

2nd Plenary of the Stabilisation Association Process Dialogue

Friday, 1 July 2011

Pristina, Kosovo

1. Introduction

The second plenary meeting of the Stabilisation and Association Process Dialogue took place in Pristina, on Tuesday, 1 July 2011. The meeting was co-chaired by Ms Vlora Çitaku, Minister of European Integration of Kosovo, and Mr Pierre Mirel, Director for Western Balkans within the DG Enlargement of the European Commission.

The meeting was attended by a large number of Ministers, officials, Members of the Assembly and heads of regulatory agencies, on the Kosovo side. On the EU side, also present were representatives of EU Member State diplomatic missions in Kosovo, EULEX, and European Commission staff. The full list of participants is annexed.

In his introduction, Prime Minister Hashim Thaçi underlined Kosovo's commitment to its European integration process, and that all levels of the Kosovo government support the European integration agenda. Mr Thaçi also pointed out that, since the last meeting of the plenary SAP Dialogue, Kosovo has gone through a number of political challenges, including elections, as a result of which Kosovo has decided to change the election law and the Constitution. The Prime Minister added that Kosovo intends to address all the concerns raised in last year's progress report, whether in the political criteria, rule of law, economic criteria or European Standards. He outlined what Kosovo intends to do in two areas targeted in the 2009 'Kosovo Communication': visa liberalisation and strengthening the trade relationship with the EU. These are part of Kosovo's European Agenda, for which Kosovo will create the necessary structures and use instruments at its disposal (such as the European Partnership Action Plan, the SAP Dialogue) and, to steer Kosovo's European process at the highest level, Kosovo will create a National Council for European Integration.

In his opening remarks for the European Commission, Director Pierre Mirel stressed that, since Kosovo had to address its political challenges over the past year, activity on Kosovo's reform agenda had slowed down. He commended Kosovo for the government's constructive attitude in the dialogue with Serbia, as this was a unique opportunity for Kosovo to solve a number of problems. Mr Mirel praised the work of the Ministry of European Integration. Nevertheless, the government had only a short time to deliver before the next Progress Report, so he called upon all institutions (but particularly Government and the Assembly) to work closely together to deliver progress to prepare and adopt laws. In addition to this, it is necessary to implement and enforce these laws and decisions: by way of example, only 40% of court rulings are enforced. Mr Mirel pointed out the breadth of EU support for Kosovo through recent visits of President Barroso, High-Representative Ashton, and Commissioner Füle. He also stressed the Commission's intention to sign a formal agreement with Kosovo opening EU programmes to Kosovo's participation, and that, when the conditions are met, the Commission will open the Visa Dialogue. Finally, Mr Mirel pointed out that the EC also provides its support to Kosovo in the form of substantial financial assistance. Kosovo is the largest beneficiary of EU assistance per person in the world.

2. Conclusions of last year's progress report

2.1. Rule of Law

In the last year, Kosovo has adopted a number of laws such as the law on prevention of Money Laundering and Financing of Terrorism. It is also in the process of drafting a number of laws and secondary legislative acts.

In terms of results, Kosovo's Anti-Corruption Task Force is operational and the Kosovo Police Witness Protection Unit has been established, as has the Agency for Management of Confiscated Assets at the Ministry of Justice. 110 Economic Crime cases are under investigation. There have been 282 criminal charges. In the area of organised crime (trafficking and smuggling), 251 cases have been identified, 407 persons arrested, 155 operations undertaken, leading to 142 criminal charges.

Follow-Up

- Adopt law on Witness Protection;
- Amend criminal code;
- Adopt law on protection of whistleblowers;
- Adopt law on the Forensics Agency;
- Amend Law on Declaration, Origin and Control of Assets and Presents of Senior Public Officials;
- Amendment Law on Prevention of Conflict of Interest in Exercising Public Function;
- Adopt implementing legislation from the Law on Management of Confiscated Assets;
- Establish the witness protection system;
- Advance of cooperation between law enforcement agencies and judicial institutions;
- Develop a track record of convictions and of enforcing court rulings;
- Continue good cooperation with EULEX;
- Improve the investigative powers of the police;
- Develop capacity to combat cybercrime.

2.2. Public Administration Reform

In the last year, Kosovo has adopted 12 implementing regulations related to the Law on Civil Service. It has also carried out a Population and Housing Census (according to international standards). Despite not being able to carry this out in 3 municipalities in the North, preliminary results were published on June 29.

Follow-Up

- Approve the Action Plan for Public Administration Reform implementing the Public Administration Reform Strategy (Q4 2011);
- Approve all Strategic Development Plans (Q4 2011);
- Secondary Legislation for the Law on Civil Service (Q4 2011);
- Law on Civil Servant's Salaries (Q4 2011);
- Law on State Administration (Q4 2011);
- Ensure that appointments of Permanent Secretaries are carried out according to objective and professional (i.e. non-political) criteria;
- Ensure that the Law on NGOs will guarantee participation of civil society in the consultation process.

2.3. Public Procurement

The revised Public Procurement Law was adopted by the Government. The Assembly was called upon to ensure that, contrary to last year's law, this year's amendments are not revised away from European Standards in the legislative process. It will be followed by secondary legislation, a guidebook regulating the sale of assets, a Regulation for Public Procurement in Public Enterprises, and a Regulation for monitoring contract implementation (all for Q4). The aim is to start monitoring this by end of the year.

Follow-Up

- Amend Public Procurement Law (Q4 2011);
- Adopt implementing secondary legislation (Q4 2011);
- Publish guidebook regulating the sale of assets (Q4 2011);
- Adopt regulation for Public Procurement in Public Enterprises (Q4 2011);
- Adopt Regulation for monitoring contract implementation;
- Start monitoring contract implementation by end of the year.

