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European Reform Agenda (ERA)

High level dialogue between
Kosovo and the European Union

ERA Monitoring Report
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Kingdom of the Netherlands

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Introduction

The process of European Union (EU) integration has a special framework for the Western Balkan countries, that of stabilization and association of EU countries, regional cooperation, and transition to market economy. The process ensures that countries that aim EU integration approve and apply EU directives, laws and standards.

The Stabilization and Association Agreement (SAA) is the first contractual agreement between Kosovo and EU, which contains the list of macro-economic and legal reforms and the deadlines for their implementation until the eventual membership of Kosovo in EU. SAA has been signed with the purpose of strengthening democracy and rule of law, political, economic and institutional stability, increasing regional cooperation and obtaining free trade with the EU.¹

European Reform Agenda (ERA) is a high level dialogue between the Government of Kosovo and the European Commission (EC) which consists of the primary priorities of Kosovo within the SAA, which should have been completed by the end of 2017. In the agreed upon document, 22 general measurements in the following fields have been included (I) good governance and rule of law, (II) competitiveness and investment climate, and (III) employment and education.² The objectives of the European Reform Agenda are consistent with those of the National Economic Reform Programme³, a document that includes the macroeconomic and fiscal policy reforms in Kosovo.

Considering the low economic development in Kosovo, the high unemployment level, the informal economy, the high trade deficit, the low level of rule of law, the high level of corruption and the prolongation of judicial processes, this agenda was the tool to mobilize the relevant institutions to draft laws and programs which would ensure urgent economic reforms. To make use of the opportunities offered through SAA, prioritizing these objectives was unavoidable.⁴

The aim of this monitoring report of ERA is the evaluation of the progress in reaching the remaining objectives foreseen in ERA to be finalized in 2018, as per decision nr. 01/13 of the Government of Kosovo about the main priorities of the European Agenda for 2018.⁵

The collected and analyzed data are presented in details in the matrix below, in which the work of responsible institutions to fulfill the remaining 11 objectives in the first pillar, 12 in the second, and six in the third is evaluated.

A similar report was published in April of this year, which presents the achievements of the Government of Kosovo, especially of institutions responsible to achieve the ERA objectives as per the foreseen deadlines in 2017. The results of the report showed that only 39.9% of the foreseen objectives in the three pillars had been fulfilled, whereas 14.1% of them were not.⁶

¹ Stabilization and Association Agreement Between Kosovo*, Of the One Part, And the European Union and The European Atomic Energy Community, Of the Other Part. Source: <https://bit.ly/2pNVohP>

² European Reform Agenda (ERA) (2016) Kosovo – EU High Level Dialogue on Key Priorities. Source: <https://bit.ly/2vG2dao>

³ Economic Reform Programme (2016). Source: <https://bit.ly/2w89QG9>

⁴ Action Plan for Implementation of the Key Priorities (2016) Source: <https://bit.ly/2vG2dao>

⁵ Decisions on the 13th Government of Republic of Kosovo Meeting (2017). Source: <https://bit.ly/2M8ZX1C>

⁶ GAP Institute, GLPS, PIPS “ERA Monitoring Report 2017”. Source: <https://bit.ly/2031bMG>

Methodology

The objectives of the European Reform Agenda (ERA) were anticipated to have been completed by December, 31, 2017. Some of these objectives have been foreseen to be fulfilled during the first, second, third or fourth quarter, depending on the number of the actions and institutions involved in one objective. This is so because these objectives foresee the drafting of concept-documents, their approval, writing of draft laws and their approval, as well as signing agreements, initiating programs or digitalizing various processes.

However, with the new decision of Prime Minister Haradinaj, in the 13th meeting of the Government of Kosovo in November, 2017, the new dates for the remaining part of ERA objectives were determined. We monitored the implementation of these priorities to be able to offer an evaluation of the progress of the institutions towards achieving the predetermined goals.

Monitoring of the objectives has been conducted through interviews, email questionnaires, reviewing different official documents, including reports on completed tasks, news published in media or websites. In these sources, we have obtained information regarding the implementation of the measures in the relevant sectors and identified challenges, failures and main accomplishments.

The evaluation of the progress towards achieving the objectives has been done through the progress in completing specific actions in four levels: a) complete b) partially complete c) incomplete d) in progress. If we were unable to collect data for any of the objectives, we stated that information is missing.

Moreover, the evaluation considers not only the completion of the objectives, but the time it took to meet these objectives. If there is progress towards meeting an objective but it has not been finalized yet within the predetermined deadline, it is considered as partially complete. However, if there is progress and the deadline is not over yet, the objective is said to be in progress. On the other hand, if a process has stopped from last year and there was no progress in the first half of 2018, and the objective was foreseen to be met during this time, then this objective is considered as incomplete.

Even though some of these objectives in the original ERA were actions within a broad measure, in this case we have considered them as specific measures with respective actions. As such, we have monitored in total 29 measures and 107 actions.

The monitored institutions within the first pillar, Good Governance and Rule of Law are: the Assembly of Kosovo, the Ministry of Justice, the Office of the Prime minister, the Ministry of Public Administration, the Judicial Council of Kosovo and the Central Election Commission.

The monitored institutions within the second pillar, Competitiveness and Investment Climate are: the Ministry of Trade and Industry, the Office of the Prime Minister, the Ministry of Economic Development, the Ministry of Finance, Kosovo Agency of Statistics, the Ministry of Infrastructure, the Energy Regulatory Office and Kosovo System, Transmission, and Electricity Market Operator – KOSTT.

Whereas the monitored institutions for the third pillar, Employment and Education are: the Ministry of Labor and Social Welfare and the Ministry of Education, Science and Technology.

Current state

Although Kosovo's institutions have made progress in meeting the objectives by undertaking different actions, the lack of approving laws, signing decisions, and disagreements with other parties have halted meeting the objectives.

Failing to implement the priorities in the agenda has a direct, negative impact in the benefits Kosovo can get from the Stabilization and Association Agreement: such as loses from the opportunity for cheaper exports in the European market or losing different funds for structural projects supported by the European Union, among others.

Some of the biggest challenges for Kosovo remain the operationalization of rule of law institutions, judicial independence, efficiency and accountability, as well as fighting organized crime and corruption. On top of this, in the last decade, Kosovo has experienced a relatively constant economic growth, with an average rate of 3.5%. Kosovo, as well, still suffers from a high rate of unemployment, especially among youth⁷, informal economy, gender discrimination in work place, a service-based economy dependent on remittances, high trade deficit and low investment.

Moreover, the European Commission Reports on Kosovo have reestablished the importance of rule of law in the fight against corruption as the field in which Kosovo has to improve.⁸ As such, every halt in achieving ERA objectives, consequently SAA, will prolong the process of EU integration for Kosovo, and will make the political, social and economic improvement impossible.

For the first pillar, that of good governance and rule of law, 11 measures or unmet objectives have been identified and 36 actions which should have been undertaken to improve the current situation. This pillar focuses in the reforms on the judicial system that impact the increase of transparency and government's accountability, fighting corruption and organized crime followed by the approval of the respective legislation which is efficient and rightful.⁹

Even though the rule of law remains a huge challenge, the engaged institutions to complete the objectives of this scale seem to have worked more, since it has the highest progress rate. To be exact, 64% of objectives have been successfully met, 11.1% are partially met, 8.3% have not been met, and 16.7% of them are in progress.

Some of the successes in this pillar are the approval of the Law on Conflict of Interest and the Law on State Prosecutor. Whereas, some of the stumbles in meeting the objectives are: the approval of the legislation that makes the suspension or removal of public officials mandatory; the approval of the Law on Judges and Prosecutors, auditing

⁷ Unemployment youth level in Kosovo is in average 52.7% and the general level of unemployment is around 30.5%. Source <https://bit.ly/2EfXSMQ>

⁸ European Commission. Kosovo 2018 Report. Source: <https://bit.ly/2lhNbfz>

⁹ European Reform Agenda (ERA) (2016) Kosovo – EU High Level Dialogue on Key Priorities. Source: <https://bit.ly/2vG2dao>

and publishing the 2017 financial reports, approval of the legal package for the public administration reform, and the package for election reform.

A similarly fundamental challenge is increasing the competitiveness and investment climate in Kosovo. As such, Kosovo needs to increase the production and offer competitive products in the region, to offer exporting capacities, to improve the business environment, and to fight the informal economy so that it can attract investments in a better economical system.¹⁰

The second pillar, that of competitiveness and investment climate, consists of 12 measures that include 44 specific actions. The results of the monitoring process show that 38.6% of the objectives are fully met, 11.4% are partially met, 13.6% are not met and 36.6% are in progress.

Some crucial priorities were achieved within the second pillar, such as the approval of the Law on Accounting, Financial Reporting and Auditing, the further implementation of e-procurement in central and local level, updating and translating the register for permits and licenses in Albanian, English and Serbian, approving the Energy Strategy 2017-2026, and improving the statistics generated by the Kosovo Agency of Statistics (KAS) and generating new statistics for businesses, labor force, and household budgets.

Whereas, some of the unmet objectives of this pillar include the halt in restructuring the Kosovo Investment and Enterprise Support Agency (KIESA), board election and accompanying objectives due to the lack of the Minister's signature, the lack of the approval for the plan of action for renewable energy sources and of the Law for Energy Efficiency and the creation of the respective fund. Besides this, the implementation of soft measures within the inter-connectivity agenda are lagging behind due to the high costs for the transmission operator and the lack of implementing the agreements from all the signatory parties.

However, Kosovo faces internal challenges as well related to the socio-economic development; only 20%

Pillar I:

Only two out of 11 measures have been fully completed.

Whereas from the 36 actions, for a total of 11 measures:

- 23 are complete
- 4 are partially complete
- 3 are incomplete and
- 5 are in progress

Pillar II:

Only two out of 12 general measures have been fully completed.

Whereas from the 44 actions, for a total of 12 measures:

- 17 are complete
- 5 are partially complete
- 6 are incomplete and
- 16 are in progress

Pillar III:

Only one out of six measures has been fully completed.

Whereas from 27 actions, for a total of 6 measures:

- 6 are complete;
- 10 are partially complete;
- 6 are incomplete
- 5 are in progress

¹⁰ European Reform Agenda (ERA) (2016) Kosovo – EU High Level Dialogue on Key Priorities. Source: <https://bit.ly/2vG2dao>

of the women are employed compared to a much higher percentage of men with around 65.3%. Moreover, only 9% of labor force participants under 19-year-old are part of the labor market.¹¹ Also, Kosovo has a lot of higher education institutions, especially in the private sector, but the quality of the pre-university education leaves much to be desired.
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During the first half of the year, within the third pillar, for employment and education six main measures accompanied by 27 specific actions have been foreseen. The state of the implementation of these objectives is the worst: only 22.2% of the objectives have been met, around 37% have been partially met, 22.2% have not been met and 18.5% are in progress.

Conclusion

The European Reform Agenda (ERA) is a process of high dialogue between Kosovo and EU, whose aim is to speed up the implementation of Stabilization and Association Agreement (SAA) key priorities. The Action Plan of this agenda has foreseen the completion of objectives within 2017, but similar to a lot of other processes, these priorities remained unfulfilled since last year was an electoral year and the focus of the government officials was in election campaigns.

Prime minister Haradinaj decided at the end of last year (2017) in which objectives should the Government of Kosovo focus and offered new deadlines to meet them. But these deadlines were not respected either. During the first half of 2018, the negligence of the institutions to start the first steps and their lack of interest in starting new, as important, processes is noticeable.

The results of the monitoring process show that the state in the first half of 2018 has not improved from the last year regarding the fulfillment of the ERA objectives. Actually, from 107 actions in the three pillars, only 46 (43%) are complete, 19 (17.7%) are partially complete, 15 (14%) are incomplete, and 27 (25.2%) remain in progress. In general, the institutions working on the objectives of good governance and rule of law completed the most objectives, followed by those in competitiveness and investment climate and, in the end, institutions in employment and education.

Kosovo needs higher dedication towards these reforms which should help with the fight against corruption, conflict of interest, improving employment and education conditions and equal gender representation, developing competitive manufacturing companies, decreasing trade deficit and export cost. Including the civil society, the business community and opposition in these reforms is crucial, since the implementation of ERA requires the support and cooperation of all parties and institutions.

¹¹ Kosovo Agency of Statistics, Labor force and labor force participation rate by sex and age group (2017). Source: <https://bit.ly/2nyHVvb>

¹² European Reform Agenda (ERA) (2016) Kosovo – EU High Level Dialogue on Key Priorities. Source: <https://bit.ly/2vG2dao>

RESULTS FOR JANUARY – JUNE 2018

| MEASURE | ACTIONS | COMPLETE | % | PARTIALLY COMPLETE | % | INCOMPLETE | % | IN PROGRESS | % |
|---------|---------|----------|--------|--------------------|--------|------------|--------|-------------|--------|
| 1 | 3 | 2 | 66.67 | - | - | - | - | 1 | 33.33 |
| 2 | 3 | 3 | 100 | - | - | - | - | - | - |
| 3 | 3 | 3 | 100 | | | - | - | - | - |
| 4 | 3 | 2 | 66.67 | 1 | 33.33 | - | - | - | - |
| 5 | 1 | - | - | - | - | 1 | 100 | - | - |
| 6 | 5 | 3 | 60 | - | - | - | - | 2 | 40 |
| 7 | 2 | - | - | - | - | 1 | 50 | 1 | 50 |
| 8 | 4 | 3 | 75 | - | - | - | - | 1 | 25 |
| 9 | 4 | 3 | 75 | - | - | - | - | 1 | 25 |
| 10 | 3 | - | - | 3 | 100 | - | - | - | - |
| 11 | 5 | 4 | 80 | - | - | 1 | 20 | - | - |
| 12 | 3 | - | - | - | - | 3 | 100% | - | - |
| 13 | 1 | - | - | - | - | - | - | 1 | 100% |
| 14 | 1 | 1 | 100% | - | - | - | - | - | - |
| 15 | 2 | - | - | 1 | 50% | 1 | 50% | - | - |
| 16 | 5 | 1 | 20% | - | - | - | - | 4 | 80% |
| 17 | 3 | 1 | 33.33% | 1 | 33.33% | 1 | 33.33% | - | - |
| 18 | 5 | 4 | 80% | - | - | - | - | 1 | 20% |
| 19 | 8 | 3 | 37.5% | - | - | - | - | 5 | 62.5% |
| 20 | 1 | 1 | 100% | - | - | - | - | - | - |
| 21 | 5 | 4 | 80% | - | - | - | - | 1 | 20% |
| 22 | 5 | 1 | 20% | - | - | - | - | 4 | 80% |
| 23 | 5 | 1 | 20% | 3 | 60% | 1 | 20% | - | - |
| 24 | 7 | 3 | 42.86% | 2 | 28.57% | - | - | 2 | 28.57% |

| | | | | | | | | | |
|--------------|------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|
| 25 | 2 | 2 | 100% | | | | | | |
| 26 | 3 | | | | | | | 3 | 100% |
| 27 | 3 | 1 | 33.33% | 1 | 33.33% | 1 | 33.33% | | |
| 28 | 7 | | | 5 | 71.43% | 2 | 28.57% | | |
| 29 | 5 | | | 2 | 40% | 3 | 60% | | |
| TOTAL | 107 | 46 actions | 42.99% | 19 actions | 17.76% | 15 actions | 14.02% | 27 actions | 25.23% |

Table 1. The statistical state of European Reform Agenda, for the first half of 2018.

GOOD GOVERNANCE AND RULE OF LAW

In the first pillar 11 measures have been foreseen to be completed, with a total of 36 actions. From the identified 36 actions, 23 or 63.89% are complete, four or 11.1% are partially complete, three or 8.3% are incomplete and six or 16.7% are foreseen for later time periods.

These 11 measures are divided in three categories:

- I. Rule of law
- II. Election reform and
- III. Public Administration Reform

SPECIFIC INFORMATION FOR EACH MEASURE

Measure 1: This measure is 66.67% complete, whereas the other part is foreseen to be completed at a later time. To approve the legislation that makes the suspension and/or removal of public officials mandatory and the fulfillment of this measure, the next step is including the issue of suspending officials in the Criminal Procedure Code.

Measure 2: The Completion and change of the Law for Conflict of Interest is approved and as such, this measure is fully completed. The Law for Conflict of Interest is part of the European Reform Agenda since Q4 2016 and after a lot of delays it has been approved in Q1 2018.

Measure 3: Completion and the change of the Law on State Prosecutor is approved and as such this measure is fully completed. The Law on the State Prosecutor is part of the European Reform Agenda since Q2 2017 and after a lot of delays this draft-law is approved in Q1 2018, too.

Measure 4: The approval of the Law on Disciplinary Liability of Judges and Prosecutors has yet to be finished; the process currently is in the stage of accepting recommendations from the committees after consultation. As such, this measure is considered to be 66.7% complete, whereas the other part is partially complete.

Measure 5: A new measure in this agenda is the legal package for the electoral reform, for which in the first half of 2018 nothing has been done. As such, this measure is entirely incomplete.

Measure 6: The draft law on Financing the Political Subjects is a measure foreseen for the agenda of 2018, even though the approval of this draft law had to be done in 2017. This measure has been 60% completed, whereas the remaining 40% is foreseen to be implemented in Q3.

Measure 7: Auditing the financial reports for 2017 is not completed yet, even though this procedure was initiated by the Oversight Committee on Public Finance in January of 2018. This process has not been completed yet as a result of a lack of offers from economic operators. Audited financial records of public finances have been published until 2016. What we should remember is that the reason for the delay in auditing of the financial report last year has been the lack of offers from economic operators as well. This measure is 50% incomplete and 50% of it is expected to be completed at a later time, together with the incomplete part.

Measure 8: This measure has been only 75% completed, whereas the remaining 25% is foreseen to be completed at a later time. The remaining task is the approval of the draft-action plan for the rationalization of the agencies from the Government of Kosovo during July, since that is the foreseen time period for its approval.

Measure 9: This measure has been only 75% completed, whereas the remaining 25% is foreseen to be completed at a later time. Specifically, the reason why this measure has not been completed last year and has been pushed to this year is that the Policy and Monitoring Unit of Public Enterprise in MED has not published yet the CVs of the short-list candidates or appointed individuals in the PE boards due to issues they had with their technological devices.

Measure 10: The approval of the legal package for the reform of the Public Administration remains a partially complete objective since it still is not approved from the last year.

Measure 11: This measure is 80% complete; the remaining 20% of it is partially complete. The partially incomplete part is there because the new judges will not be available to trial the cases until the completion of the initial training in the Academy of Justice and the 2 judges to be assigned to the Fiscal Division will be assigned after this training.

| GOOD GOVERNANCE AND RULE OF LAW | | | | | | | | | |
|-----------------------------------|-------------------|------------|--------|--------------------|--------|------------|-------|-------------|--------|
| RESULTS FOR THE FORESEEN MEASURES | | | | | | | | | |
| MEASURE | ACTIONS | COMPLETE | % | PARTIALLY COMPLETE | % | INCOMPLETE | % | IN PROGRESS | % |
| 1 | 3 | 2 | 66.67 | - | - | - | - | 1 | 33.33 |
| 2 | 3 | 3 | 100 | - | - | - | - | - | - |
| 3 | 3 | 3 | 100 | | | - | - | - | - |
| 4 | 3 | 2 | 66.67 | 1 | 33.33 | - | - | - | - |
| 5 | 1 | - | - | - | - | 1 | 100 | - | - |
| 6 | 5 | 3 | 60 | - | - | - | - | 2 | 40 |
| 7 | 2 | - | - | - | - | 1 | 50 | 1 | 50 |
| 8 | 4 | 3 | 75 | - | - | - | - | 1 | 25 |
| 9 | 4 | 3 | 75 | - | - | - | - | 1 | 25 |
| 10 | 3 | - | - | 3 | 100 | - | - | - | - |
| 11 | 5 | 4 | 80 | - | - | 1 | 20 | - | - |
| Total | 36 actions | 23 actions | 63.89% | 4 actions | 11.11% | 3 actions | 8.33% | 6 actions | 16.67% |

Other details can be found in the matrix and the statistical table.

THE MATRIX OF THE EUROPEAN REFORM AGENDA 2018

| GOOD GOVERNANCE AND RULE OF LAW | | | | |
|--|--|--|---------------------|--------|
| I. RULE OF LAW | | | | |
| MEASURE | ACTIONS | RESPONS. INSTIT. | PERIOD | STATUS |
| 1 | The approval of legislation that makes the suspension or removal of public officials mandatory, specifically the accused or convicted for corruption | 1.1) The approval of the document to ensure mandatory suspension or removal of public officials, specifically the accused or convicted for corruption | Q4 2016/ Q3 2018 | C |
| | | 1.2) The approval of Kosovo's Criminal Code | | C |
| | | 1.3) The approval of the legislation to ensure mandatory suspension or removal of public officials, specifically the accused or convicted for corruption | | IP |
| <p>The status for the Q1-Q2 2018 period</p> <p>1.1 / 1.2) The Government of Kosovo has approved the new draft Criminal Code of Kosovo on April, 13th, 2018</p> <p>According to the minister of justice to draft the new Code, they looked upon three basic principles: determining clearly a genuine rule of law and fight against corruption and organized crime; increased flexibility in the work of independent law organs; and protection, promotion and advancement of the notion of human rights. The articles that were amended include smuggling, fraud and production of damaging products, and the re-definition of the corruption criminal actions, misuse of position and authority, accepting bribes, fraud during work, etc. The new Criminal Code, according to Minister Tahiri can come into effect in January 2019.</p> <p>The foreseen changes with the concept-document for the suspension of public officials in case of accusations for corruption, are included in this Code. "As such, we proposed new amendments that prohibit the official individual to exercise the role in public administration or public service up to 10 years from the sentencing trial. This provision suggests that when a public official is sentenced for the corruption criminal offense, he will not be able to work in public service up to 10 years" said Minister Tahiri.</p> <p>On November, 15th, 2017, the Prime minister took the decision to approve the Concept Document to ensure the mandatory suspension or removal of public officials, specifically the accused or convicted for corruption</p> <p>1.3) The concept document has foreseen changes in the Criminal Code and Criminal Procedure Code. As per the dismissal from their jobs (from 1 to 10 years) for individuals guilty on corruption and misuse of official position charges, this case is included (article 63) in the draft-Criminal Code. The suspension of officials when the abovementioned charges are raised, will be included in the Criminal Procedure Code which is currently being drafted.</p> | | | | |

| | | | | | |
|---|---|--|----------|---------|---|
| 2 | Completion of the Law on Conflict of Interest | 2.1) Acceptance of the Draft Law by the Committee on Legislation, Mandates, Immunities, Rules of Procedure of the Assembly and the Oversight of the Anti-Corruption Agency | ASSEMBLY | Q1 2018 | C |
| | | 2.2) Acceptance of the Draft Law by the Committee for European Integration | ASSEMBLY | | C |
| | | 2.3) Approval of the Draft Law by the Assembly | ASSEMBLY | | C |

The status for the Q1- Q2 2018 period

2.1) On March, 29, 2018, in the meeting held by the Committee on Legislation, Mandates, Immunities, Rules of Procedure of the Assembly and the Oversight of the Anti-Corruption Agency, after discussions Draft Law nr. 06/L-011 on prevention of conflict of interest in discharge of public functions was upheld. In article 12, after paragraph 2, paragraph 3 is added which says the following "The high official cannot exercise more than one function in the public sector, unless it is so defined in the official duty"

2.2) On March, 30, 2018, the Committee for European Integration, headed by the president of the Committee, Blerta Deliu-Kodra, examined the Draft Law on prevention of conflict of interest in discharge of public functions from the perspective of compliance with the EU legislation. It was emphasized that these two draft laws are not regulated specifically with EU legislation and are recommended to be approved in session.

2.3) On **March, 30, 2018**, during a plenary session of the Assembly of Kosovo, led by the President of the Assembly, Kadri Veseli, (and partially by the vice-president Xhavit Haliti), members of the parliament examined and approved in second reading 11 draft laws, among which the Draft Law nr. 06/L-011 to prevent conflict of interest in discharge of public functions.

| | | | | | |
|---|--|--|---|---------------------|---|
| 3 | Completion – amendment of the Law on State Prosecutor to enable an increase in numbers of prosecutors in Special Prosecution to investigate and prosecute cases of corruption and high-level crime | 3.1) Acceptance of the Draft Law in the Committee on Legislation, Mandates, Immunities, Rules of Procedure of the Assembly and the Oversight of the Anti-Corruption Agency | MD GOVERNMENT ACADEMY OF JUSTICE | Q2 2017 / Q12018 | C |
| | | 3.2) Acceptance of the Draft Law in the Committee for European Integration | MD GOVERNMENT ACADEMY OF JUSTICE | | C |
| | | 3.3) Approving the Draft Law in the Assembly | MD GOVERNMENT ACADEMY OF JUSTICE | | C |

The status for the Q1- Q2 2018 period

On November, 15th 2017, the Government of Kosovo has approved the draft law for the completion and amendment of the law on the state's prosecutor.

3.1) On March 29, 2018, in the first meeting held by the Committee on Legislation, Mandates, Immunities, Rules of Procedure of the Assembly and the Oversight of the Anti-Corruption Agency, after discussions, supported draft law nr. 06/L-025 to amend and complete Law nr. 03/L-225 on State Prosecutor, amended and completed with Law nr. 05/L-034. The committee did not agree with the amendment made by MP Albulena Haxhiu, to add a new article in this draft law "to complete their responsibilities,

every prosecutor should have one legal associate". Even though all committee members in principle agreed with this proposal, they added they need a more detailed budget analysis.

3.2) On March, 30, 2018, the Committee for European Integration, led by Committee's President, Blerta Deliu-Kodra, examined the draft law for amendment and completion of the Law on the State Prosecutor, with the amendments of the functional committees, from the perspective of compliance with the EU legislation. It was emphasized that these two draft laws are not regulated specifically with EU legislation and are recommended to be approved in session.

3.3) On **March, 30, 2018** during the Assembly plenary session, headed by the President of the Assembly, Kadri Veseli, (and a part of the session was led by the vice-president Xhavit Haliti), members of the parliament examined and approved in second reading 11 draft laws, among which the Draft Law nr. 03/L-225 on State Prosecutor.

| | | | | | |
|---|---|---|---------------|--------|----|
| 4 | Law on Disciplinary Liability of Judges and Prosecutors | 4.1) Writing of the Draft Law on Disciplinary Liability of Judges and Prosecutors | MD GOVERNMENT | Q12018 | C |
| | | 4.2) Approving of the Draft Law on Disciplinary Liability of Judges and Prosecutors by the Government | MD GOVERNMENT | | C |
| | | 4.3) Approving of the Draft Law on Disciplinary Liability of Judges and Prosecutors by the Assembly | MD GOVERNMENT | | PC |

The status for the Q1-Q2 2018 period

4.1/ 4.2) The Draft Law on disciplinary liability of judges and prosecutors was approved in the Government on February, 1, 2018.

4.3) The draft law, on May, 3, 2018, was approved in principle and the Assembly assigned the following committees for examination: The Committee on Legislation, Mandates, Immunities, Rules of Procedure of the Assembly and the Oversight of the Anti-Corruption Agency; the Committee for Budget and Finances; the Committee for European Integration; and the Committee on Rights, Interests of Communities and Returns.

The said committees are expected to send their recommendations within the foreseen deadline in the Assembly Rules of Procedure.

II. ELECTORAL REFORM

| MEASURE | ACTIONS | RESPONS. INSTIT. | PERIOD | STATUS |
|---------|--|------------------|---------|--------|
| 5 | Preparation of the legal package for the electoral reforms, including the recommendations of the EU monitoring mission and the request for opinion from the Venice commission. | ASSEMBLY | Q3 2018 | IC |

The status for the Q1-Q2 2018 period

There is no development regarding the Electoral Reform.

| | | | | | |
|---|--|---|-----|---------|----|
| 6 | Preparation of the Law on financing political parties and request of opinion from the Venice commission. | 6.1) Writing the Draft Law on financing political parties. | PMO | Q3 2018 | C |
| | | 6.2) Public consultations, finished. | PMO | | C |
| | | 6.3) Examination of the Draft Law from the Venice Commission. | PMO | | C |
| | | 6.4) Approval of the Draft Law from the Government. | PMO | | IP |
| | | 6.5) Approval of the Draft Law from the Assembly. | PMO | | IP |

The status for the Q1-Q2 2018 period

6.1) The Legal Office of the PMO has written the Draft Law on Financing Political parties and has organized public meetings with representatives of political parties and NGOs. The Draft Law has passed the prior consulting phase according to article 7 of the Government Rules of Procedure 09/21.

6.2) The Draft Law has passed the prior consulting phase according to the article 7 of the Government of Kosovo Rules of Procedure 09/21 and Rules of Procedure (QRK) Nr.05/2016 for Minimum Standards for Public Consultation Process.

6.3) The Draft Law on Financing Political Parties, on April, 16, 2018 has been sent to the Venice Commission for examination. On June, 22 and 23 2018, representatives from the Kosovo Prime minister Office have participated in the 115th plenary session of the Venice Commission, where the Draft Law on Financing Political Parties was presented.

6.4/6.5) The Draft Law on Financing Political Parties is foreseen to be approved by the Government of Kosovo on September, 28, 2018.

| | | | | | |
|---|---|--|----------|---------|----|
| 7 | Concluding finance auditing of political parties; Publication of political parties' financial reports as foreseen by law. | 7.1) Concluding finance auditing of political parties | ASSEMBLY | Q2 2018 | IC |
| | | 7.2) Publication of political parties' financial reports as foreseen by law. | CEC | Q3 2018 | IP |

The status for the Q1-Q2 2018 period

7.1) The Oversight Committee on Public Finance on January, 19, 2018 has approved the request for 10 auditors to audit the financial reports for 2017. However, as a result of the lack of economical operators, the process is still in the selection phase. The Committee has sent the financial report auditing in re-bidding for the third time, since the selection process has failed two consecutive times. The request is public but even after the consultative meetings with economical operators no requests were sent to them.

The final deadline to send the offers from the economical operators is August, 15, 2018, however the Oversight Committee on Public Finance will have to extend this deadline if it does not accept other offers from economical operators.

7.2) The publication of the political parties' financial reports, as foreseen by law, cannot be done if they are not audited. However, as long as the publication remains within Q3 2018 this action cannot be considered incomplete but in progress, since there is still time left for this objective to be completed.

PUBLIC ADMINISTRATION REFORM

| MEASURE | ACTIONS | RESPONS. INSTIT. | PERIOD | STATUS | |
|---------|---|--|--------|---------|----|
| 8 | The implementation of the Plan for the rationalization of the independent agencies and central organs within the Government | 8.1) Conducting the analysis which aims to rationalize the independent agencies and central organs within the Government | PMO | Q3 2018 | C |
| | | 8.2) Creation of the working group which needs to draft the Action Plan to rationalize independent agencies and central organs within the Government | MPA | | C |
| | | 8.3) Drafting the plan for the rationalization of the independent agencies and central organs within the Government | MPA | | C |
| | | 8.4) Approval of the plan for the rationalization of the independent agencies and central organs within the Government | MPA | | IP |

The status for the Q1-Q2 2018 period

8.1) The office of the Prime minister has finished the analysis which aims the rationalization of the agencies.

8.2) MPA has created a working group related to this point, which has drafted an AP with 4 rounds of reforms. The first round are the agencies in the Assembly, the second and third round have to do with agencies that have executive competencies and are in the Government, whereas the fourth one has to do with Assembly executive, which according to the European standards should be in the Government.

8.3) The approval of the draft-action plan for the rationalization of the Agencies from the Government of Kosovo is expected during July.

| | | | | | |
|---|--|---|-----|---------|----|
| 9 | Ensuring a selection process that is transparent, meritorious, apolitical, in compliance with the law, for all independent institutions, agencies and regulatory bodies, and public companies as well. | 9.1) Forwarding the candidates' CVs in the short list | PMO | Q3 2018 | C |
| | | 9.2) Publication of the CVs of the candidates in the short list from the Publicly-Owned Enterprise Policy and Monitoring Unit | PMO | | IP |
| | | 9.3) Inclusion of civil society in selecting committees, based on transparent and open selection of their representatives; | PMO | | C |

| | | | | | |
|---|--|--|-----|---------|----|
| | Complete implementation of the recommendations from the Anti-Corruption Agency (AKK-DLK-3113/15) | 9.4) Enforcement and clarification of the minimal criteria for the candidates through the inclusion of similar criteria as article 17, paragraph 2 of the law on PEs, for instance, in the amendments in the law on conflict of interest, making them, as such, applicable in all independent agencies and regulative bodies. | PMO | | C |
| The status for the Q1-Q2 2018 period | | | | | |
| <p>9.1) The Coordinating Secretariat of the Government has forwarded all the CVs of the candidates assigned in Trepan Sheaf, Telekom i Kosovës, public enterprises boards to the Publicly-Owned Enterprise Policy and Monitoring Unit</p> <p>9.2) Publicly-Owned Enterprise Policy and Monitoring Unit in MED has not published the CVs of the candidates in the short-list, nor those of the assigned individuals solely due to technical problems.</p> <p>9.3) With the purpose of increasing work transparency in the Government based on the opinion of the Legal Office of PMO with the letter of the Office of the Prime minister nr.129/3 on March, 6, 2017, Civil Society is included in all recommending committees for the selection of the boards of public enterprises.</p> <p>9.4) The General Secretary of the Office of the Prime minister on February, 24, 2017 has issued the Rules on Candidate Identification for directors of the Central Publicly-Owned Enterprises and Evaluation Methodology; this objective is considered complete.</p> | | | | | |
| 10 | The approval of the legal package for the reform of Public Administration, | 10.1) The approval of the Law on Public Administration Organization (new law) | MPA | Q2 2018 | PC |
| | | 10.2) The approval of the Law on Wages from the Budget (new law) | MPA | | PC |
| | | 10.3) The approval of the Law on Civil Service (new law) | MPA | | PC |
| The status for the Q1 -Q2 2018 period | | | | | |
| <p>10.1) The writing of the draft-law on Organization and Functioning of the Public Administration and independent agencies is in the phase of examining and analyzing comments by different institutions during the public consultations phase. Afterwards, it will be sent for financial evaluation in MF and for an opinion and compliance declaration in MEI.</p> <p>10.2) The writing of the draft-law on Public Officials is in the phase of examining and analyzing comments by different institutions during the public consultations phase. Afterwards, it will be sent for financial evaluation in MF and for an opinion and compliance declaration in MEI.</p> <p>10.3) The writing of the draft-law on Wages is in the phase of examining and analyzing comments by different institutions during the public consultations phase. Afterwards, it will be sent for financial evaluation in MF and for an opinion and compliance declaration in MEI.</p> | | | | | |
| 11 | Capacities enhancement of the Economic Department and Fiscal | 11.1) Assess the needs by KJC to increase the number of judges in Basic Economic Courts | KJC | Q12017 | C |

| | | | | |
|---|--|-----|--|----|
| Division in the Administrative Department in the Basic Court in Prishtina, including taxing and customs aspects, with the aim of reducing the accumulated cases | 11.2) Increase the number of judges in the Basic Courts | KJC | | C |
| | 11.3) Increase the needed human capacities | KJC | | C |
| | 11.4) Appointing judges in the Fiscal Division | KJC | | IC |
| | 11.5) Appointing judges in the Economics Department | KJC | | C |
| The status for the Q1-Q2 2018 period | | | | |
| <p>11.1) Related to the Fiscal Division in the Basic Court, KJC has requested from the USAID program which supports the empowerment of the justice sector, to conduct an assessment related to the decrease of the cases in the backlog. The investigation has finished and as per the recommendations in the Administrative Department – Fiscal Division needs two (2) additional judges.</p> <p>11.2) In July 2017, the president of the Republic of Kosovo has decreed 52 new judges. Seventeen new judges have been assigned from the KJC in the Basic Court in Prishtina.</p> <p>11.3) Court’s administration has recruited four (4) members as professional staff to support the fiscal division; legal officers also support them.</p> <p>11.4) The new judges will not be available for trialing the cases until the completion of the initial training in the Academy of Justice. It is predicted that the judges will be available in August or September this year. After finishing the training, KJC in cooperation with the President of the Basic Court of Prishtina have pledged to assign additional judges in the Fiscal Division.</p> <p>11.5) As per the Economic Department, one additional judge has been assigned, making the number of the judges in the department sufficient.</p> | | | | |

Table 3. Measures and actions for the Good Governance and Rule of Law Pillar

COMPETITIVENESS AND INVESTMENT CLIMATE

In the first pillar, 12 measures have been foreseen to be implemented, with a total of 44 actions. From the 44 identified actions, 17 or 38.6% of them are fully complete, five or 11.4% are partially complete, six or 13.6% remain incomplete and 16 actions or 36.3% are foreseen to be complete at a later time.

These 12 measures are divided in five categories

- I. Promoting foreign direct investment
- II. Improving the business environment
- III. Statistics
- IV. Interconnectivity agenda
- V. Energy

SPECIFIC INFORMATION FOR EACH MEASURE

Measure 1: This measure is considered 100% incomplete since the signing of the decision on KIESA from the Minister of Trade, Bajram Hasani has been pushed for almost a year. This objective was postponed from last year to be completed the latest by March, 2018; however, it is still not complete.

Measure 2: This measure has been considered as 100% in progress since the program will be approved after KIESA restructuring; with the new date, it can be approved until September, 2018.

Measure 3: This measure is 100% complete since the law has been approved within the new deadline, so in the first quarter of 2018.

Measure 4: This measure is 50% partially complete and 50% incomplete. The first action has been considered as partially complete since even though the register has been updated and translated in three languages, the forms are not yet online in any of the languages. The second action is considered incomplete since the promotion events have not been organized in the second quarter as foreseen by the decision of the Prime minister.

Measure 5: This measure is 20% complete, whereas 80% remains in progress. The first action was complete since the concept document has been approved in the first quarter. The other actions are considered as in progress since the MTI, the Government and the Assembly still have time to complete these obligations until the end of September 2018.

Measure 6: This measure is 33.33% is partially complete, 33.33% complete, and 33.33% incomplete. The first action is considered as partially complete since the regulations are not approved, even though they have been written and some remain not written despite the deadline to finish writing them which was by the end of June, 2018. The second action is complete since DSA was functional within the new deadline. Whereas, the third action is incomplete since the Assembly has not selected the CSA and as such, this committee has not become functional within the foreseen deadline.

Measure 7: This measure is 80% complete and 20% in progress. The fourth action has been considered as in progress since the inter-institutional approach will continue to be strengthened; however, there is progress in this direction and it is expected to be finalized in the upcoming quarter. The other actions have been completed within the foreseen deadlines.

Measure 8: This measure is 37.5% complete and 62.5% in progress. The first, sixth and seventh action are considered as complete since they have been implemented completely within the foreseen deadline. Whereas, the second, third, fourth, fifth, and eighth decision have been evaluated to be in progress since every action experienced progress, but is expected to finish in the upcoming quarter.

Measure 9: This measure is 100% complete since the implementation of the electronic procurement was finished last year, but continues to be applied in 2018, too.

Measure 10: This measure is almost 80% complete and 20% in progress. The four first actions have been completed within the deadline, whereas the fifth action is in progress and is expected to finish in the upcoming quarter.

Measure 11: This measure is 20% complete and 80% in progress. The first action for the primary legislation is complete, but the majority of the actions remain in progress due to the lack of implementation of the agreement from the other parties.

Measure 12: This measure is 20% complete and 20% incomplete, whereas 60% is partially complete. The first action is complete since it was finished within the foreseen deadline. Three actions are considered as partially complete, since they have not been finalized within the foreseen deadline, but there is progress in their implementation. The last action is incomplete since it was not implemented within the foreseen deadline.

| COMPETITIVENESS AND INVESTMENT CLIMATE | | | | | | | | | |
|--|-------------------|------------|---------------|--------------------|---------------|------------|---------------|-------------|---------------|
| RESULTS FOR THE FORESEEN MEASURES | | | | | | | | | |
| MEASURE | ACTIONS | COMPLETE | % | PARTIALLY COMPLETE | % | INCOMPLETE | % | IN PROGRESS | % |
| 1 | 3 | - | - | - | - | 3 | 100% | - | - |
| 2 | 1 | - | - | - | - | - | - | 1 | 100% |
| 3 | 1 | 1 | 100% | - | - | - | - | - | - |
| 4 | 2 | - | - | 1 | 50% | 1 | 50% | - | - |
| 5 | 5 | 1 | 20% | - | - | - | - | 4 | 80% |
| 6 | 3 | 1 | 33.33% | 1 | 33.33% | 1 | 33.33% | - | - |
| 7 | 5 | 4 | 80% | - | - | - | - | 1 | 20% |
| 8 | 8 | 3 | 37.5% | - | - | - | - | 5 | 62.5% |
| 9 | 1 | 1 | 100% | - | - | - | - | - | - |
| 10 | 5 | 4 | 80% | - | - | - | - | 1 | 20% |
| 11 | 5 | 1 | 20% | - | - | - | - | 4 | 80% |
| 12 | 5 | 1 | 20% | 3 | 60% | 1 | 20% | - | - |
| TOTAL | 44 actions | 17 actions | 38.64% | 5 actions | 11.36% | 6 actions | 13.63% | 16 actions | 36.36% |

Table 4. The statistical situation for the Competitiveness and Investment Climate Pillar

COMPETITIVENESS AND INVESTMENT CLIMATE

I. FOREIGN DIRECT INVESTMENT PROMOTION

| MEASURE | | ACTIONS | RESPONS. INSTIT. | PERIOD | STATUS |
|----------|--|--|------------------|--------|--------|
| 1 | Restructuring of Kosovo Investment and Enterprise Support Agency - KIESA | 1.1) Restructuring of KIESA to enable it to efficiently fulfill its responsibilities and implement priorities, distribute the needed sources and recruit qualified employees. | MTI | Q12018 | IC |
| | | 1.2) Development of capacities of the personnel in KIESA to design and implement services and programs | MTI | Q12018 | IC |
| | | 1.3) Establishment of the Advisory Board within KIESA with the participation of the business community and a strong inclusion of the Office of the Prime minister | MTI | Q12018 | IC |

The status for the Q1-Q2 2018 period

1.1/1.2) KIESA Restructuring and accompanying measures were foreseen to be complete in the third quarter of 2017. In 2016, through an EU financed project called "Increase of Competitiveness and Export Promotion" (ICEP) a detailed analysis was conducted on Kosovo investment agency compared to agencies in the region, in which the new KIESA structure was recommended. In this analysis, recommendations were offered to design new services and programs, but both are stuck since the Minister of Trade and Industry, Bajram Hasani, has not reached a decision to finalize the agency restructuring.

With the decision of Prime minister Haradinaj for the completion of the European Reform Agenda (ERA) priorities in 2018, the restructuring has been foreseen to finish in 30th of March; but, according to the most recent report of the Ministry of European Integration (MEI), the restructuring is yet to be finished. As such, what is left is for the Ministry of Trade and Industry to propose to the Government the organizational structure of KIESA, which is foreseen to be done jointly with the Regulation for the inner organization of MTI as it was agreed upon in the meeting of the Ministerial Council for Integration. The Regulation sent to the Ministry of Public Administration (MPA) from MTI does not foresee anything related to KIESA; it focuses only in changes in the Tourism Department.

1.3) Regarding the advisory board, the issue is the same as last year: so, the draft-list of the members of Team Kosova and KIESA Advisory Board has been prepared and sent for approval to Minister Hasani. MTI has to send to the Government the draft decision for the establishment of the Advisory Board for approval.

| | | | | | |
|----------|---|--|-----|---------|----|
| 2 | The approval of the after-care program and services for investors | 2.1) Preparation and initiation of implementation of services and after-care programs for investors | MTI | Q3 2018 | IP |
|----------|---|--|-----|---------|----|

The status for the Q1-Q2 2018 period

2.1) The approval of the after-care program and services for investors initially was foreseen to be completed by the fourth quarter of 2017. According to MTI, during last

year KIESA had existing programs to offer after-care services for investors in Kosovo through which it has created a close cooperation with new, potential investors in Kosovo.

However, according to the abovementioned decision by the Prime minister, the approval of this program according to the analysis recommendations was foreseen to be complete by September, 30, 2018. However, without finalizing the agency restructuring, this program cannot be approved either. We still have to see if it will be approved within the predefined deadline, by the end of next quarter.

Evaluation: This measure is considered **in progress** since the program will be approved after KIESA restructuring and with the new date there is still time for it to be approved until the end of September, 2018.

II. BUSINESS ENVIRONMENT IMPROVEMENT

| MEASURE | ACTIONS | RESPONS. INSTIT. | PERIOD | STATUS | |
|----------|---|---|----------|--------|---|
| 3 | Approval of the Law on Financial Reporting, Accounting and Auditing | 3.1) Approval of the Law by the Assembly | ASSEMBLY | Q12018 | C |

The status for the Q1-Q2 2018 period

3.1) With the purpose of making the domestic legislation in line with the EU one, and at the same time, adequate and advanced addressing of the field of financial and audit reporting, the law on Financial Reporting, Accounting and Auditing is drafted to be compliant with the EU directives on auditing nr. 2014/56 and the directive on annual financial report 2013/34. The draft-law on Accounting, Financial Reporting and Auditing was finalized by the working group; the Legal Office from the Office of the Prime minister and UNDP experts have also contributed in the final version of the draft law. According to the MF, the draft law addresses the given recommendations from the ROSC World Bank Report (2012) over the observation of standards and codes of accounting and auditing.

The draft law was shared with stakeholders for comments and during November 2017, the public consultations including remarks and suggestions obtained from the consultation process have been finished. This draft law was approved by the Government on December 15, 2017. The draft law regulates the accounting and financial reporting system of trading societies. It also regulates the competencies and responsibilities of Kosovo Council for Financial Reporting, auditing requests, professional accountant qualifications, licensing for auditors, domestic and foreign auditing companies and professional accounting organizations.

The law was foreseen to be approved by the Assembly in the first quarter of 2017 but it was pushed for the third quarter of 2017. The approval of the Law by the Assembly was done on March, 30, 2018. However, the publication of the law in the official gazette of the Republic of Kosovo was done on April, 19, 2018, after the foreseen deadline with the decision of the Prime minister for the fulfillment of the ERA objectives in 2018. MF has suggested that the law go into effect 15 days after publications as it is a common practice, but the Assembly saw fit for the law to go into effect in January, 2019.

| | | | | | |
|----------|--|---|-----|---------|----|
| 4 | Updating the central register for permits and licenses | 4.1) The forms for permits/licenses have been sent for translation in Albanian and English PMO | PMO | Q2 2018 | PC |
|----------|--|---|-----|---------|----|

| | | | | | |
|--|--|--|-----|--|----|
| | | 4.2) Promotion events for the updated version of the register have been organized | PMO | | IC |
|--|--|--|-----|--|----|

The status for the Q1-Q2 2018 period

4.1) The Law on Permit and License System stipulates that the establishment, administration and operation of the Register of permits and licenses in the central level of the Republic of Kosovo is mandatory. The Legal Office in the Office of the Prime minister with the support of the project from IFC – World Bank and with the support of all ministries and independent institutions, during 2014 – 2015 has identified around 480 permits, licenses, authorizations, certifications, consents etc.

The update of the register started in November, 2017. The Central Register of Permits and Licenses after the update contains information for around 488 permits/licenses issued from 25 central institutions in 21 fields of economic activity, i.e., permits, licenses, certificates, authorizations.

Some of the undertaken activities are:

- Review of the permit and licenses list identified in central level
- After cooperation with relevant actors through questionnaires and using the regulation format for its operation, the register currently includes permits and licenses that it did not include until now
- The undertaken changes include elimination of existing permits/licenses, addition of new permits/licenses, changes in the fee and time needed to obtain a permit/license, changes in the documentation required to be submitted at the authority that issues the permit etc.
- Finalization of the updated list of permits and licenses for every ministry/agency/independent organization
- Completing changes directly in the electronic register for existing permits and licenses that underwent changes
- Placing new permits and licenses in the electronic register according to the questionnaire for gathering information on permits & licenses

The online register, <https://lejelicenca.rks-gov.net> is translated in the three languages: Albanian, Serbian, and English and has information on all permits, licenses and tariffs, but there are no forms in any of the languages.

4.2) The events to promote the new updated version of the electronic register for permits/licenses are dependent on the agenda of the Prime minister and representatives of the World Bank; but, they are expected to be held in the upcoming quarter.

| | | | | | |
|---|--------------------------------|---|------------|---------|----|
| 5 | Approval of Law on Inspections | 5.1) Approval of Concept document from the Government | GOVERNMENT | Q3 2018 | C |
| | | 5.2) A drafted law on general inspections | MTI | | IP |
| | | 5.3) Public consultations with civil society and other relevant actors have been held | MTI | | IP |
| | | 5.4) Approval of draft law by the Government | GOVERNMENT | | IP |
| | | 5.5) Approval of the draft law by the Assembly | ASSEMBLY | | IP |

The status for the Q1-Q2 2018 period

5.1/5.2) The concept document for the draft law on Inspections is foreseen to be prepared in the third quarter of 2017, whereas the accompanying procedures up to the approval of the law to be finalized during the fourth quarter of 2017. During the first half of 2018 there were no developments around this law. The working group for the concept document was assigned with the decision of March, 22, 2017 of the government to draft the concept document. The concept document was drafted by the inter-ministerial group and approved by the government on March, 9, 2018.

5.3/5.4/5.5) The concept document never went to public consultations and as such, the approval of the draft law from the government and the assembly has been postponed. However, the new decision of the Prime minister foresees that this law gets approved until the end of the third quarter of 2018, but not in the first half.

| | | | | | |
|---|--|---|----------|---------|----|
| 6 | Approval of secondary legislation for state aid and operationalization of the Committee and Department for State Aid | 6.1) Approval of secondary legislation for state aid | MF | Q2 2018 | PC |
| | | 6.2) Operationalization of the Department for State Aid | MF | | C |
| | | 6.3) Operationalization of the Committee for State Aid | ASSEMBLY | | IC |

The status for the Q1-Q2 2018 period

6.1) The Law on State Aid has been approved on December, 23, 2017 and has been published in the Official Gazette on January, 17, 2017. Up to now two regulations have been drafted: draft-regulation for the procedures of notifications for State aid and draft-regulation for the work of the Committee for State Aid. Even though foreseen to be completed in the second quarter of 2018, the drafting of the secondary legislation and the review of two drafted regulations for the functioning of DSA are expected to finish in the upcoming months. Draft-regulation for the Procedures and Format of Notification for State Aid finalized from the Working Group is now at the Legal Department for the final consultations before it goes out for public consultations.

6.2) During 2017, the process of moving staff, assets and budget from Kosovo Competition Authority to the Ministry of Finance has been completed; the director of the Department for State Aid has been assigned, too. The Department for State Aid hired all the needed employees in May, 2018, and continues to prepare the sublegal acts to regulate the field of state aid in compliance with the EU directives. In the meanwhile, the Regulation for Inner Organization of MF has been amended and completed on November, 15, 2017, where the establishment of this Department was completed. The functionalities of the Department for state aid are regulated with article 8 of the Law nr.05/L-100 for State Aid.

6.3) The Committee for State Aid has to be assigned from the Assembly; the law foresees it to be constituted of five members which have not been active in politics with a three-year mandate. The vacancy for selection of candidates has been announced in July, 2018, after the second quarter of 2018. After the conclusion of the legal infrastructure and assigning of the Committee on State Aid, DAS will create the inventory and the schema for state aid.

| | | | | | |
|---|--|--|----|---------|---|
| 7 | Implementation of plan to fight informal economy | 7.1) Conduct independent sectorial risk assessment. | MF | Q3 2018 | C |
| | | 7.2) Review/Approval of the Plan of Action considering the findings from the risk assessment | MF | | C |
| | | 7.3) Further improvement of tax compliance and implementation to protect the | MF | | C |

| | | | | | |
|--|--|--|----|--|----|
| | | fiscal interest of the country | | | |
| | | 7.4) Empowerment of the inter-institutional access and mechanisms in the field of money laundry, financial crime, terrorism financing and corruption, including prevention, investigations, evaluations and operations | MF | | IP |
| | | 7.5) Regularly prepared, consulted and published quarter reports, | MF | | C |

The status for the Q1-Q2 2018 period

7.1) Independent sectorial assessment towards the informal economy, financial crimes, money laundry, terrorism financing are foreseen to be completed in the third quarter of last year. In 2017, gambling, construction and real estate sectors have been assessed. During 2018, NGO sector risk assessment has finished, as such, completing three risk assessments. After finishing the risk assessment, the working group has approved the final reports and submitted them for approval in the Ministry of Finance.

7.2) Besides sectorial assessment, a general assessment of the informal economy has been done; in October, 2017, the Secretariat of the Permanent Group for Prevention of Informal Economy was created. The final report of the assessment of the informal economy together with the risk assessment has served for the drafting of the plan of action in 2018, approved in June of this year. These findings will serve to draft the new strategy to fight the informal economy and money laundry 2019-2024 which will be examined during 2018.

7.3) Tax Administration of Kosovo during 2017 as well has generated larger revenue than the previous year; but, even in 2018, until the end of March, it has generated revenue in the value of around 80.3 million euro, as per MEI reports in the first half of 2018. For the first quarter 2018, it has generated 7,084 visits through which it has issued 555 mandatory fines. It also has had around half a million decrease in the VAT crediting and around 2 million decrease in loss. During this period, 220 controls have been conducted and around 9 million euros decreased loss. There were also 595 visits to businesses that have not been fiscalized and businesses which do not issue fiscal coupons; 171 mandatory fines were issued for a value of around 35 thousand euros. In the first three months, there were 46 activities against tax avoidance, 29 interviews with suspects and witnesses, 67 consultations with prosecutors and 10 cases for suspecting tax avoidance. There were also 22 intelligence information with the FIUK, Police and Kosovo Customs.

7.4) Kosovo joined the Egmont Group organization of Financial Intelligence Units in February, 2017. Egmont Group is an international organization with 152 financial intelligence units specialized in fighting money laundry and terrorism financing. Through joining, Financial Intelligence Unit of Kosovo (FIUK) has direct access to Egmont Secure website in order to internationally exchange information on financial intelligence. The number of requests for international cooperation has increased as a result of the membership in 2017, but in 2018 as well. As such, during the first quarter of 2018, FIUK has accepted 37(IRD) requests for information from the law enforcement; whereas FIUK has sent 69 (ORD) requests for information to the reporting and law enforcing agencies. Internationally, 3 (IRI) requests for information have been sent and 3 (ORI) requests for information sent from FIUK to their international homologues. As such, FIUK has issued a freezing order worth 230 thousand euros and 26 thousand American dollars towards a domestic company. They also participated in international meetings related to risk assessment, in the capacity of Egmont Group member.

7.5) The quarter report from the Ministry of Finance should have started in 2017. This objective is postponed to be finalized until the end of September, 2018. However, according to the report in MEI, reports for 2015 and 2016 are prepared and published in the Ministry of Finance website. According to the website of the Ministry of Finance, the annual financial report 2017 was published in April. MF has drafted the quarter financial report for January- March period published in May, 2018, even though more than a month later then the completion of the first quarter. We have to wait and see if the upcoming quarter reports will be published regularly.

| | | | | | |
|----------|--|---|----------|----------------|----|
| 8 | The approval of the legal package to improve the infrastructure and quality standards, and operationalization of four metrology laboratories | 8.1) Advancement and regular update of the website | MTI | Q3 2018 | C |
| | | 8.2) Organizing 10 workshops to inform businesses for the website promotion | MTI | | IP |
| | | 8.3) Organizing 30 modules for human capacity development regarding infrastructure and quality standards | MTI | | IP |
| | | 8.4) Approval of 1500 standards focused in the harmonized area | MTI | | IP |
| | | 8.5) Furnishing existing metrology laboratories | MTI | | IP |
| | | 8.6) Drafting the Law on services and consultations with civil society and other relevant actors | MTI | | C |
| | | 8.7) Approval of the Law on services | ASSEMBLY | | C |
| | | 8.8) Establishment and operationalization of the only contact point for services | MTI | | IP |

The status for the Q1-Q2 2018 period

8.1) MTI's website has been redesigned and filled with data in 2017 and continues to be updated in daily basis in 2018, too. It is an ongoing activity.

8.2) The organization of 10 workshops has started in 2016 and has continued in 2017; but it has not finished in the fourth quarter of the last year, even though it was supposed to be based on the agreement with the EU. In 2017, roundtables with businesses have been held in the field of legislation implementation for elevators and security components; a workshop for the harmonization of the horizontal legislation for the free movement of goods. During 2018, two workshops have been organized: one workshop for Toy Security as part of the increase of Infrastructure Quality in the Republic of Kosovo and a workshop to discuss the final draft for the Regulation for In-use Elevator Security where representatives of the businesses in the field and relevant ministries were present. In May and June, 2018, a conference to denote the World Metrology Day and a manifestation for the World Accreditation Day were held.

8.3) As per the human capacity development in the field of infrastructure and quality standards, until the end of 2017, 30 modules are foreseen to be completed. According to the MEI report, from September to November 2017, trainings for the officials of the Division for Infrastructure Quality in MTI have been held on:

Mechanisms for monitoring and communication in market supervision activities in electric and electronic devices sector

- Technical issues of market observation – Controls in the electric and electronic devices sector
- Regulative Impact Assessment (RIA) related to drafting strategies and legislation
- Challenges and opportunities in the field of electric and electronic devices sector

During 2018 officials of relevant fields have participated in trainings or different business meetings outside of the country, as follows:

- Business meeting with Quality Infrastructure institutions, organized from the Quality Infrastructure project in Western Balkan Countries, financed by SIDA in

Stockholm

- SIDA Project Steering Committee Meeting in Stockholm
- Regional Forum for Market Supervision in Sarajevo
- Training related to the implementation of ISO/IEC 17025:2017 (NE16) in Belgrade
- Conference on legal Metrology (NE17) in Belgrade

8.4) During 2017, 647 standards have been approved as Kosovo standards (22 in mines and minerals, 82 in textile and leather shoes, 36 in agri-food technology, 95 in machinery, 107 in energy, 111 in health, 34 in metrology, 143 in wood processing, 14 in information technology). Whereas during the first half of 2018, Technical Committees within Kosovo Standardization Agency (KAS) have adopted 544 European EN and international ISO/IEC standards as Kosovo standards in the following areas: 167 in Environment, 74 in Oil Derivatives, 1 in Metrology and 312 in electrotechnics. In total, for a year and a half, 1191 standards have been approved.

8.5) Equipment furnishing for 6 labs, e.g. of pressure, precious metals, force, temperature measurement, relative humidity, time and frequency, has been completed. The two-day training for capacity enhancement to use the said laboratories has been conducted as well. Equipment furnishing for the existing metrology labs is being done in annual basis. For 2018, a bid was announced for lab equipment furnishing and the bid opening is expected to happen soon.

8.6/8.7) The writing of the draft-law for services, consultations and its approval have been completed in 2017. The Law has been approved and published in the official gazette on April, 3, 2017.

8.8) The Administrative Instruction on The Manner of Functioning of Point of Single Contact was drafted in 2017, and was approved by the Government on March, 16, 2018. However, the single point of contact is not operational yet.

| | | | | | |
|----------|---|---|----|---------|---|
| 9 | The implementation of electronic procurement in centralized procurement | 9.1) The implementation of electronic procurement in centralized procurement continues | MF | Q3 2018 | C |
|----------|---|---|----|---------|---|

The status for Q1- Q2 2018 period

9.1) During 2017, the amendments in the law of electronic platform of procurement have been implemented, central and local level officials have been trained and certified and the government has started publishing standard procurement contracts data. All foreseen actions have been completed, Bidding for high and medium values is being conducted in an electronic manner.

III. STATISTICS

| MEASURE | ACTIONS | RESPONS. INSTIT. | PERIOD | STATUS |
|---|---|------------------|---------|--------|
| 10 Development of business, energy and social sectorial statistics | 10.1) Delays in reduced publication for annual and quarter GDP and statistics on government accounts, including timely publication of financial statistics of the government with ESA 2010 methodology | KAS | Q3 2018 | C |

| | | | | | |
|--|--|--|-----|--|----|
| | | 10.2) Generating and publishing improved short-term business statistics (industrial production volume and price indexes) | KAS | | C |
| | | 10.3) Results from Labor Force Survey, in quarter basis, with improved quality | KAS | | C |
| | | 10.4) Survey on income and living conditions | KAS | | C |
| | | 10.5) Publishing reduced energy statistics and annual energy efficiency statistics generated in compliance with international standards | KAS | | IP |

The status for the Q1-Q2 2018 period

10.1) Currently, the GDP is regularly published in quarterly basis, according to the ESA2010 methodology and Eurostat calendar (T+ 90 days). Moreover, the deadline to publish the annual GDP is shorter. Government accounts for the first quarter of 2018 have been published on June, 22, 2018. The abovementioned publications are done in compliance with ESA 2010 where the methodology has been applied for around 36%.

10.2) Statistics and industrial production publication should have been finalized by the end of 2017. However, in 2017 the only data that were published were on industrial production turnover according to economic activities. Kosovo Agency of Statistics (KAS) has published for the first time Short Term Industry Statistics, on June, 29, 2018, which includes the industrial volume for the first quarter (Q1) 2018 (2017 = 100). Whereas, on March 12, 2018, the harmonized consumer price index for 2017 was published.

10.3) From the beginning of April until December, 5, 2017, KAS has published four Labor Force Surveys (LFS) in annual and quarter basis as per the foreseen deadline in the KAS Publishing Calendar, it is said in the MEI report. The LFS in the fourth quarter of 2017 has been published on March, 19th, 2018 and the annual date were published in March, 20, 2018. As per the LFS data for the first quarter of 2018, they have been published on June 18, 2018, which means they only needed 18 days for publication, showing an improvement in the speed of sharing data.

10.4) During April 1 – November 30, 2017, preparatory activities and planning for time and resources for the field survey have been carried out. The Household Budget Survey (HBS) for 2017 was published in KAS website on June, 12, 2018.

10.5) Data by the Energy Consumption in Households Survey are incorporated in the Energy Balance for 2016. On February, 14th, 2017, the energy balance for the fourth quarter was published. The deadline for publishing energy statistics was shortened for 8 days compared to 2016. Energy efficiency statistics for 2011-2016(for industry sector and households) were published for the first time on March, 9, 2018; whereas, for the service and transport sector, they will be published at a later time. According to the last decision by the Prime minister, these need to be completed by the end of September this year.

IV. INTERCONNECTIVITY AGENDA

| | | | | | |
|-----------|---------------------------------------|--|------------|---------|---|
| 11 | Implementation of all “soft measures” | 11.1) Approval of the secondary legislation, derived from the primary one | MED ERO | Q3 2018 | C |
|-----------|---------------------------------------|--|------------|---------|---|

| | | | | |
|-------------------------------------|---|---------------------|--|----|
| within the interconnectivity agenda | | KOSTT | | |
| | 11.2) Establishment of a joint electricity Market with Albania | MED ERO KOSTT | | IP |
| | 11.3) Establishment of electricity shares Market with Albania – KOSTT (one day ahead and during the day) | MED ERO KOSTT | | IP |
| | 11.4) Implementing the Agreement between KOSTT – EMS | MED ERO KOSTT | | IP |
| | 11.5) Harmonizing KOSTT network code with that of ENTSO-E, | MED ERO KOSTT | | IP |

The status for the Q1-Q2 2018 period

11.1) All the secondary legislation follows the primary electricity laws and is being implemented from April/May 2017. On, March 29, 2018, the Government has approved the Regulation for renewable energy One-Stop-Shop.

The rule to establish the prices of the distribution system operator was approved in February, 2017. The rule to establish the prices of the electricity public supplier does not exist anymore, and it has been replaced with the “Methodology to determine the price for offering universal services” which was approved on April, 2017. The rule to establish the prices of the transmission system operator was approved in February, 2017.

11.2/11.3/11.4) According to the MEI report, the Republic of Kosovo has invested in building the 400-kV interconnectivity line with Albania. However, since KOSTT is not independent in the transmission system operator, this line cannot be operational due to huge losses. This issue is inhibited by the lack of implementation of the reached agreement with the Serb counterpart by Serbia’s side. The Energy Committee recently was asked by the Government of Germany to facilitate the negotiations between KOSTT and EMS due to huge delays in the operationalization of the interconnectivity line.

According to MEI report, the new electricity suppliers for the Republic of Kosovo are:

- "KESC" j.s.c
- "HEP-KS" I.t.d.
- "GSA ENERGY" I.t.d.
- "SHARRCEM" I.t.d.
- "JAHA Company" I.t.d.
- Future Energy Trading and Exchange Dynamics" I.t.d.

11.5) According to the MEI report, based on the decisions by the Energy Community, KOSTT has transposed the dispositions from Demand Connection Code (Rule 2016/1388) and Requirements for Grid Connection of Generators (Rule 2016/631) in the KOSTT Network Code. KOSTT has finished this process. The draft version with the

respective transpositions of this Code has been sent for examination/approval in the Governance Committee for Operation Codes (GCOC) and in the end is sent for approval in ERO.

V. ENERGY

| MEASURE | ACTIONS | RESPONS. INSTIT. | PERIOD | STATUS |
|---------|--|---|--------|--------|
| 12 | Increase of energy security and approval of the comprehensive strategy for energy for 2017-2026 period | 12.1) Approval of energy strategy 2017-2026 from the Assembly | Q12018 | C |
| | | 12.2) Approval of implementation program of the energy strategy 2018-2020 | | PC |
| | | 12.3) New investments in generating electricity | | PC |
| | | 12.4) Drafting and approving the action plan for renewable energy resources | | PC |
| | | 12.5) Creating the Fund for Energy Efficiency | | IC |

The status for the Q1-Q2 2018 period

12.1) The Assembly of Kosovo has approved the Energy Strategy for the Republic of Kosovo 2017-2026 on January 26th, 2018. The strategy was approved with 41 votes in favor, 18 against and 9 abstentions. The strategy has two main objectives: a) Ensuring stable and quality supply of electricity with the needed capacities for a stable system of electricity and b) Integrating in the regional market of electricity. The Minister of Economic Development, Valdrin Ljeka, has presented the energy strategy for the 2017-2026 period, which according to him, aims to create a developed sector of energy, which is unharmed for the health.

12.2) The program for the implementation of the energy strategy has begun in February, 2018 (immediately after the approval of the energy strategy 2017-2026). The document is completed; it has passed all the phases of public consultations (from May, 14 to June, 1 2018) and all the statements/opinions from MEI, MF and the office for strategic planning have been obtained. The document is being prepared to be sent to government for approval. Since it was not approved in 2017 as it was foreseen, the program for implementation includes the 2018-2020 period.

12.3) Based on information from ERO, MED reports the investments within the renewable energy sources

- Hydropower plants with final authorizations that have become operational with an installed capacity of 31.25MW
- Capacities based in final authorizations issued by ERO for 61.9 MW – Hydro energy are in process
- Solar photovoltaic energy – capacities of 0.6kW are operational and
- Wind energy – the capacity of 1.35 is operational, whereas the final authorization has been issued for the capacity around 32.4 MW

12.4) According to MED, the action plan for renewable energy (reviewed) is drafted, translated in the three languages, formatted and it's currently in the public consultation phase. Public consultation will last from July 12 to August 1, 2018, which means, it will end in the third quarter. As soon as this consultation phase ends, it will be further processed for approval in the government. However, according to the decision by the Prime minister, the approval of the plan was foreseen to be completed by March, 30, 2018.

12.5) Energy Efficiency Fund is part of the draft law for Energy Efficiency, which is already in assembly procedures for approval. This law defines the necessary legal framework for promotion and improvement of energy efficiency in the Republic of Kosovo. This law regulates the activities that aim the decrease of electricity intensity in the national economy which contribute to the decrease of the negative impact in the environment of activities that are interrelated with the energy sector. Since the law is not approved yet, the fund has not been created either.

Table 5. Measures and actions for the Competitiveness and Investment Climate Pillar

EMPLOYMENT AND EDUCATION

In the third pillar, six measures are foreseen to be implemented, with a total of 27 actions. From the 27 identified actions, six actions or 22.2% are fully completed, 10 actions or 37% of them are partially complete, six actions or 22.2% of them remain incomplete and five actions or 18.5% are foreseen for later time periods.

These six measures are divided in two categories:

- I. Employment
- II. Education

SPECIFIC INFORMATION FOR EACH MEASURE

Measure 1: Three actions (42%) are fully complete and two (29%) are partially complete, whereas two actions (29%) are foreseen for Q3 2018 and are in progress. There is progress, but what is lacking is the approval of Rules of Procedure for the Employment Agency and usage of analysis to decrease women's unemployment rate.

Measure 2: This measure is fully complete (100%), the action plan and the budget are successfully complete.

Measure 3: This measure consists of three actions which are in progress; they are expected to be implemented in Q3 2018. The actions include the approval of the legal package, increase of school attendance in preschool and the development and implementation of curriculums in some classes.

Measure 4: For this measure, from the three actions, one is partially complete (33%), one is partially complete (33%) and one remains incomplete (33.33%). The process of the approval for the draft law on Higher Education still is delayed.

Measure 5: In this measure, there are five actions partially complete (71%) whereas the rest is incomplete (29%). No action was complete in compliance with the deadlines; as such, this measure is considered to be the bottleneck in this pillar.

Measure 6: In this measure, five actions, two partially complete (40%) and three actions are incomplete

| EMPLOYMENT AND EDUCATION | | | | | | | | | |
|-----------------------------------|-----------|----------|---------------|--------------------|---------------|------------|---------------|-------------|---------------|
| RESULTS FOR THE FORESEEN MEASURES | | | | | | | | | |
| MEASURE | ACTIONS | COMPLETE | % | PARTIALLY COMPLETE | % | INCOMPLETE | % | IN PROGRESS | % |
| 1 | 7 | 3 | 42.86% | 2 | 28.57% | - | - | 2 | 28.57% |
| 2 | 2 | 2 | 100% | - | - | - | - | - | - |
| 3 | 3 | - | - | - | - | - | - | 3 | 100% |
| 4 | 3 | 1 | 33.33% | 1 | 33.33% | 1 | 33.33% | - | - |
| 5 | 7 | - | - | 5 | 71.43% | 2 | 28.57% | - | - |
| 6 | 5 | - | - | 2 | 40% | 3 | 60% | - | - |
| TOTALI | 27 | 6 | 22.22% | 10 | 37.04% | 6 | 22.22% | 5 | 18.52% |

(60%). For this measure to be complete and to start the implementation and the creation of different programs, AAP nuclear curriculums have to be drafted.

EMPLOYMENT AND EDUCATION

I. EMPLOYMENT

| MEASURE | ACTIONS | RESPONS. INSTIT. | PERIOD | STATUS |
|---------|---|------------------|---------|--------|
| 1 | Improving employment opportunities, with focus on youth and women employment. | MLSW | Q12017 | C |
| | | | Q12017 | PC |
| | | | Q12017 | C |
| | | | Q2 2017 | C |
| | | | Q3 2017 | PC |
| | | | Q3 2018 | IP |
| | | | Q3 2018 | IP |

The status for the Q1-Q2 2018 period

1.1) Implementation of job market needs assessment (including over AAP) has been completed earlier and is foreseen to be used for the defined goals in the insurance point for the implementation of the law on the Employment Agency.

1.2) Draft-rules of procedure for the Employment Agency Advisory Board have been written, on June, 6, 2018 and has been sent to MEI for a legal opinion regarding the compliance with the EU legislation; as such, it has completed all the foreseen procedures.

1.3) The assistance includes subsidies in wages, public positions, self-employment, internship, training and professional capacity enhancement. For the period Q12018, the number of women inclusion in active labor market measures is 705. In Q2 2018 period, the number has been increased to 1337.

1.4) The research was conducted from the Millennium Challenge Corporation (MCC) where the issue of women unemployment is included. The results of this research will be used by MLSW, to draft employment policies and professional capacity enhancement.

1.5) The research findings will be used to draft the Employment Policy 2019-2021, a process that has started and will be completed by the end of 2018. The goal is to create specific targets for the Employment Agency related to women employment in the labor market and in active labor market measures.

Evaluation:

- The general director of EARK has been selected, the board has been established (both these processes have been completed long time ago), but it is in the phase of signing. A year has passed with no development, so it is considered incomplete.
- There is some progress when it comes to an increase of women in the labor market. But this does not mean that the current number is satisfying; as such, we consider that we need to continue with the increase in the assistance.
- The process of drafting Policies of Employment 2019 -2021 has begun, whose data are being considered; however, we cannot consider this as complete because the deadline was not respected. This action was foreseen to be completed last year.

| | | | | | |
|---|--|---|----------------------|---------|---|
| 2 | Approval and implementation of the Sectorial Strategy for Employment and Social Policies 2015-2020 and the approval of the Action Plan 2017-2018 for the strategy implementation | 2.1) Sectorial Strategy and its Action Plan, approved. | MLSW MCYS MEST | Q2 2017 | C |
| | | 2.2) The budget for strategy implementation is set aside. | | | C |

The status for the Q1-Q2 2018 period

2.1) MLSW has written the draft of Sectorial Strategy 2018-22 and the Plan of Action 2018-22. The document was approved in the Government of Kosovo on February, 28, 2018.

2.2) MLSW has completed all the procedures, including setting aside the foreseen budget.

II. EDUCATION

| MEASURE | ACTIONS | RESPONS. INSTIT. | PERIOD | STATUS | |
|---------|-----------------------------|---|--------------------|---------|----|
| 3 | Improving education quality | 3.1) The approval of the legal package for the education sector reform; | MEST GOVERNMENT | Q3 2018 | IP |
| | | 3.2) Increasing attendance in the preschool education; | MEST | Q3 2018 | IP |
| | | 3.3) Implementing the curricula based on competencies for classes 0, 1, 2, 6 7, 11 and development of curriculums for classes 3, 8 and 12 | MEST | Q3 2018 | IP |

The status for the Q1-Q2 2018 period

3.1) The draft law on Higher Education has passed the phase of public discussion and now is in the phase of examining the comments from the working group.

3.2) IPA and MEST are finalizing the construction of 6 public kindergartens, 2 of which are in the process of construction.

3.3) From the 2017/18 academic year, all schools in Kosovo are implementing the Pre-university Education framework, the nuclear curriculums for the formal education levels (level I class 0,1-5, level II, classes 6-9, level III, classes 10-12) and subject curriculums for preparatory classes 1, 6 and 10. In the 2018/19 academic year, the subject curriculums for classes 2, 7, and 11 will be part of the reform implementation in all schools in Kosovo.

| | | | | | |
|---|--|---|------|---------|----|
| 4 | Approval of the remaining legislation that offers the basis for policy reform in the education sector. | 4.1) Approval of the reviewed draft law on higher education | MEST | Q12017 | PC |
| | | 4.2) Approval of the Education Strategic Plan | | Q4 2016 | C |
| | | 4.3) Setting aside the needed budget to ensure the implementation of KESP | | Q4 2016 | IC |

The status for the Q1-Q2 2018 period

4.1) The draft law on Higher Education was finalized and has passed the public discussion procedures. The comments from stakeholders' groups have been accepted and will be examined by the working group.

4.2) The KESP 2017-21 implementation has started.

4.3) KESP implementation has started to be implemented with a budget deficit of 44 million EURO.

Evaluation:

KESP implementation can face issues as a consequence of the budget deficit; as such, it is the government's responsibility to set aside the foreseen budget.

| | | | | | |
|---|-------------------------------|---|------|---------|----|
| 5 | Education quality improvement | 5.1) Increase in the number of public objects for care towards kids of ages 0-5 | MEST | Q3 2017 | PC |
| | | 5.2) Nuclear Curriculum Framework for Pre-university Education and the syllabus for classes and subjects was examined and approved followed by implementation in all schools, starting from school year 2017/18 | | Q4 2017 | PC |

| | | | | |
|--|--|--|---------|----|
| | 5.3) The mechanisms to ensure quality developed through assigning quality coordinators in school and creating efficient systems for evaluation of performances from schools. | | Q2 2017 | PC |
| | 5.4) Agency for Curriculum, Standards and Evaluation is established and fully operational; | | Q2 2017 | IC |
| | 5.5) The reviewed draft law on education inspectorate in Kosovo is approved by the municipality and inspectors have begun their activities, with the right number of inspectors and sufficient capacities | | Q4 2017 | PC |
| | 5.6) Establishment and operationalization of Industrial Councils | | Q2 2017 | PC |
| | 5.7) Examination of study programs and registration policies | | Q3 2017 | IC |

The status for the Q1-Q2 2018 period

5.1) The verification of locations for the construction of 6 kindergartens which will be built through IPA II funds, 2016 and MEST has been completed. From these 6 kindergartens, 2 are in the process of construction in Kaçanik and Shtime; with financing from Kosovo's budget, another kindergarten is being built in Rahovec. Another kindergarten in Prizren is the subject of an upcoming contract from MPA. The construction of two other kindergartens in Prishtinë and Klinë is also foreseen.

5.2) The process of drafting the nuclear curriculum for education in early childhood is in its final phase, after having passed all the foreseen procedures of public discussions (April, 27, 2018 – May, 21, 2018). The comments have been obtained and it is expected for them to be approved. Their piloting is expected to begin in September 2018.

5.3) The outer evaluation process has begun in October, 2017; the schools which will submit to the evaluation process have been planned. The planning was done by education inspectors, in a total of 48 pre-university schools. A total of 200 coordinators have been assigned to ensure quality in all schools and 24 coordinators in the level of municipal education directories.

5.4) In March, 2018 there were efforts in UA towards the establishment of the agency with the support of World Bank ESIP project. This instruction is foreseen to be approved in November, 2018. As such, the Agency for Curriculum, Standards and Evaluation is not established and is not operational.

5.5) The Draft Law on Inspectorate has passed all the procedures and now will go through the second reading and approval in the Assembly.

5.6) University of Prishtina, in 10 academic units, has established 10 advisory bodies; University of Ferzan has established 1 industrial board; University of Gjakova has established 2 advisory bodies; University of Mitrovica is in the first phase of drafting the regulation for advisory bodies; University of Peja has established three industrial boards; and University of Gjilan has approved the regulation but has yet to establish the advisory bodies.

5.7) The higher education institutional complaints – which remained unfinished since the SQC 53rd meeting - have been processed and decisions have been issued about them.

Evaluation:

The foreseen measures for last year (2017) are still not finished and this can cause dilemmas whether their implementation will start in the 2018/19 academic year.

| | | | | | |
|---|---|--|-------------------------------------|---------|--------|
| 6 | Quality improvement of Vocational Education and Training (VET) and transferring from school to work | 6.1) Labor Market Needs Assessment | MEST KKK Employment Agency | Q12017 | Yellow |
| | | 6.2) Examination of offered programs in VET schools; | | Q3 2017 | Yellow |
| | | 6.3) Drafting of nuclear curriculums for VET and beginning the piloting phase; | | Q2 2017 | Red |
| | | 6.4) Ensuring proper financing for VET centers; | | Q3 2017 | Red |
| | | 6.5) Expansion and inclusion in study programs | | Q3 2017 | Red |

The status for the Q1-Q2 2018 period

6.1) GIZ has begun a research in 68 professional schools and other institutions. The findings of the report will be presented in October 2018; after that, the research of labor market will be conducted.

6.2) A research for several profiles has been conducted, such as food and package processing, outsourcing for information technology and customer support centers, metal processing, textile, tourism and wood. There have been agreements signed with wood processing, services and sale businesses. The employment fair has also been held.

6.3) The project proposal has been drafted and the public discussion with the donors has taken place, but the drafting is not complete yet.

6.4) The cost analysis for several profiles (economics, health, etc.) in cooperation with World Bank and GIZ has been conducted, but the funds have not been secured.

6.5) The study programs have not been expanded.

Evaluation:

After drafting the nuclear curriculums, respective profiles are expected to be created in different fields. Without approval, the piloting stage cannot begin.

Table 7: Measures and actions for Employment and Education pillar



GROUP FOR LEGAL
AND POLITICAL
STUDIES

INSTITUTI GAP
GAP INSTITUTE

