of Electronic and Postal Communications, Energy Regulatory Office, Civil Aviation Authority, Kosovo Competition Authority, Privatisation Agency of Kosovo, Public Procurement Review Body and Office of the Auditor General). Out of the 13 boards of independent institutions that the Assembly itself is responsible for appointing, procedures for the appointment of three of these institutions' board members are under way (Independent Oversight Council of the Civil Service, Constitutional Court and Kosovo Judicial Council).

Mr Paquet expressed concern about delays that have been incurred and stressed the importance of completing this process in due time and in line with legal requirements and criteria, as well as the standards in place. He also pointed out the importance of ensuing functionality of all independent institutions and agencies for Kosovo's readiness to meet EU accession process criteria, in general, and for implementing the SAA, in particular.

**Follow-up:**

- The Government and the Assembly to draft a detailed plan, with reliable timeframes, for making all independent institutions fully functional by completing the outstanding appointments of their board members (early September 2015);
- The Government and Assembly to ensure appointment of board members of all remaining independent institutions (December 2015).

*(b) Ombudsperson Institution: Appointment of the Ombudsperson and Premises*

Ms Salihe Mustafa, Deputy Chair of the Assembly Committee on Human Rights, Gender Equality, Missing Persons and Petitions, reported on the Assembly's appointment of Mr Hilmi Jashari as Ombudsperson. She also highlighted the importance of ensuring suitable premises for the functioning of the Ombudsperson Institution. However, she acknowledged the difficulties in doing so brought about by delays in solving the issue of its premises, and expressed the Assembly's commitment to intensify efforts to solving this issue, in cooperation with the Government. Mr Mahir Yağcılar, Minister of Public Administration, also expressed the Government's commitment to solve this issue as soon as possible, confirming that preparations are being made for handing over to the Ombudsperson Institution the current premises of the Constitutional Court as soon as the latter is relocated to the Palace of Justice.

Mr Paquet welcomed the appointment of the Ombudsperson, also expressing the importance the Commission attaches to the functioning of the Ombudsperson Institution in a fully independent way, and its willingness to cooperate with this institution. He also strongly urged the Government to solve the issue of premises of this institution by the time the lease of the Ombudsperson runs out (9 August). He made clear that the implementation of the new Ombudsperson law, including the ability of the institution to fully exercise its mandate, is part of the visa liberalisation requirements.

**Follow-up:**

- The Government to ensure that the Ombudsperson Institution is allocated adequate premises needed for its proper functioning (early August 2015).

*(c) Anticorruption Policy: Conflict of Interest Law*

Mr Hajredin Kuçi, Minister of Justice, presented the progress and state of play on the amendment of the Law on Prevention of Conflict of Interest in the Exercise of Public Functions. He pointed out that the amendments focus on expanding the scope of this law to the whole public sector, on prohibiting a list of employment-related activities for public sector employees to engage in, as well as on further aligning this law with other relevant legislation.

Mr Paquet stressed the importance of aligning the Conflict of Interest Law with the Criminal Code and all other relevant legislation. It should cover all public sector employees, including political advisors. Mr Paquet also mentioned the necessity to restrict the exercise of multiple functions by public officials. He expressed the importance the Commission attaches to further improving the track record in the area of anticorruption policy, in general.

**Follow-up:**

- The Government and the Assembly to conduct a thorough review and full revision of the draft-Law on Prevention of Conflict of Interest in the Exercise of Public Functions in order to align it with the Criminal Code and other relevant legislation. Public consultations should be held, with a view to address concerns raised by civil society, the Anti-Corruption Agency, and Kosovo's European partners. In particular, the draft-law should define public officials in line with European standards and restrict the exercise of multiple functions by public officials (December 2015).

*(d) Financial Crime and Confiscations: Track Record and Statistics*

Mr Shqipdon Fazliu, National Coordinator for Economic Crime, presented the progress achieved by the law enforcement and judicial institutions in the fight against financial crime and confiscation of assets obtained through criminal acts during the first half of 2015. He reported that during this period assets have been frozen and sequestered in 55 criminal cases under investigation, with an estimated value of 16,123,010 EUR. The estimated value of criminal assets confiscated during this period is 64,687.65 EUR. Mr Aleksandër Lumezi, Chief State Prosecutor, and Mr Enver Peci, Head of the Kosovo Judicial Council, reported on the track record of investigation and prosecution of economic crime during the same period. According to the data presented, 148 new criminal reports (involving 218 alleged perpetrators) have been filed with the prosecution offices and 100 indictments have been issued by them during the same period. The number of economic crime cases at work with courts, including backlog cases, reached a total of 545 (involving 729 persons), while 149 cases (involving 182 persons) were solved. The State Prosecutor also reported to have seized and confiscated assets reaching an estimated value of 2.5 million EUR, and 5,000-6,000 EUR respectively during 2013.

