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European Reform Agenda

Monitoring Report for 2018



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EUROPEAN REFORM AGENDA (ERA): Monitoring Report for 2018

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Introduction

Kosovo, like all other Western Balkan countries, in order to strengthen democracy and the rule of law, economic and social development, should fulfill the obligations deriving from the National Program for the Implementation of the Stabilization and Association Agreement (NPISAA). Specifically, this process aims at continually maintaining political stability and regional cooperation. Moreover, countries seeking EU integration are required to align their legal and economic systems with the EU directives, laws, and standards.

As far as relations between Kosovo and the EU are concerned, the Stabilization and Association Agreement (SAA) is the first contractual agreement that sets the list of economic, political, legal reforms, as well as the deadlines for their implementation.¹

Given that the agreement is quite challenging, in order to be have a timely implementation and in accordance with the predetermined conditions, the Government of Kosovo and the European Commission has drafted the European Reform Agenda (ERA). Moreover, in 2016 this agenda has set Kosovo's main priorities under the SAA, which were to be fulfilled by the end of 2017. More specifically, it includes a total of 22 general measures, divided into three main pillars, (i) Good Governance and Rule of Law, (II) Competitiveness and Investment Climate, and (III) Employment and Education.²

Meanwhile, the organizations that have been involved with the monitoring of ERA, namely Group for Legal and Political Studies (GLPS), GAP Institute (GAP), and Pristina Institute for Political Studies (PIPS), decided for 2018 to add to the matrix the measures deriving from the Government decision no. 01/13 issued in November 2017 on the key priorities of the European Reform Agenda for 2018.³ Given that at the time this decision was made, it was unclear for all affected parties whether to continue with the uncompleted agenda or the decision issued by the government; therefore, we decided to incorporate together measures from both documents.

This said, this monitoring report reviews the achievements of the institutions throughout 2018, nonetheless, we have published monitoring reports for the six- and nine-month monitoring period. In order to give a clear picture of the state and process of ERA implementation, this study focuses on elaborating the methodology and results of the monitoring process, analyzing the current state of the achievements and shortcomings of institutions, as well as providing conclusions and recommendations. Moreover, the annex incorporates the matrix with the details and information for each measure.

Monitoring methodology

The results presented in this report are from the achievements that the responsible institutions have shown during 2018. The measures being monitored are the ones provided by the European Reform Agenda as well as those resulting from the Government Decision no. 01/13 issued in November 2017.

The methodology applied during this monitoring process was based on direct contacts with responsible institutions for implementing the above-mentioned measures and actions. Specifically, the monitoring process included the identification of all responsible institutions and the tasks that they have had to carry out.

¹ The Stabilization and Association Agreement between the Republic of Kosovo, and the European Union and the European Atomic Energy Community, on the other. Brussels 2015. Can be found in this link: <http://data.consilium.europa.eu/doc/document/ST-10728-2015-REV-1/en/pdf>

² Agenda for European Reform (ARE) (2016) Kosovo - EU High Level Dialogue on Key Priorities. source: <https://bit.ly/2fF3mr0>

³ Decisions of the 13th Meeting of the Government of the Republic of Kosovo (2017). source: <https://bit.ly/2M8ZX1C>

Afterwards, questions have been compiled in order to provide details of where the process stands and the reasons for the delays. Then, emails were sent to the Secretary Generals of all institutions and European Integration Officers to request information on the developments foreseen by the agenda. In some occasions, the institutions have been contacted through the phone.

We have compared the information we received with the reports of the Ministry of European Integration (MEI), public documents on the websites of responsible institutions, and if any uncertainty arised, we have requested meetings with these institutions in order to have a better picture of the situation.

The achievements of the responsible institutions are divided into three categories:

- **Fully completed** - are measures and actions that are implemented in full and according to the set criteria. However, it does not take into consideration the period specified to be fulfilled given a certain number of measures is not implemented within the prescribed period on this agenda. These measures and actions, in the matrix presented in the appendix, are highlighted in green color.
- **Partially completed** - are measures and actions that are in progress but for various reasons their process has stalled. These measures presented in the matrix are highlighted in yellow color.
- **Incomplete** - are measures and actions for which nothing has been done so far. These measures, in the matrix, are highlighted in red color.

As stated above, the matrix is divided into three main pillars of the ERA. The first pillar, Good Governance and Rule of Law, has been monitored by the Group for Legal and Political Studies; the second pillar, Competitiveness and Investment Climate, has been monitored by the GAP Institute, and the last pillar, Employment and Education, has been monitored by the Pristina Institute for Political Studies. For each measure, the matrix gives an explanation of when the procedure of fulfillment has started, and if it has been completed, and when did that happen. However, if measures are not yet completed, it gives an explanation of where the process currently stands. Measures and actions are foreseen to be fulfilled at different time periods during the year, therefore, in the matrix Q1 represents the first quarter of the year or the January - March period, Q2 the second quarter of the year or the April - June period, Q3 the third quarter of the year or the July - September period, and the Q4 represents the fourth quarter of the year or the October - December period.

Monitoring Process Results

The European Reform Agenda incorporates 29 measures, divided into three main pillars:

- I. Good Governance and Rule of Law;
- II. Competitiveness and Investment Climate, and;
- III. Employment and Education.

Out of the 29 measures that ERA provides 108 actions were identified, 68 actions or 62.96% were fully completed, 21 actions or 19.44% were partially completed, and 19 actions or 17.60% remained incomplete. Concerning measures, 10 are fully completed, 15 are partially completed, and 4 remain incomplete, which can be illustrated in chart 1 and 2.

Regarding each pillar, the first pillar includes 11 measures with a total of 37 actions, the second pillar foresees 12 measures with a total of 44 actions, and the third pillar includes 6 measures with a total of 27 actions. In the Good Governance and Rule of Law pillar, from 37 actions 72.97% are fully completed, 16.22% are partially completed, and 10.81% of them remain incomplete. Out of 44 actions of the Competitiveness and Investment Climate pillar, 56.82% of actions are fully completed, 22.73% are partially completed, and 20.45% of actions remain incomplete. Lastly, in the Employment and Education pillar, from 27 actions, 59.26% of the them are fully completed, 18.52% are partially completed, and 22.22% of the actions remain incomplete.

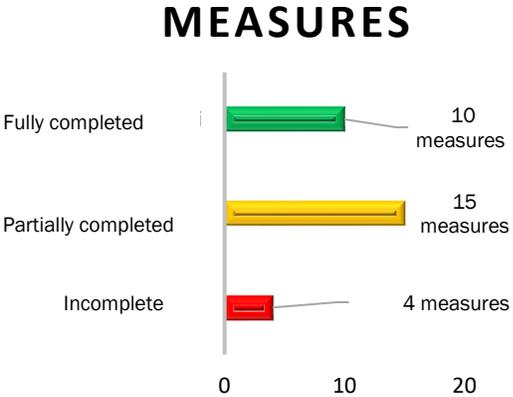


Chart 1. The state of the measures of ERA

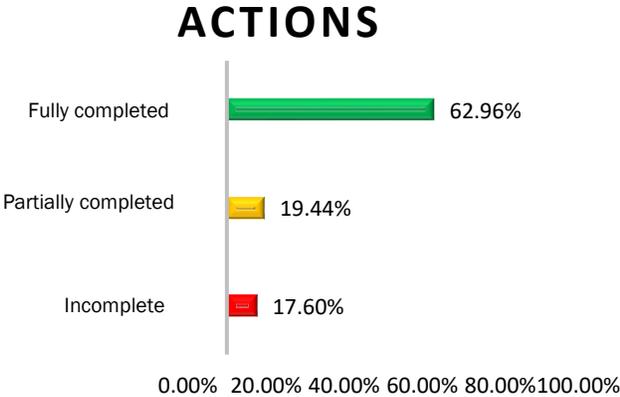


Chart 2. The state of the actions of ERA

Institutions responsible for implementing the first pillar were the Assembly, The Office of the Prime Minister, Ministry of Justice, Ministry of Public Administration, Central Election Commission, Kosovo Judicial Council and the Academy of Justice. The institutions responsible for implementing the second pillar were the Office of the Prime Minister, the Assembly of the Republic of Kosovo, Ministry of Trade and Industry, Ministry of Economic Development, Energy Regulatory Office (ERO), System, Transmission and Market Operator (KOSTT), Ministry of Finance, Tax Administration of Kosovo, Kosovo Customs, and the Kosovo Agency of Statistics. Institutions responsible for implementing the third pillar were the Ministry of Education, Science and Technology and the Ministry of Labor and Social Welfare.

MEASURES	ACTIONS	COMPLETE	%	PARTIALLY COMPLETE	%	INCOMPLETE	%	STATUS OF MEASURES AT THE END OF 2018
GOOD GOVERNANCE AND RULE OF LAW								
Measure 1	4	3	75%	1	25%	-	-	Partially completed
Measure 2	3	3	100%	-	-	-	-	Fully Completed
Measure 3	3	3	100%	-	-	-	-	Fully Completed
Measure 4	3	3	100%	-	-	-	-	Fully Completed
Measure 5	1	-	-	-	-	1	100%	Incomplete
Measure 6	5	4	80%	1	20%	-	-	Partially completed
Measure 7	2	-	-	-	-	2	100%	Incomplete
Measure 8	4	3	75%	1	25%	-	-	Partially completed
Measure 9	4	3	75%	-	-	1	25%	Partially completed
Measure 10	3	-	-	3	100%	-	-	Partially completed
Measure 11	5	5	100%	-	-	-	-	Fully Completed
COMPETITIVENESS AND INVESTMENT CLIMATE								
Measure 12	3	-	-	-	-	3	100%	Incomplete
Measure 13	1	-	-	-	-	1	100%	Incomplete
Measure 14	1	1	100%	-	-	-	-	Fully Completed
Measure 15	2	1	50%	1	50%	-	-	Partially completed
Measure 16	5	1	20%	-	-	4	80%	Partially completed
Measure 17	3	1	33.33%	2	66.67%	-	-	Partially completed
Measure 18	5	5	100%	-	-	-	-	Fully Completed
Measure 19	8	5	62.5%	3	37.5%	-	-	Partially completed
Measure 20	1	1	100%	-	-	-	-	Fully Completed
Measure 21	5	5	100%	-	-	-	-	Fully Completed
Measure 22	5	2	40%	2	40%	1	20%	Partially completed
Measure 23	5	3	60%	2	40%	-	-	Partially completed
EMPLOYMENT AND EDUCATION								
Measure 24	7	7	100%	-	-	-	-	Fully Completed
Measure 25	2	2	100%	-	-	-	-	Fully Completed
Measure 26	3	1	33.33%	1	33.33%	1	33.34%	Partially completed
Measure 27	3	1	33.33%	1	33.33%	1	33.34%	Partially completed
Measure 28	7	4	57.14%	2	28.57%	1	14.29%	Partially completed
Measure 29	5	1	20%	1	20%	3	60%	Partially completed
TOTAL	108 actions	68 actions	62.96%	21 actions	19.44%	19 actions	17.60%	In total, there are 29 measures, of which: - 10 are fully completed - 15 are partially completed - 4 remain incomplete

Table 1. Total results for each measure

The current situation

The statistics released in 2017 and 2018 enables us to see an improvement in the implementation of these measures and actions. However, it cannot be considered an advancement of the European Reform Agenda since the agenda should have been fully completed by the end of 2017.

During 2017, Kosovo institutions managed to complete only 38.9% of the actions, 47% were partially completed and 14.1% were incomplete.⁴ Although this is positive, these measures are not fully comparable with 2018, bearing in mind that in the monitoring process we have added the measures outlined by the government decision.

From Chart 2, below, we can see that the first pillar or Good Governance and Rule of Law for 2018 has had the most positive performance among the three pillars.

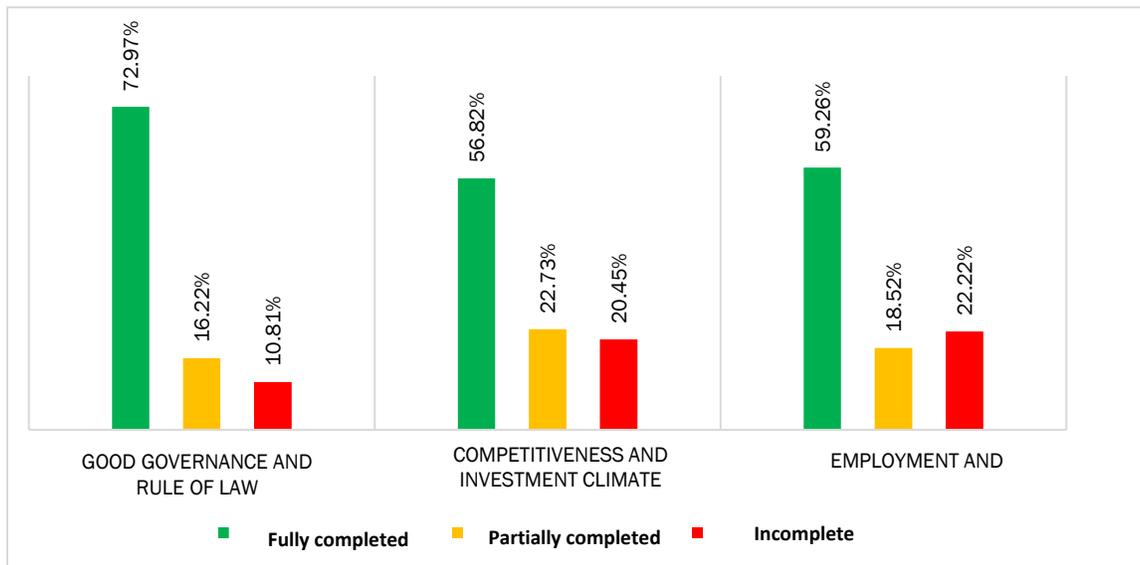


Chart 2. Statistical comparison between the three pillars of the European Reform Agenda

Analyzing each pillar of ERA, we can understand the situation in detail and find out the reasons for the successes and failures of the responsible institutions.

Good Governance and Rule of Law

The first pillar is divided into three main categories: Rule of Law, Electoral Reform, and Public Administration Reform. The measures foreseen in the rule of law category are the Approval of legislation by making mandatory suspension and/or removal of public officials, i.e. defendants and convicts for corruption; Amendment of the Law on Conflict of Interest; Amendment-of the Law on State Prosecutor to increase the number of prosecutors in the Special Prosecution for the investigation and prosecution of corruption and high crime cases; and Law on Disciplinary Responsibility for Judges and Prosecutors. Measures foreseen in the category of Electoral Reform are the preparation of a legal package for electoral reform, including the recommendations of the EU observer mission and the opinion poll by the Venice Commission; Finalization of audit for the finances of political parties; and Publication of financial reports of the political parties, as foreseen by law. The measures foreseen in the Public Administration Reform include the Implementation of the Plan for the Rationalization of Independent Agencies and Central Authorities within the Government; Ensuring a transparent, merit-based

⁴ ERA of stumble; Albana Merja, Delfinë Elshani, Njomza Mjeku; May 2018, Pristina. The report can be found on this link: <http://www.legalpoliticalstudies.org/wp-content/uploads/2018/06/ERA-policy-note-final-1.pdf>

and non-political selection process in accordance with the law, for all independent institutions, agencies and regulatory bodies, as well as public companies; Approval of the Legal Package for Public Administration Reform; Strengthening the capacities of the Economic Department and the Fiscal Division in the Administrative Department of the First Instance Court in Pristina, including the field of tax system and customs in order to reduce load of the cases.

Further, the adoption of legislation by making mandatory suspension and/or removal of public officials, i.e. the accused and the convicted for corruption, was foreseen to be completed in the last quarter of 2017; however, although this measure remains partially completed. Specifically, the actions stemming from this measure were completed in different time periods. In particular, in November 2017, the concept paper was approved to secure the mandatory suspension and/or removal of public officials accused and convicted for corruption; Later, in April 2018, the Government approved the Criminal Code of Kosovo;⁵ Whereas, in November 2018, the Assembly approved the Draft Criminal Code of Kosovo;⁶ Regarding the Code of Criminal Procedure, on December 2018 it was submitted to the Government for review and approval.

Formerly, the amendments to the Law on Conflict of Interest were expected to be completed in the last quarter of 2016; however, they were fully completed in the first quarter of 2018. Nevertheless, the Law on Prevention of Conflict of Interest was withdrawn from the procedure twice, while in the third phase a new Draft Law was compiled, in cooperation with representatives of the Anti-Corruption Agency, experts from the Council of Europe, and the EU Office in Kosovo. In March 2018, the Assembly approved the Draft Law no. 06/L-011 on the Prevention of Conflict of Interest in Exercising Public Function.⁷

Meanwhile the amendment to the Law on State Prosecutor to enable the increase of the number of prosecutors in the Special Prosecution for the investigation and prosecution of corruption and high crime cases was not completed in the second quarter of 2017, as initially foreseen, but it was approved in the first quarter of 2018. In the beginning, the draft law prepared by the Ministry of Justice was criticized for contradicting the Constitution of the Republic of Kosovo and the priorities arising from the European Reform Agenda (ERA). Whereas, in March 2018, the Assembly approved the Draft Law no. 06/L-025 on Amending and Supplementing the Law no. 03/L-225 for the State Prosecutor.⁸

The Law on Disciplinary Responsibility of Judges and Prosecutors was not foreseen by the European Reform Agenda (ERA) but, by the decision issued by the Government in November 2017 as part of the short-term measures of the National Programme for the Implementation of the SAA for 2018 scheduled to be completed during the first quarter of 2018. However, in November 2018, this draft law was approved by the Assembly.⁹

Regarding the legislative package on electoral reform, nothing has been done regarding the recommendations of the EU observer mission and the request for an opinion from the Venice Commission. This measure was foreseen in the decision issued by the Government; however, none of the responsible institutions have taken it into account.

⁵ Adoption of Draft Criminal Code by the Government. Source for additional information: <http://kryeministri-ks.net/qeveria-e-kosoves-ka-miratar-projekt-kodin-penal-te-republikes-se-kosoves/>

⁶ Adoption of Draft Criminal Code by the Assembly. Source for additional information: http://www.kuvendikosoves.org/common/docs/proc/proc_2018_11_15_10_7721_al.pdf

⁷ Law no. 06/L-011 on the Prevention of Conflict of Interest in Exercising Public Function. Source for additional information: <https://gzk.rks-gov.net/ActDetail.aspx?ActID=16314>

⁸ Law no. 06/L-025 on Amending and Supplementing the Law no. 03 / L-225 on State Attorney Amended and Supplementing with Law no. 05 / L-034. Source for additional information: <https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=16266>

⁹ Law no. 06/L-057 on Disciplinary Responsibility of Judges and Prosecutors. Source for additional information: <http://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=18336>

The Draft Law on Financing Political Parties in April 2018 was submitted to the Venice Commission for review. Afterwards, in June 2018 representatives from the Office of the Prime Minister participated in the 115th plenary session of the Venice Commission, where they presented the Draft Law on Financing Political Parties. The draft law approved by the Government of the Republic of Kosovo and in October 2018 was submitted to the Assembly; however, the latter did and not been approve yet.

Even though the Committee for the Oversight of Public Finances in January 2018 has approved the request for 10 auditors to deal with auditing of financial reports for 2017, it had to be sent for re-tendering procedure for the third time for the audit of financial reports, since previously the process of the selection has failed 2 consecutive times. The call for application was public, nonetheless, even after consultative meetings with economic operators, were no requests sent by the operators. This situation has not changed throughout the year.

On the other hand, the Plan for the Rationalization of Independent Agencies and Central Authorities within the Government and the Concept document for the Explanation Wave and the Establishment of Accountability Lines for Agencies that operate in the Assembly of Kosovo have been drafted and sent for preliminary consultations, after the analysis were provided in March of 2017.

Providing a selection process that is transparent, merit-based and non-political, in accordance with the law, for all independent institutions, agencies and regulatory bodies, as well as public companies, considered by the Ministry of European Integration as a complete measure, remains partially completed. This occurred since the responsible institutions have not published CVs of persons who have been short listed in the recruitment for members of Boards of Public Enterprises. Therefore, we are unable to see CVs in order to know who has been on this list and who was recruited.

In the agenda, it was foreseen that the laws and concept documents of the Legislative Package on Public Administration Reform to be adopted Q4 2017 and Q4 2016, respectively. The concept documents were approved in May 2017 by the Government of the Republic of Kosovo. Whereas, with decision no. 103/2017 dated 10.07.2017, a working group was established for drafting three basic laws of the Public Administration Reform. Therefore, the Government and the Assembly have had one year (1) to approve them, unfortunately the second year (2) has passed and they were only adopted in principle in October 2018.

Regarding the measure related to the Basic Court's Fiscal Division, the Kosovo Judicial Council has requested from the USAID Program, which supports the strengthening of the justice sector, to carry out an assessment regarding the reduction of the number of unsolved cases (backlogs). According to recommendations from the research, two (2) additional judges should be assigned to the Administrative Department - Fiscal Division. In July 2017, the President of the Republic of Kosovo has decreed 52 new judges. Seventeen new judges were appointed by the KJC to the Basic Court of Prishtina. The new judges have completed initial training on 29 October 2018 and are distributed according to the needs in respective departments by the Court Presidents. In addition, four (4) professional advisers were recruited at the Basic Court of Pristina to support the Fiscal Division. KJC, together with the President of the Basic Court in Pristina, has foreseen two additional judges to be assigned to the Fiscal Division (two judges in the Administrative Department), while the Economic Department was empowered with additional staff appointing one (1) new judge. As a result, this measure is considered fully completed.

Competitiveness and Investment Climate

The second pillar is divided into five main categories: Promotion of Foreign Direct Investment, Improvement of Business Environment, