

# A new ERA for Kosovo: Perspective on the European Reform Agenda

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June 2, 2017



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# A NEW ERA FOR KOSOVO: PERSPECTIVES ON THE EUROPEAN REFORM AGENDA

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On 17 May 2016, Prime Minister Isa Mustafa and the EU Commissioner for Neighbourhood Policy and Enlargement Negotiations Johannes Hahn launched the European Reform Agenda (ERA). The main focus of this high level dialogue between Kosovo and the EU is to support and accelerate the implementation of the Stabilization and Association Agreement (SAA) and to prioritize urgent key reforms that Kosovo's institutions should realize before the end of 2017. Despite the current political situation in Kosovo, with snap elections having taken place in June, the ERA should continue to be prioritized by all political actors. As stated by Commissioner Han, *'the European Reform Agenda is the European Commission's priority for now and the future. It is our pact with the country and its people and is irrespective of who is in government.'*<sup>1</sup> Therefore, regardless of the composition of the new government, the ERA should remain one of the top priorities and should be utilised as a platform to transform governance and policy-making, boost competitiveness and the investment environment, and create a functioning labour market which can provide greater employment opportunities. Actors and institutions in Kosovo should work to ensure that the polarisation between political parties does not continue to preclude Kosovo from making substantial progress on EU reforms.

With the signing of the SAA in 2015, Kosovo agreed to implement, within a specified period, a series of reforms. The SAA covers various fields, such as political dialogue, enhancement of regional cooperation, the approximation of national legislation with the EU acquis, and perhaps most importantly for Kosovo, the free movement of goods, services and capital between Kosovo and EU member states. In order to achieve all of the requirements deriving from this agreement, Kosovo's government should undertake various comprehensive reforms. Taking into account the difficulties which Kosovo's institutions have faced during the first year of SAA implementation (particularly with regard to prioritisation and planning and budgeting), the European Commission, together with the government and civil society, have drafted concrete short term priorities, within the context of the ERA, in the following three areas: 1) good governance and the rule of law, 2) competitiveness and investment climate, and 3) education and employment. Therefore, the ERA should not be seen as a list of new requirements, but rather as a list of priorities which, in conjunction with Kosovo's Economic Reform Programme and the new governmental plan, will bring concrete results vis-a-vis the implementation of the SAA.

The first priority area includes 25 actions which must be implemented in the fields of good governance and rule of law. Given Kosovo's current situation, the rule of law reforms are crucial if Kosovo wants to fulfil its obligations outlined in the SAA. Although reforms in this sector do not make up a large part of the agreement, the Government of Kosovo should show serious commitment to enhancing rule of law and pay special attention to meeting relevant objectives outlined in the SAA such as consolidating the justice system, increasing transparency and accountability of the government and its officials, introducing e-procurement, fighting corruption

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<sup>1</sup> [https://eeas.europa.eu/delegations/kosovo/14657/commissioner-hahn-on-the-occasion-of-era-launch\\_en](https://eeas.europa.eu/delegations/kosovo/14657/commissioner-hahn-on-the-occasion-of-era-launch_en)

and organized crime, and drafting and adopting legislations through a transparent, efficient, and fair process.

The second priority area, competitiveness and investment climate, consists of 75 actions to be taken immediately. The primary aims of these actions are to raise Kosovo's production and to rein in the informal economy. In order to improve the business environment, Kosovo should introduce legislative changes to advance the management, coordination, and enforcement of market surveillance, to align rules with international accounting, auditing, and financial reporting standards, and to improve its rankings vis-a-vis the World Bank 'Doing Business' indicators. Special attention should be placed on enhancing energy security through adopting a new strategy for the period 2017-2026 and updating the Action Plan on renewables.

The final priority area of the ERA focuses on reforms in the fields of employment and education. In these areas, the ERA outlines eleven specific priorities centered around improving employment opportunities particularly for youth and women. The ERA also places special emphasis on improving the quality of education through the implementation of new curricula, better teacher training programmes and higher quality vocational training. Kosovo institutions should also focus on increasing pre-school attendance and fostering better links between higher education and the job market.

Bearing in mind that the implementation of the ERA began in November 2016, it is too early to assess the progress in this regard. However, if we examine what has accomplished done during this time, some insights can be drawn. First, as expected, Kosovo institutions are facing major problems in implementing measures deriving from the first section on good governance and the rule of law and from the third section on education and employment. Strong political will is needed to achieve deep reforms in these two areas. Second, ERA implementation has been impeded by some technical challenges, including weak public administration, lack of inter-institutional cooperation, and a lack of a clear division of responsibilities between and within institutions. Third, the government has been increasingly preoccupied with other processes shifting the focus from ERA implementation to managing internal problems and disputes.

As soon as the new government is established, it should reprioritize the implementation of the ERA and incorporate the related reforms into the new governmental programme. Moreover, the new Prime Minister and Commissioner Han must meet to discuss the progress and challenges encountered during ERA implementation thus far and the importance of and methods for implementation moving forward. The new government must demonstrate a clear commitment to delivering results vis-a-vis the comprehensive reforms outlined in the ERA, particularly with regard to fighting corruption and organised crime, improving the business environment, providing the basis for policy reforms in the education sector, reforming public administration, and ensuring transparent, merit-based and non-political selection processes. Additionally, in order to achieve these reforms, the institutions need to better coordinate their work and explore possibilities for collaboration with civil society organisations and the opposition.

In order to meet its responsibilities outlined in the ERA, the Government of Kosovo must make improvements. First, the Government must enhance their commitment and political will. Second, as this is a High Level Dialogue with the EU, the Government must dedicate itself to making comprehensive and effective advancements on the priorities outlined in the ERA by the end of 2017. Third, the Government should engage with civil society and the opposition, as the implementation of ERA-directed reforms requires support from parties and institutions across the political spectrum. Civil society should be able to engage in the policy-making process, should

monitor the ERA implementation process, and should hold political leaders and institutions to account for delivering on their obligations set out in the ERA. Lastly, the EU should continue to offer political and financial support to Kosovo institutions in line with their efforts to carry out the reforms outlined in the ERA.

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