2.4. Elections and constitutional reform

A Committee on Election Reforms (CER) was established in April to analyse findings from the last election process. A public debate with NGOs is planned in July, to be followed by public debates. In September there will be a debate with relevant stakeholders on the problems to be identified by the CER in September 2011. The final report is to be submitted to the Assembly in March 2012.

The process to amend the Constitution, the articles concerning election of the President in order to enable his/her direct election are due for next year: the amended Constitution drafted and submitted (in package) to the Assembly for adoption – December 2011; and also the Law on Direct Election of the President of Kosovo drafted and submitted to the Assembly for adoption – December 2011.

Follow-Up

- Adopt amendments to the electoral law (2012);
- Amend Constitution to allow Direct Election of the President.

2.5. Decentralisation

A number of pieces of legislation, both primary and implementing, are in preparation. Kosovo has established an Inter-ministerial Working Group on Decentralisation (IWGD). In parallel there is work on a number of issues, such as capacity building (which was recognised as being important to deliver public services), and preparation of the Action Plan to ensure the necessary conditions for organising local elections for Mitrovicë/Mitrovica North. In parallel, there have been quite some investments in Mitrovicë/Mitrovica, such as establishing a Centre for Citizens' Services in northern part of Mitrovicë/Mitrovica.

Follow-Up

- Respect fully and implement the Law on Local Self-Government;
- Adopt Law on Inter-Municipal Cooperation and Partnerships;
- Adopt Law on the City of Prishtinë/Priština;
- Amend AI on the Use of Languages in Municipalities;
- Amend AI on Organization and Functioning of Citizens' Services Centre;
- Enforce the legal obligation that PAK consults municipalities before property is being privatised.

3. European Agenda

3.1 Visa liberalisation

Kosovo has established a Visa Liberalisation Working Group with a professional secretariat to implement the visa liberalisation action plan. Kosovo has worked on a number of elements, such document security, improving cooperation with law enforcement agencies and judicial cooperation in criminal issues, developing asylum policies and migration management, border management and protection of personal data.

In his recent visit to Kosovo, President Barroso made clear that the Commission was committed to open the Visa Dialogue when the conditions are met, and that the two main conditions were Kosovo's capacity for readmission and reintegration of repatriated persons. The Kosovo government should therefore inform the Commission when it was ready to receive an expert mission to assess reintegration.

Follow-Up

- Continue implementing criteria for the start of the visa liberalisation dialogue (and onwards), particularly developing Kosovo's reintegration capacity;
- Commence issuing biometric passports, on the basis of secure documentation;
- Continue implementing readmission agreements, and the Strategy and Action Plan for Reintegration of Repatriated Persons;
- Sign bilateral readmission agreements with key partner countries;
- Crack down on travel agencies that falsely promise asylum and illegally mediate in the visa application process;
- Fight all other irregularities, fraud and fake documents in the visa application process;
- Advance cooperation between law enforcement agencies (IBM, organized crime, illegal migration);
- Continue regional cooperation in the field of security.

3.2 Trade agreements

This year Kosovo is chairing CEFTA and is using this as an opportunity to demonstrate its maturity. In May, Kosovo received the evaluation from DG for trade as to Kosovo's readiness to enter into a possible trade agreement with EU. Kosovo has replied to Commissioner De Gucht.

Trade exchanges of Kosovo for 2010 were €2.5 billion (15, 8% more compared with those of 2009). Imported goods for 2010 were around € 2,139 million, an increase of 10, 5% compared to 2009. Exports were increased for € 294 million, 7, 8% increase from 2009. There is still a huge deficit, and Kosovo's exports consist, to a large extent, of products with low added value.

Kosovo exported to the EU goods in value of € 131 million or 44.7% of total exports. Imports from EU in the year of 2010 are around € 821 million or 38.4 % of total imports. As a result of Autonomous Trade Measures with the EU since January, Kosovan exporters are suffering not only a direct cost but also an opportunity cost and a disincentive to investors.

Adopted legislation this year includes the Law on Accreditation, the Law on Internal Trade, the Law on Trade Associations, the Law on Trade and Strategic Goods, the Law on Metrology, the Law on Inspectorate and the Trade Overview, the Law on technical requests of products and the conformity evaluations

Follow-Up

- Law of activities on foreign trade (Q3 2011);
- Law on patents (Q3 2011);
- Law on Trade Marks (Q3 2011);
- Law on Industrial Design (Q3 2011);
- Law on General Safety of Goods (Q4 2011);
- Strengthen Kosovo's capacity to negotiate trade issues.

3.3 Participation in EU Programmes / EU integration mechanisms

The procedure to integrate Kosovo into EU programmes is underway. Kosovo welcomes this, and looks forward to starting its involvement in some of the less complex programmes.

Kosovo's European Integration structures have been revised: the Inter-Ministerial Council for European Integration has not been as efficient as planned. Kosovo has established structures to improve the co-ordination between services, including the Departments for European Integration and Coordination of Policies in order to strengthen structures at Ministerial level.

Kosovo intends to establish a National Council on European Integration, bringing together all organisations and institutions that cover European integration. This includes the Assembly. The Ministerial Council will take place once per month, and be strongly aligned with the SAP Dialogue calendar.

The European Partnership Action Plan 2011 is an improvement on the 2010 document. It was prepared earlier this year, has fewer actions, builds on the 2010 PR and the SAPD conclusions. There is a better linkage with other frameworks, and a tracking mechanism to verify implementation.