The European Commission's Head of Unit for Kosovo, Mr David Cullen, welcomed the certification of the financial investigators, jointly done by Kosovo Police, prosecution, auditor general, central bank, customs and FIU. He acknowledged the higher value of assets managed by the responsible agency (AMSCA) as a positive step. Mr Cullen stated that Kosovo should step up its efforts to systematically apply the tools for financial investigations and asset confiscations, and to conduct joint investigations. Kosovo's expertise to tackle complex criminal investigations, such as financial crime and

procurement fraud, is still limited. Upgrading the expertise in this area is essential to deal with corruption effectively.

**Follow-up:**

- Law enforcement and judicial institutions to ensure that financial crime is systematically investigated and prosecuted through an integrated approach in all cases and by making full use of certified financial investigators, with a view to further increasing the overall value of confiscated assets (December 2015);
- Law enforcement and judicial institutions to further continue strengthening of technical and professional capacities for preventing and fighting financial crime (December 2015);
- Law enforcement and judicial institutions to further improve collection and processing of statistical data on financial crime (December 2015).

**(3) Human Rights, Justice and Judiciary**

*(a) Justice Reform: Implementation of the Justice Package Laws*

Mr Paquet welcomed the recent adoption of the four Justice Package laws on the Kosovo Judicial Council, the Prosecutorial Council, the Courts and the Chief State Prosecutor. He underlined that adopting legislation is only the first part of changing a system or structure. Kosovo now needs to focus on the proper and rigorous implementation of these laws.

While Mr Paquet raised concern over the legal grounds of some Prosecutorial Council (KPC) members' mandates, Mr Lumezi pointed out the need for a necessary quorum of the KPC. Mr Lumezi explained that the one of the KPC members' mandate expire on 15 July and another one's at the end of the academic year. He added that there are different options as to how to keep the quorum, for instance to extend both mandates to the end of 2015 or elect new members.

**Follow-up:**

- Kosovo to ensure swift and proper implementation of the recently adopted four Justice Package laws so that change can be seen on the ground immediately once the laws enter into force (January 2016);
- KPC to ensure that all KPC members' mandates are on sound legal grounds following the expected expiration of the mandate of some of its members (December 2015);
- The Assembly to ensure that all (remaining) KJC members are elected as soon as possible.

*(b) Judges & Prosecutors: Recruitment and Training*

Mr Enver Peci, Head of the Judicial Council, provided an update regarding legal reforms and institutional capacities in the court system. A regulation on appointment of judges, setting out minimal standards and criteria for this purpose, was adopted. KJC also adopted a regulation on the written exam for recruitment of judges, providing for an initial online written exam to be passed by candidates meeting requirements issued in the vacancies for positions of judges. A regulation on administration of courts, providing for random allocation of cases, was also adopted, which will contribute to preventing corruption in courts. On institutional capacities, the number of judges in Basic Courts has reached 181 (out of a total of 192 foreseen), 31 (out of 40 foreseen) at the Court of

Appeals, and 13 (out of 17 foreseen) at the Supreme Court of Kosovo. Moreover, following the agreement concluded with Serbia, vacancy announcements for 48 judges of the Basic Court of Mitrovica have been issued (applications received are currently being evaluated by the KJC, in close cooperation with EULEX).

Mr Aleksandër Lumezi, Chief State Prosecutor, reported that the number of prosecutors has reached 137, while the process of recruitment of 18 more prosecutors for Basic Prosecution Offices is at the final stage. In addition, vacancy announcements for 15 prosecutors from non-majority communities were issued in March 2015, and the recruitment process for 12 applications received is under way (conducted jointly by KPC and EULEX). Lastly, internal vacancy announcements for six prosecutors (three for the Chief State Prosecutor's Office and three for the Special Prosecution Office) are ongoing.

Mr Paquet welcomed the introduction of mandatory initial training of 12 months for all newly recruited judges and prosecutors and the fact that the new law foresees an evaluation after the training. He stressed the importance of ensuring the quality of the training and that evaluation is transparent and objective. He pointed out the drafting process of the law on the justice academy needs to take into account all stakeholders' comments and opinions.

#### **Follow-up:**

- KJC and KPC to complete the ongoing recruitment processes for judges and prosecutors, in particular for the Mitrovicë/Mitrovica Basic Court and Basic Prosecution Office (December 2015);
- KJC and KPC to ensure that the performance evaluation of judges and prosecutors is conducted regularly and systematically, based on the criteria of transparency and objectivity, and in line with European and other relevant standards; and to ensure that training of judges and prosecutors is of high standard (December 2015);
- Ministry of Justice to ensure proper public consultations throughout the drafting process of the Justice Academy Law.

(c) *Human Rights: time schedule strategy and action plan; People with disabilities: update on strategy; Integration Roma, Ashkali and Egyptian communities: policy commitments beyond 2015.*

Ms Sadete Demaj from the Office of the Prime Minister's (OPM) Office of Good Governance (OGG) reported on the drafting of the Human Rights Strategy and Action Plan 2016-2020, with a view to setting a comprehensive approach to human right protection, linking it to the overall orientation of efforts and institutional responsibilities for implementing laws, including sufficient budgetary means to carry out actions. This process is being carried out through full involvement of civil society, as well as relevant domestic and international stakeholders dealing with human rights. She also reported that new policy commitments for the integration of Roma, Ashkali and Egyptian communities (covering 2016-2020) are in the drafting process unfolding in three stages: consultations with authorities, civil society and other stakeholders at local level; developing a first draft of the document; and public consultations (the first phase has been completed so far). Both documents will be finalized and submitted for Government approval by December 2015. Lastly, implementation of the National Strategy on the Rights of Persons with Disabilities 2013-2023 and monitoring of its implementation

continued during the reporting period. The 2013-2014 Progress Report on its implementation, summarizing key achievements and challenges under each of its objectives, has been produced.

Mr Paquet welcomed the adoption in May of the laws on gender equality and anti-discrimination, as part of the Human Rights Law Package. He underlined the importance of updating the Strategy and Action Plan on Human Rights and to properly involve civil society and all other stakeholders in the drafting process. He inquired about the status of implementation of the National Strategy and Action Plan on the Rights of People with Disabilities, and underlined the importance of a fully operational and active National Council for Persons with Disabilities.

Mr Paquet stressed the importance of taking into account the criticism voiced by civil society on the implementation of the Strategy and Action Plan for the Integration of the Roma, Ashkali and Egyptian Communities and use it when developing new policy commitments for beyond 2015. Mr Paquet emphasized that the policy commitments are credible, realistic and measurable. He reminded of his upcoming visit to Kosovo in November for the 3<sup>rd</sup> seminar on the Roma, Ashkali and Egyptian communities. He expects concrete results on the final stages of implementing the existing strategy and action plan.

#### **Follow-up:**

- OGG/OPM to finalize and the Government to adopt the Human Rights Strategy and Action Plan 2016-2020, involving relevant stakeholders and taking their recommendations on board; as well as ensuring that the new strategy is in line with the provisions of the Human Rights Law Package (December 2015);
- The Government and local and central level institutions to intensify implementation of the Strategy and Action Plan for the Integration of Roma, Ashkali and Egyptian Communities (December 2015);
- OGG/OPM to prepare an evaluation on the implementation of the Strategy and Action Plan for Integration of Roma, Ashkali and Egyptian Communities in view of the joint annual seminar with the European Commission, scheduled for 12 November 2015 (October 2015);
- OGG/OPM to finalize and the Government to adopt Policy Commitments for the Integration of Roma, Ashkali and Egyptian Communities 2016-2020 which are credible, realistic and measurable and which take into account recommendations from civil society and parliamentarians representing the three communities as well as the local level context (December 2015);
- OGG/OPM to finalize and the Government to adopt the 2016-2020 Action Plan of the National Strategy on the Rights of Persons with Disabilities (December 2015);
- The Government to make the National Council for the Rights of Persons with Disabilities fully functional and ensure that it plays an active and crucial role in implementing the National Strategy and Action Plan (December 2015).

#### *(d) Media Freedom: Update on RTK*

Ms Xhevahire Izmaku, member of the Assembly Committee on Public Services, Local Administration and Media, reported on the ongoing efforts to regulate the issue of financing of the public broadcaster through amendment of the Law on Radio Television of Kosovo (RTK). She explained that the Committee will continue with the amendment

process, based on research conducted with the NGO Kosovo Democratic Institute and a public debate held on 1 July 2015. She further reported that the mandate of five members of the RTK Board will expire on 30 August 2015, adding that the vacancy announcement was issued and the Assembly created an ad hoc committee to carry out the recruitment process (of 55 applications received) leading to proposing the list of such members to the plenary session of the Assembly for final appointment.

Mr Paquet emphasised the increasing importance of freedom of expression and the media. He communicated that Kosovo urgently needs to find a solution to ensure the financial sustainability of the RTK and to guarantee its independence.

**Follow-up:**

- The Assembly of Kosovo to draft and adopt the amended Law on RTK, regulating the issue of long-term and sustainable financing of the public broadcaster (by drawing on EU-funded expertise, e.g. through TAIEX, if needed) (December 2015);
- Kosovo to ensure the long-term financial sustainability of the RTK and that a competent RTK board is appointed through fair and transparent procedures (August 2015).

**(4) Sectorial Policies**

*(a) Food and Veterinary Issues: Transfer of Inspectors from Municipalities to the FVA*

Mr Valdet Gjinovci, CEO of the Food and Veterinary Agency (FVA), reported that Memoranda of Understanding with 27 Municipalities had been concluded to facilitate the transfer of food safety and veterinary inspectors from municipalities to the FVA. The Agency has also established regional offices in Pristina, Mitrovica, Peja, Prizren, Ferizaj and Gjilan, and submitted a budget allocation request to the Ministry of Finance, which, however, was turned down twice (on grounds of unsustainability). The issue will now be addressed through amendment of the Law on Local Government Finance, to be completed within 2015.

Mr Paquet welcomed the proposed amendment and underlined that the transfer of inspectors from Municipalities to the FVA has been a long-standing issue since five years.

**Follow-up:**

- Ministry of Finance to amend the Law on Local Government Finance and the Assembly to adopt the amended law, providing for transfer of food safety and veterinary inspectors from Municipalities to the FVA (December 2015);
- FVA to complete the transfer of food safety and veterinary inspectors from Municipalities (December 2015).

*(b) Environment: Waste Management and Master Plan*

Mr Ferid Agani, Minister of Environment and Spatial Planning, reported on the state of play regarding waste management. He pointed out that Kosovo's legislation in this area is continuously aligned with the EU acquis, yet implementation and enforcement remain challenges. A Strategy on Waste Management 2013-2022 is in force, whereas drafting of the Waste Management Master Plan has commenced. This plan will improve the current status of the waste management system through better planning and organization,

through creating a more rational and clearer overview, and through other measures needed for prioritizing waste management in the future.

Mr Cullen said that Kosovo's environmental policy has constantly suffered from insufficient attention and a lack of budgetary means. The environment should be taken into account when mainstreaming with other policies, such as energy, industry or agriculture. Waste management, according to Mr Cullen, is one of the most immediate and visible challenges and a waste management plan should be finalised immediately.

**Follow-up:**

- Ministry of Environment and Spatial Planning to finalize and the Government to adopt the Waste Management Master Plan (December 2015).

*(c) Energy: Decommissioning and New Power-plant, and Radiation Protection*

Mr Blerand Stavileci, Minister of Economic Development, provided an update regarding decommissioning of the 'Kosovo A' TPP and construction of the 'New Kosovo' TPP. A working group in charge of decommissioning (pursuant to the Government Decision No. 04/156 on decommissioning and dismantling of gasification, fertilizer, heating and other facilities which do not hinder normal operation of active 'Kosovo A' units) is implementing a dynamic plan foreseeing completion of both processes by early 2018.

Mr Ferki Fejza, Acting CEO of the Kosovo Agency for Radiation Protection and Nuclear Safety (KARPNS), provided an update on legal and policy developments and implementation in this area. It has drafted a regulation on its internal organisation and functioning (yet to be adopted by the Government) and other legal acts, and the Strategy and Action Plan for Radiation Protection and Nuclear Safety. It has also established the dosimetric control system for personnel working with ionizing radiation sources (compliant with European standards) and has been working towards identifying a temporary radioactive waste disposal site. Lastly, the appointment of its CEO is under way and is expected to be concluded within July 2015.

Mr Cullen asked for clarification as regards the timeline of the decommissioning of 'Kosovo A', especially in relation to commitments made under the Energy Community Treaty. He said that a final decision on the available options for 'Kosovo A' should be made soon: in case a rebuilding of 'Kosovo A' is planned, earmarked IPA funding needs to be redistributed.

**Follow-up:**

- Ministry of Economic Development (MED) and other relevant bodies to continue with adequate and timely implementation of the dynamic plan 2014-2018 for decommissioning of the 'Kosovo A' TPP;
- MED and other relevant institutions to continue with efforts needed to comply with the Energy Community Treaty, focusing mainly on adoption of the legal framework, regional cooperation (including dialogue with Serbia), and implementation and enforcement (especially with regard to decommissioning of 'Kosovo A' TPP and construction of 'New Kosovo' TPP);
- KARPNS to finalize and the Government to adopt five (5) regulations on radiation protection and nuclear safety, ensuring transposition of the relevant acquis (December 2015);



- KARPNS to finalize and the Government to adopt an action plan tackling depleted uranium waste (December 2015);
- The Government to complete appointment of the KARPNS CEO and make the Agency fully operational, particularly by increasing its budget (July 2015; continuously).

## **(5) Economic Issues**

### *(a) Competition and State Aid*

Mr Avdyl Krasniqi, General Secretary of the Kosovo Competition Authority (KCA), reported on the latest developments regarding functioning of the Authority. He particularly stressed the difficulties it faces due to lack of proper premises, insufficient number of staff and the expiry of the mandate of all members of the Competition Commission at the end of April 2015. Similar difficulties were reported with regard to functioning of the State Aid Office, though it was established back in December 2013.

Mr Paquet expressed his serious concern at the situation in the area of competition/state aid, and the Kosovo Competition Commission in particular. He highlighted the urgency of appointing competent members of the Competition Commission, which has not been operational since November 2013, and the importance of adequate premises for the KCA. Mr Paquet indicated that the Commission would be ready to help with legal/technical advice, but only when KCA is operational and has adequate facilities.

### **Follow-up:**

- The Assembly to appoint members of the Competition Commission (September 2015);
- The Government to ensure allocation of adequate premises to the Kosovo Competition Authority and the State Aid Office (September 2015);
- The Government to provide the support needed to increase number of staff of the Kosovo Competition Authority and the State Aid Office and their capacities, in order to ensure implementation of the SAA provisions in this crucial area (September 2015).

### *(b) Public Procurement*

Mr Safet Hoxha, Head of the Public Procurement Regulatory Commission (PPRC), reported on the latest developments over the functioning of this institution. He pointed out that the ongoing amendment of the Public Procurement Law seeks to align it with the EU acquis and general principles of transparency, non-discrimination and fair competition in public procurement. PPRC has also adopted six administrative instructions since the beginning of 2014. On implementation, PPRC monitored 43 contracting authorities in 2014 (36 based on the action plan and seven upon request).

Mr Hysni Hoxha, Head of the Procurement Review Body (PRB), provided an update on legislative developments and functioning of this institution. Legal developments mainly consist on the new PRB Rules of Procedure (adopted in May 2015). On institutional developments, he reported that the PRB Board is incomplete as of December 2014, due to expiry of the mandate of one member (now operating with three members). On reviewing of public procurement appeals, 537 complaints were received during 2014: 161 were returned for re-evaluation and 104 for re-tendering; in 181 complaints,

decisions of contracting authorities were approved; 40 complaints were withdrawn by the claimants; 13 were rejected due to non-completion of documentation; two were deemed out of PRB's legal powers; 17 deemed as an issue for judges; and an order to the PRB decision was issued in one case. On the other hand, a total of 218 complaints have been received until 24 June 2015: 190 have been reviewed and 28 are under review. More specifically, out of 218 complaints, in 56 cases decisions of contracting authorities were approved; 58 were returned for re-evaluation; 46 for re-tendering; four have been rejected due to incomplete documentation; four were deemed out of PRB's legal powers; 14 were withdrawn by the claimants; one deemed as an issue for judges; two complaints regarding the order to implement the decision of PRB; five complaints regarding decision from panel review for continuation of deadlines/improvement of criteria and the remaining 28 are under the review process.

Mr Paquet highlighted that public procurement is a key element to be able to genuinely develop the economy, and made clear that this year the country report will consider public procurement as one of the pilot chapters to which particular attention will be paid. Mr Paquet acknowledged progress with the setting up of a centralised public procurement system and the adoption of a list of common items in February 2015, but also underlined that efficient implementation needs to be in the focus of the authorities.

Mr Paquet also expressed serious concern over the situation with the appointments in the public procurement institutions (PPRC and PRB) where the appointment of members of the board should be made without any delay. He reminded that it is essential to ensure professionalization, de-politicisation, transparency and accountability in PP processes (including the nominations of senior-management positions) and reiterated the importance of addressing the issue of domestic preference, in view of the SAA obligations.

#### **Follow-up:**

- The Assembly to complete appointment of members of the Public Procurement Review Body and Public Procurement Regulatory Commission Boards (September 2015);
- Ministry of Finance to finalise and the Assembly to adopt the amended Public Procurement Law, ensuring compliance with the EU acquis and SAA provisions, as well as principles of transparency, non-discrimination and fair competition (December 2015).

#### *(c) Economic Reform Programme: Fiscal Council and Mid-term Expenditure Framework*

Mr Avdullah Hoti, Minister of Finance, focused his discussion on the state of play with regard to drafting of the Economic Reform Programme (ERP) and the Midterm Expenditure Framework, and on efforts to improve budgetary and fiscal sustainability and the intention to create a National Council for Investments.

Mr Paquet reminded of the ECOFIN conclusions of 12 May 2015 which welcomed Kosovo's ERP submission and considered it as a first step in deepening the economic dialogue with the EU. He highlighted the importance now for Kosovo to follow up on the ECOFIN recommendations (as well as the conclusions of the Prizren joint retreat with the World Bank) and indicated that the upcoming 2016 ERP and SAPD sector meetings

– future SAA subcommittees – will monitor, discuss and ensure follow-up. In particular Mr Paquet mentioned recommendations 1 and 6 which aim at helping to preserve the sustainability of public finances, to ensure transparency and cost-efficiency in decisions that have a big impact in the budget, and to support better coordination between government and parliamentary bodies responsible for budgetary processes.

**Follow-up:**

- Within the Framework of the National Investment Council, the transparency and accountability of fiscal and budgetary aspects of public investments needs to be ensured (December 2015);
- The Government to ensure maintenance of midterm budgetary sustainability, in line with fiscal constraints.

*(d) Administrative Capacity: Ministry of Trade and Industry and Kosovo Agency of Statistics*

Mr Avni Kastrati, Deputy Minister of Trade and Industry, provided an update regarding developments for strengthening of capacities of this ministry, focusing mainly on making the Kosovo Investment and Enterprise Support Agency fully functional and appointment of some key management positions (mainly heads of departments).

Mr Isa Krasniqi, CEO of the Kosovo Agency of Statistics reported mainly on developments for strengthening capacities of the Agency and preparations for the partial census in the four municipalities, north of Ibër, not covered by the official 2011 census. KAS's reorganization resulted in establishment of three departments (Department of Policy, Planning, Coordination and Communication; Department of Surveys and Censuses; and Department of Social Statistics). On the other hand, a request for EU funding for the partial census (planned to be carried out in April 2016) has been submitted, to be followed by drafting of a specific law.

Mr Paquet reminded that adequate administrative capacity is essential for efficient administration and the implementation of government policy. The EU has been providing substantial support to different government institutions over the years and expects that the capacity built and the good work done to prepare the Ministry for SAA negotiations is maintained and that any changes follow good public administration practices. This issue is even more relevant given that public administration reform (PAR) is a possible pilot sector for sector budget support and taking into account the assurances received by the government in this respect.

**Follow-up:**

- Ministry of Trade and Industry to ensure the maintenance and independence of the civil service and the sustainability of the support received by the EU in this respect; to complete the ongoing recruitment process for management positions, in accordance with good PAR standards, and to continue strengthening its institutional capacities in order to ensure implementation of legislation and SAA provisions, including capacities of the Metrology Agency and of technical laboratories (December 2015);
- The Government to finalize and the Assembly to adopt the amended Law on Official Statistics, in line with EUROSTAT recommendations and to provide for strengthening the management of KAS (December 2015);

- The Government to consider the possibility of enabling KAS to recruit new professional staff positions needed for establishment of the Department of National Accounts Statistics within KAS, as well as for strengthening IT capacities (December 2015);
- The Government to complete preparations for the partial census in the four municipalities not covered by the official 2011 census, including allocation of funds needed (December 2015).

#### **(6) Concluding Remarks**

The minutes of the sectorial meetings were formally adopted.

Given the expected entry into force of the SAA in early 2016, this was the last SAPD Plenary Meeting. Parties will convene in an equivalent format next year in the framework of the EU – Kosovo Stabilisation and Association Agreement Council. The date of this meeting will be agreed in due course.