Follow-Up

- Establish the National Council for European Integration (Q4-2011);
- Maintain regular meetings of the Inter-Ministerial Council for European Integration;
- Improve co-ordination between Departments for European Integration in Ministries and the rest of Ministry services
- Carry out an audit of actions achieved under the 2011 EPAP as a guideline for what is achievable under the 2012 EPAP (Q4-2011);
- Enhance linkage between EPAP and other processes (legislative programme, budget, MTEF) (Q1-2012);
- Use reports from the EPAP Tracking Mechanism to enforce implementation of EPAP actions.

3.4 Co-operation with the Assembly

The Assembly Action Plan on European Integration 2011 was adopted on 28 April 2011. It was followed by a Resolution on Commitment of Kosovo to the European Integration Agenda. This is perhaps the only subject where all parliamentary groups agree and the Resolution was adopted by unanimity. Since its constitution, the Assembly has reviewed 7 laws for their compliance with the Acquis.

Follow-Up

- Harmonise the Government's legislative programme with that of the Assembly;
- Develop mechanisms for the Government to explain and pilot draft legislation with EU relevance through the Assembly.

4. Political Criteria

4.1 Rule of Law

Kosovo has adopted a number of pieces of secondary legislation implementing the Law on Kosovo Judicial Council and the Law on Courts, such as the regulation on Selection of KJC Members, Regulation on Appointment of Judges and Prosecutors, Regulation on Determining Compulsory Norms for Judge, and regulation on Performance Appraisal of Judges.

The KJC adopted a strategy for reducing the backlog of cases. The backlog of cases has been reduced by 11%. However, there are still 119,181 cases to be resolved. In February, 121 vacant positions for judges were announced. The interviews for Supreme Court judges have been completed. The Action Plan on Restructuring of Courts was adopted. 397 users of the Case Management Information System were trained by the end of the first quarter of 2011. Newly-appointed judges are being trained to use the CMIS and three additional officers will be employed (one per court).

The Rules of Procedure and Regulation on Appointment of Prosecutors have been adopted. The Kosovo Prosecutorial Council has been established, and its Chairman, Members and Director of the Secretariat selected. 45 prosecutors of all levels have been recruited, with positions for non-majority communities set out in accordance with the respective levels. Special prosecutors on anti-corruption, as well as 5 prosecutors on anti-organised crime and 5 experts for combating economic crimes have been assigned. A Memorandum of Cooperation with the Kosovo Police has been signed, as have Memoranda of Cooperation with counterpart institutions of Turkey, Albania, Montenegro and Croatia.

Follow-up

- Adopt amendments to the Criminal Code of Kosovo;
- Adopt amendments to the Criminal Procedure Code;
- Adopt Law on Witness Protection;
- Adopt secondary legislation implementing the Law on Execution of Penal Sanctions;
- Finalise the appointment process for judges of the Court and Appeals Panels of the Special Chamber of Supreme Court and Commercial Court;
- Implement the Regulation on Performance Appraisal of Judges (Q4 2011);
- Adopt the Regulation on Basic Courts, Appeal Courts and Supreme Court (Q4 2011);
- Complete selection of Kosovo Judicial Council members (Q3 2011);
- Set targets to reduce the backlog of cases;
- Complete recruitment of judges (Q4 2011);
- Complete Restructuring of Courts (2013);
- Undertake measures to ensure full independence of the Office of State Prosecutor, and increasing the level of responsibility of Prosecutors;
- Objective and transparent allocation of cases (Q4 2011);
- Make the KPC, its Secretariat and the Prosecutors' Performance Appraisal Unit fully functional (Q4 2011);
- Complete appointment of prosecutors of all levels, and recruitment of professional associates and supporting staff throughout the country (Q4 2011);
- Construct premises of Prosecution Offices in Pejë (Q4 2011);
- Enhance institutional cooperation and coordination with law enforcement agencies in investigating organized crime and corruption criminal activities (Q4 2011);
- Ensure that citizens involved in trials are properly notified of where and when trials take place;
- Ensure that trials take place in court rather than in judge's offices;
- Strengthen the KJC management capacities;

- Strengthen appointment capacities of the Office for Judicial and Prosecutorial Assessment and Verification;
- Ensure independence of KJC and ensure that the nomination of KJC assembly is based on objective (i.e. non-political) criteria;
- Carry out a thorough needs assessment for plans for a judicial academy; ensure that the scope of this initiative is well-defined and harmonised with already existing structures;
- Adopt remaining secondary legislation implementing the Law on Courts;
- Adopt the Action Plan on implementation of the Law on Courts;
- Adopt internal regulations for different instances of courts;
- Implement the National Backlog Reduction Strategy;
- Make CMIS fully functional in all courts;
- Supporting implementation of the Court Management Manual (guidelines).

International Legal Co-operation

Agreements on Extradition, Transfer of Sentenced Persons and Mutual Legal Assistance in Criminal Matters have been signed with Turkey, Macedonia and Belgium. Over 5,000 requests for international legal assistance have been received and processed. 13 extraditions have been carried out. The delays for processing cases have been reduced to 15 days (for usual cases) and maximum 3 days (for urgent cases). The Division for International Legal Cooperation has been accompanied by a new organizational structure and 4 additional staff members recruited.

Follow-up

- Adoption of the Law on International Legal Cooperation in Criminal Matters (Q3 2013);
- Adoption of the administrative instruction on the Civil Aspects of International Child Abduction;
- Agreements with Albania, Montenegro, Switzerland, Germany, Slovenia, and negotiations with other countries in the region and the EU;
- Finalisation of the ratification of bilateral agreements with countries of the Western Balkans and the continuation of cooperation with Ireland in the field of extradition.

Police Reform / co-operation with EULEX

The Law on Police Inspectorate of Kosovo has been amended, as has the Law on Kosovo Police.

Kosovo is developing a new KP organisational Structure and is implementing an Intelligence-Led Policing Strategy. The responsibilities for overseeing the green borderline with Albania and the fYRoM been transferred from KFOR to the Kosovo Police. A KP International Law Enforcement Coordination Unit has been established.

There are regular Rule of Law Joint Coordination Board meetings. The Kosovo Prosecutorial Council cooperates with the EULEX in the process of investigation and prosecution of perpetrators. Sensitive cases are treated by local prosecutors in coordination with EULEX prosecutors. KJC and KPC both reported on good cooperation with EULEX.

Follow-up

- Adopt the Community Policing Strategy;
- Complete transfer of responsibilities for overseeing the green borderline with Montenegro from KFOR to KP;
- Reallocate resources within KP, in accordance with the new Organisational Structure;
- Apply Community Policing methodology;

- Implement the Intelligence-Led Policing Strategy and AP;
- Full functionalisation of the KP International Law Enforcement Coordination Unit (ILECU);
- Increase the performance of the local prosecutors fighting the criminality, especially in organized crime, corruption and human trafficking;
- Sign memorandums of cooperation with competent institutions on fighting the organized crime, corruption and human trafficking, including the exchange of information, experiences and the best European and International practices;
- Organise trainings, seminars and conferences for prosecutors in order to enhance the information of the prosecutors on fighting criminality.

4.2 Readmission

Kosovo has signed 13 readmission agreements so far and is currently negotiating with other European countries. To implement the Strategy and Action Plan for Reintegration of Repatriated Persons, €3.4 million from the 2011 budget has been allocated to the Reintegration Fund. The Reception Office at the Airport and the Reintegration Office within DCAM/MIA are fully functional. The Reintegration Executive Board and its Secretariat are fully functional.

Regular coordination meetings between all the interested parties (MIA, MEI, MLGA and Municipalities – Mayors, MEIOs and MCROs) are being held, and 5 Regional workshops (with participation of Municipalities) delivered. A Training Programme for Municipal structures (with trainings delivered to 266 officials) has been implemented. The Executive Board has adopted criteria for benefiting from the Reintegration Programme.

Follow-up

- Continue negotiations for readmission agreements (Q4 2011);
- Deliver further training to MCROs (Q3 2011);
- Increase the number of requests to the Reintegration Programme to support repatriated families (Q4 2011);
- Ensure that the reintegration fund directly benefits repatriated persons;
- Develop and launch the database to track reintegrated persons, including in the long-term (Q3 2011) in order to be able to give statistics on multiple repatriations;
- Improve monitoring and reporting (Q3 2011).

4.3 Civil registry

95% of Kosovo's Civil Status Offices have had their registers signed (a total of 12,500 registers). All but 9 Sub-offices are connected to the MCSR system. The contract for producing biometric passport has been signed. It was recognised that the Civil Registry should be completed BEFORE issuing a biometric passport.

Follow-up

- Adopt law on Civil Status;
- Adopt Administrative Instructions pursuant to the Law on Civil Status;
- Complete connection of sub-offices to MCSR;
- Design Biometric Passports and their security features;
- Produce the first contingent of Biometric Passports;
- Link the MCCR databases with the central level (CRA);
- Functionalize MCCR's in newly-established Municipalities;
- Complete scanning of Civil Status Registers;
- Continue reconstruction/renovation of MCCRs;
- Improve administrative capacity of the 'address unit' in the Ministry of \$\$\$\$\$?

4.4 Regional Co-operation

Kosovo's full involvement in regional co-operation remains a major challenge as a result of political barriers (due to non recognition by some neighbouring countries). Nevertheless, Kosovo continues to be represented at the RCC and took part in the recent RCC Board meeting, also paying the RCC financial contribution for 2011. The office to represent Kosovo was transferred to the Ministry of Foreign Affairs. Nevertheless the way that Kosovo has assumed the Presidency of CEFTA is a good example of how pragmatic approach can help yield good results.

Follow-up

- Commission to ensure that Bosnia changes the procedure for delivering visas to participate in RCC activities (Q3 2011).

4.5 Missing Persons

The 2011 Action Plan of GCMP was approved in March. The process of excavation/ exhumations continues: over 20 operations were carried out on the ground this year and over 100 operations carried out in 2010. Kosovo is awaiting responses on various cases from Belgrade. April 27th has been designated the Day of Missing Persons in Kosovo. A Joint Council for delivery/receipt of clothes and artefacts has been delivered.

Follow-up

- Adopt Law on Missing Persons (which must cover all victims, regardless of their ethnicity);
- Kosovo to draw up a list of cases where they would like Belgrade to act and to share with the EC Liaison Office;
- Kosovo to investigate structured means with all relevant government entities to investigate unsolved cases of missing persons.

4.6 Structures dealing with human rights

Monitoring, coordination and reporting on the implementation of the strategic documents on human rights is of vital importance for the well-being of the citizens of Kosovo. A programme of cooperation between UNICEF and the Kosovo institutions has been signed.

The Programme Against Domestic Violence has been finalised. €1,612,854 has been allocated at central and local level for implementing the programme. The Implementation report on women's access to education, health, employment, social welfare, decision-making, culture and media for 2008-2010 has been adopted (over €170,000 has been allocated to women's participation in culture and sports by MCYS during 2010).

By decision no. 06/146, sign language has become official.

Follow-up

- Publish the Report on the implementation of the Action Plan for People with Disabilities for the years of 2009-2010;
- Finalise the matrix for monitoring and assessment of the Action Plan for children's rights in the education and health sector;
- Amend the Law on Gender Equality;
- Adopt the AI Law on the method and the premises of psycho-social treatment pursuant to the Law on Domestic Violence;
- Adopt the AI on treatment to persons addicted to drugs and alcohol;
- Adopt the Action Plan 2011-2014 against Domestic Violence;
- Adopt the Action Plan on Women's Economic Empowerment (Q3 2011);

- Adopt the Regulation on Gender Equality and Security Secretariat (Q3 2011);
- Adopt the Law against Domestic Violence (Q3 2011);
- Create the database on Gender Index and Statistics (Q4 2011);
- Implement the decision no. 06/146 on making sign language official (Q4 2011);
- Update the Action Plan against discrimination (Q4 2011);
- Adopt the Law on the Status of the Blind (Q3 2011);
- Take measures to ensure the full independence of the Ombudsperson;
- Increase and secure resources of the Ombudsperson (including office space).

4.7 Curriculum in Serbian/Romani languages

The curriculum framework for preschool, primary, lower and upper secondary and the second curriculum draft have been translated into Serbian. A public discussion has been organised with all stakeholders regarding the curriculum framework in municipalities where Serbian is taught in schools. The State Matura Exam has been translated into Serbian. Agricultural, Technical and Trade Schools were registered in Partesh. Whilst there are positive examples of cooperation in municipalities of Partesh, Rani Lug, Gracanica, and Klokot, other municipalities with Serbian majorities are not cooperating with the Ministry.

Romany Curriculum has been drafted in Romany, Albanian and Serbian. 2 second grade, 1 third grade and 1 fourth grade textbooks for Romany have been selected. Training session on Romany curriculum was delivered to education directors and teachers. However, the lack of qualified Romany teachers is a challenge.

Follow-up

- Adopt the Secondary Curriculum in Serbian;
- Adopt Romany Curriculum Romany, Albanian and Serbian;
- Preparation for the Kosovo Curriculum Framework in 15 municipalities, 30 schools; including those schools where are attending the students of the different communities (Q3 and Q4 2011 and beyond);
- Analyse existing curricula and textbooks in pilot schools of communities, in accordance with Kosovo Curriculum Framework (Q3, Q4 2011 and beyond);
- Train of teachers and principals in the pilot schools of Kosovo Curriculum Framework (Q3, Q4 2011 and beyond);
- Publication of texts in Romany with related elements of culture and history (second grade), (Q3 2011);
- Publication of Albanian language textbooks for non-Albanian communities, (class of 3-h), (Q3-Q4 2011);
- Publication of texts related to communities living in Kosovo (Bosniaks, Serbs, Turks, Roma, Ashkali, Egyptians ...) (Q3 2011);
- Introduce Romany language with elements of culture and history (second grade). (Q3-Q4 2011);
- Resolve the case of Romany children in Füshe Kosovo not enrolled in schools (before the new school year).

4.8 Property Rights

The Kosovo Property Agency has received a total of 41.187 claims. In the last year, the process of confirmation of notification and re-notification of the wrongly notified properties was completed, 16.111 property notification reports were compiled, documents for 3.928 claims were verified, 8.990 claims were adjudicated, 6.656 decisions were delivered to the parties in the procedure, 2.485 decisions were implemented (repossession, administration etc.) and 1.567 evictions were

executed (out of which 972 through physical eviction and in 660 cases the evictions were cancelled because the rent was paid).

In Mitrovica 134 evictions were scheduled, out of which 7 were executed with physical eviction while in 127 cases the evictions were cancelled because a rental contract was signed - payment of the rent or the request by the owner to close the case before the eviction date. €4,378,436 was collected from the implementation of the rental scheme out of which € 389,283 were paid to the owners. The local judge was appointed, at the Supreme Court/Appeal Panel, deciding appeals against KPCC decisions. This panel is functioning and it started deciding the cases in the second instance.

Memoranda of Understanding signed with the Kosovo Cadastral Agency, the Kosovo Police and the UNHCR are being implemented. The KPA now has access in the cadastral documents of the KCA and the KPA has the support of the Police during the evictions (apart from in the North). Outside of Kosovo, the KPA offices are functioning under the name of the UNHCR.

Follow-up

- Appoint the National Property Rights Coordinator;
- Adopt and implement the Action Plan to resolve all submitted claims (end 2012);
- Implement all the KPCC decisions (end 2013);
- Ensure adequate and sustainable funding for KPA;
- Approve criteria and procedures for calculating amounts in compensation cases (Q3 2011);
- Ensure proper involvement of Court Liaison Offices in Serb populated places as the facilitator between courts and parties in property related cases.

5. Economic Criteria

5.1. Economic vision for Kosovo

Kosovo has defined its main strategic goals and priorities for the years 2010-2014 as being economic development and sustainable economic growth in Kosovo. The main areas of intervention are maintaining Macro-Fiscal Sustainability, attracting investments by improving the business environment and supporting the private sector development. The aim is to be recognised by the World Bank Doing Business as a top reformer. Other aims are to develop public infrastructure, revitalise the agriculture system (tripling the budget of the Ministry of Agriculture) and development human capital.

The economic vision for Kosovo was recognised as being welcome, particularly the role given to private sector development at the heart of the vision. In the tight fiscal room for manoeuvre in which Kosovo operates, the need to promote and attract foreign direct investment was recognised. As well as the New Kosovo Power Plant, energy efficiency and renewable energy were advised. And in promoting agriculture, Kosovo's organic agriculture potential should be developed.

5.2. Macroeconomic stability

Economic growth for 2010 is estimated at 4.0%, mainly attributed to consumption and exports. Prices increased by 3.5%. Real GDP growth for 2011 is projected at 5.3% Inflation for 2011 is projected at 5.3%. Kosovo expects a slight improvement in trade balance during this period. Total revenues so far in 2011 are €539.1 million (or 43% of planned annual revenues). These total revenues are planned to be around 12.2% higher than revenues collected during 2010.

Budget expenditure execution so far in 2011 is at 31% or € 469.4 million. Kosovo is currently at a higher execution of capital investment compared to 2010.

As a result of political developments in Kosovo, the first program review of the IMF Standby Agreement was not possible (the 2011 budget was not approved within the legal deadline). Salary increases have pushed current expenditure beyond targets set by the IMF program leading to the programme's derailment.

A number of prior actions requested by the IMF have been taken in order to qualify for a Staff Monitored Program: fixing the number beneficiaries of the Law on War martyrs and establishing the Government Committee pursuant to the Law on former politically imprisoned and convicted persons. There will be two quarterly reviews of the Staff-Monitored Programme in the second half of this year.

Follow-up

- Agreement with the IMF for a new Standby Agreement (early 2012);
- Satisfactory implementation of a Staff-monitored programme for the 6 month period July–December 2011;
- Conform with the structural benchmarks in two quarterly reviews (Q3 & 4 2011);
- Improve the linkage between pay increases and performance.

5.3. Measures to reduce the informal economy.

Last September, the Government adopted the Programme for the Prevention of Informal Economy in Kosovo 2010-2012. It was accompanied by an Action Plan. The Customs Action Plan 2011 has been revised, and it includes agreements signed with all neighbours (apart from Serbia). Kosovo is in the process of strengthening control of its borders.

There are currently 67,776 Fiscal Numbers in Kosovo. 15,200 Fiscal cash registers have been installed in 11,000 businesses. The programme of electronic filing and digital archiving of declarations has been completed. All audit inspectors have been trained in the new VAT Law and the Taxpayer Advocate has been appointed.

The Financial Intelligent Unit has been established, as has the Risk Management Unit and the Tax Investigation Unit and the Unit against organised crime. Systematic Electronic Exchange of Data (SEED) agreements were signed with the former Yugoslav Republic of Macedonia and Albania.

Follow-up

- Publish the regular reports on Implementation of Action Plan for the Prevention of Informal Economy in Kosovo 2010-2012 (Q3 2011, Q1, and Q3 2012, and Q1 2013);
- Implement the TAK Strategy Action for 2011 (Q4 2011);
- Ensure integrity in the database of taxpayers (Q4 2011);
- Work with the public and continue education for tax obligations (Q4 2011);
- Reducing opportunities for evasion and tax avoidance (Q4 2011);
- Early activity and effective tax collection (Q4 2011).

5.4. Privatisation

Kosovo is proceeding with the privatisation of PTK, of KEDS (KEK Electricity distribution and supply), and of the New Kosovo Power Plant.

As regards PTK, the prequalified applicants were announced on June 3. The plan is to decide on the winning bid in October and to sign / close the transaction in December.

For KEDS, four pre-qualified bidders have been selected. The plan is to sign the purchase agreement later this year and for financial closure by the end of 2012.

For the NKPP, the plan is to finalise the 'Request for Proposals' and 'Project Agreements' and submit it to bidders later this year, to announce the winning bidder at beginning of 2012 and to achieve financial closure and transfer of assets by end of 2012.

In addition to these, there are 600 socially-owned enterprises still to be liquidated or privatised. 146 have been carried out (since the beginning of 2010). This has raised some €28 million. The Privatisation Agency of Kosovo has indicated that whilst privatisation has been successful, the liquidation process has proved to be too slow. Planned changes in procedures and laws will accelerate the liquidation process.

Follow-up

- Ensure that the privatisation of Public-Owned Enterprises are carried out to ensure long-term benefits for Kosovo (and not only to bring revenue to the budget);
- Overhaul the laws governing liquidation with the objective of reducing the minimum liquidation processing time from 42 months to less than 24 months (Q3 2011);
- Review and restructure the roles of the ICO in Liquidation Committees (LCs) and Liquidation Review Committees (LRCs) (Q4 2011 / Q1 2012);
- Appointment of framework contractors with the objective of speeding up liquidation case closures (Q4 2011 / Q1 2012);
- Overhaul the Special Chambers of the Supreme Court Law to bring it under the mantle of the Constitution of Kosovo and reduce excessive time allowances for appeals (Q4 2011 / Q1 2012);
- Adopt a new PAK Law (Q3 2011);
- Adopt New Reorganization Law (Q3 2011).

6. European Standards

6.1. Internal Market

State Aid / anti-trust

The Law on Protection of Competition has been adopted.

Follow-up

- Adopt State Aid Law (Q3 2011);
- Establish the Independent Office for monitoring the State Aid (Q3 2011);
- Adopt bylaws under the Law on Protection of Competition;
- Increase human and professional capacity of Competition Authority;
- Continue monitoring process in the market;
- Execution of investigation procedures of cartels and abuse with dominant positions.

IPR

7 staff has been recruited in the Office for Intellectual Property. Staff for the Copyright Office has also been recruited. An automated system for OIP has been installed.

Follow-up

- Adopt law on Trade Marks;
- Adopt law on Industrial Design;
- Adopt law on Patents;

- Amend law on Copyright;
- Strengthen human and administrative capacities.

Technical requirements for products and safety

EU Directives concerning safety of machinery, energy efficiency, security of toys, nomination of textile, fibrations of textile, and the components of security have been transposed. Last September the law on Market Inspectorate and Trade Surveillance was adopted.

The administrative capacities of the Accreditation Agency have been strengthened with 5 evaluators, 16 technical evaluators and 48 experts. In June the Law on Accreditation was adopted. Cooperation agreements (in accreditation) with Albania, Macedonia, Turkey, and Croatia have been signed.

Follow-up

- Amend law on General Product Safety (Q4 2011);
- Continue implementing the Consumer Protection Programme 2010-2014 (particularly by enhancing administrative and institutional capacities).

Market surveillance

In June, an Administrative Instruction on Functioning of Technical Committees was adopted. 1387 New EN Standards have been approved as SK standards. A Cooperation Agreement with Albania supplies Kosovo with the international standards and helps adopt the EU standards on Kosovo's Trade.

In October, the law on Metrology was adopted. 25 bylaws have been approved. The Metrological Department of Kosovo has become an interrelation agency known as EURAMET.

6.2. Infrastructure

Improving bill collection

Bill collection rates (as a percentage of services paid for compared to services provided) have improved slightly in water, waste and electricity.

Collection in energy covers 87.9% of overall billing. Technical and commercial losses have decreased by 1.22%, in comparison to 2009, and transmission losses have decreased by 18%. The sector has increased income collection by 11% more than 2009.

In the water sector, 49 requests for collective disconnection were submitted to the WWRO in 2010. 18 of these were approved.

Follow-up

- Achieve 90% energy billing in 2011;
- Further reduce commercial losses;
- Improve cooperation with relevant courts;
- Review staff policies;
- ▶ Implement the 2010 Water Collection Rate Action plan;
- ▶ Intensification activities in collective and individual water disconnections;
- ▶ Creation of various water bill payment options;
- ▶ Consolidation of water meter reading, billing and collection in Serbian community areas;
- ▶ Establishment of a collection task force by RWSC;

- ▶ Agreements with municipal assemblies to condition the issuance of work permits for businesses with payment of utilities;
- ▶ Identification of passive consumers and notification of failure to pay the invoices and provision of monthly instalment payments (debt re-programming).

Closing of Kosovo A

Kosovo is planning decommission Kosovo A due to its effects and impact on environment and low efficiency in production. It is also a legal obligation under the Energy Community Treaty to respect European Directives for environment related with energy sector. According to Energy Strategy 2009-2018, Units 3,4 and 5 will continue to operate until the end of year 2017. Early closure may happen only if units of TPP "New Kosova" become operational before 2017.

To implement the closure programme, the three working groups established last year will continue their work. A study on social issues was completed last year, and an EC-funded study that will further detail the necessary preparatory work was started.

Follow-up

- Identification of activities, additional studies and legal framework for the closure of Kosovo A (Q4-2011);
- Prepare the list of activities to be taken in following years for full decommissioning of TPP Kosovo (Q4 2011);
- Identification of necessary permits to start up decommissioning process (Q4 2011);
- Preparation of ToR's for study related to environment impact assessment by decommissioning of TPP Kosova A (Q4 2011).

Law on Waste/ Strategy of water

The forthcoming law on waste intends to harmonise this law with provisions of other laws, as well as to determine authorities responsible for waste management at the central and local levels.

The forthcoming Water Strategy sets long-term development policies through which is provided a sustainable water development, rational, economic and balanced use of water, water protection from pollution and pollution control, protection and mitigation of consequences from harmful actions of water and drought and protection and improvement of ecosystems and river bank land.

Follow-up

- Adopt amendments to the law on waste harmonising the waste law with the Law on Local Self-Government, the Law on Public enterprises and the Law on water and waste regulator;
- Implement decentralization and transfer competencies;
- Draft the Strategy on Waters 2013 – 2033 (Q2 2013).

Railways

The objective of the forthcoming Railways Law is to develop transport and infrastructure, improvement of safety system, open and non-discriminatory access of operators as well as provision of services in the market of railway transport. It intends to transpose the principles of EU regulations and directives. The accident and incident investigation for railway sector will be transferred from the RRA to the DHIA of aviation, which is within the Government.

The Railways Regulatory Authority has already a Board, Director, and six departments within its organizational structure. It has already prepared forms, and rules and regulations for licensing. The working group for separation of railways in two entities was established. Technical working groups were also established, aimed at separation of finances, assets and staff.

Follow-up

- Adopt Law on Railways (Q3 2011);
- Fully functionalise the Railways Regulatory Authority (Q2 2012);
- Improve the resources of the RRA;
- Separation of Kosovo Railways in two companies (Q3 2011);
- Agreement for railway border crossing with Macedonia;
- Adopt the price list for administrative taxes for licensing, permits and safety certificates in the railways sector.

Kosovo's participation in SAFA

Under this point, the Kosovan side pointed out that the inability of Kosovo to join the SAFA system and engage with the European Aviation Safety Agency is impeding its further progress under the ECAA.

Follow-up

- Commission to liaise internally to establish a working relationship between the Kosovan Aviation Regulator and EASA (Q3 2011).

6.3. Innovation

Sustainable funding of RTK

The government has sent a draft RTK law to the Assembly. This draft law envisages a 3 year period where funding is foreseen to be made with a particular percentage from the Kosovo budget after which the funding will continue on a subscription-based on the fee as determined by the Assembly and from self-financing through its own commercial activity and other funding sources.

Follow-up

- Adopt law on RTK funding (Q3 2011);
- Ensure that the RTK funding is sufficient for the Public Service Broadcaster to carry out its mission (Q3 2011).

IMC Law

The Commission raised a point about the draft law on the Independent Media Commission, calling upon Kosovo to guarantee full consultation with stakeholders in revising this draft, in order to guarantee the IMC's independence.

Follow-up

- Ensure adequate consultative process in the drafting the IMC law;
- Adopt an IMC law Commission which guarantees the IMC's independence.

Education strategy

The total budget for the strategy of education is: 34.353.702,80 €, of which €25 million are for pre-university education, €2,6 million for professional development of teachers and €5,8 million for higher education. The relevant structures for implementing, monitoring and reviewing the strategy have been established, and a Task Force will be established through Sector Wide Approach in Education-(SWAP). The framework Kosovo Curriculum has been finalized.

Follow-up

- Adopt law on Pre-University Education;
- Adopt Law on Higher Education;
- Adopt Law on Scientific Research Activities.

Labour and social issues

The Action Plan of the Sectoral Strategy 2009-2013 has been adopted. Last November the Labour Law was adopted. The social assistance beneficiaries' scheme is being reviewed, by amendments and complements in the applicable laws. Provision of social services payments and social services for repatriation is continuing.

The Labour Inspection has carried out regular inspections aiming at monitoring the implementation of the Labour Law. Particular attention is paid to safety at work, health protection, and working environment.

An agreement was reached on selected SAS reviews portfolio. This extends the social assistance provision period from 6 to 12 months for SAS category 1.

Many actions to promote reintegration have also been taken, as have decisions regarding different pension schemes.

Follow-up

- Continue regular inspections and inspection visits in cooperation with other institutions monitoring legal dispositions implementations;
- Continue training for labour inspectors in the area of safety at work, workers' health, working environment and labour relations;
- Adopt the Law on Social Assistance Scheme.

Cultural Heritage

The upcoming law on Prizren shall regulate the establishment and management of Prizren Historic Center, protection, preservation and promotion of cultural and religious heritage and its controlled development, promoting Prizren town as cultural and historical value of local, national and international interest.

The draft law on Hoça e Madhe shall define the right of the village Hoça e Madhe through the establishment of the Village Council, in exercising the limited authority to protect and promote cultural and religious heritage and rural planning in accordance with applicable law and regulate the relations among village, municipality and central government.

In addition, a list of approved monuments to be classified under institutional protection is being re-evaluated. Technical documentation for 110 architectural and archaeological sites is being developed. GIS added to this component. The Integrated Conservation strategy paper was

approved by the Government of Kosovo, after several public debates and involvement of experts and stakeholders in finalizing it.

Follow-up

- Adopt law on Prizren (Q3 2011);
- Adopt law on Hoça e Madhe;
- Adopt re-evaluated list of approved monuments;
- Adopt regulation on the responsibilities, operations and activities of cultural heritage institutions (Q3 2011);
- Strengthen human capacity covering cultural heritage institutions;
- Adopt Law on Cultural Heritage;
- Operationalise the Cultural Heritage Inspectorate.

Development of private sector

The objective of the government is that, by 2014 Kosovo will be recognised as being in the top 40 list of reforming countries in the 'Doing Business' report of the World Bank. To achieve this, Kosovo aims at reducing procedures, time and the expenses on construction licenses, registering property, protecting investors, payment of taxes, cross border trade, enforcing contracts and the procedures on closing businesses.

The strategic goals of the SME Strategy are to strengthen the legislative and regulatory framework for the creation and development of SMEs, improve SMEs' access to finance, promote and develop an entrepreneurial culture etc.

6.4. Agriculture

I&R database

The I&R database has been installed and all I&R data transferred. There is a new web application developed allowing stakeholders (e.g. vets in municipal veterinary stations) to send and receive information to and from the database. 94,839 farms have been registered; the geographical coordinates of holdings have been taken so they can be mapped.

There are still challenges, as births, movements and exits cannot be submitted electronically to database.

Follow-up

- Improve data entry of slaughtered livestock and livestock imported and exported through border inspection points;
- Finalise transfer of inspection competences from municipalities to the KVFA (Q3 2011).

Upgrade of agri-food establishments

Kosovo has carried out an inventory and classification of establishments in meat, eggs and dairy, as well as slaughterhouses (of which there are 29 in total). Criteria approval and categorisation of cold storages (of which there are 30) are set and the approval campaign shall start in July.

Follow-up

- Adopt the "Hygiene Package" (Q3 2011);
- Adopt AI for approval and registration (Q3 2011);
- Adopt AI on Microbiological criteria of foodstuff (Q3 2011);
- Carry out categorising Agro Food businesses based on risk;

- Carry out assessment of cold storage establishments;
- Prepare HACCP Guidelines and consultations;
- Adopt HACCP Strategy (Q4 2011);
- Begin upgrading of agri-food establishments.

Law on forests

Reasons of the Law amendment:

The new law is intended to promote the efficient management and protection of forests, cultivation, use and utilization of forests and forests land as natural resources. It should also assign responsibilities and competences of the administrative structures for forests and forests lands (Department of Forestry DoF, Kosovo Forests Agency KFA, Municipal Authorities, Institute, The Board etc). The sector should function according to the regulations and modern standards, also implementing all international conventions, directives, protocols and other relevant acts.

The MoUs with Municipalities for the delegation of responsibilities in forests protection are being implemented. A board to monitor the implementation of Forestry Management strategy was established.

Follow-up

- Adopt new law on forests.

7. Other Issues

The conclusions of the following sectorial SAPD meetings were adopted:

- Sectoral SAPD on Rule of Law (8-10 January);
- Sectoral SAPD on Agriculture, Rural Development, Fisheries, Forestry, Food Safety (1-2 March);
- Sectoral SAPD on Transport, Environment, Energy and Regional Development (24-25 March);
- Sectoral SAPD on Internal Market, Competition, Consumer and Health Protection (6-7 April);
- Sectoral SAPD on Trade, Industry, Customs and Taxation (11 May);
- Sectoral SAPD on Innovation, Human Capital, Social Policies, Information Society (11-12 May);
- Sectoral SAPD on Economy, Statistics and Financial Control (1-2 June).

8. Concluding Remarks

The date of the next SAP Dialogue Plenary has been provisionally set for Friday, July 7th 2012 (after a full cycle of sectorial meetings).

The Commission thanked the Kosovan side, and in particular the Ministry for European Integration, for their excellent organisation of this meeting.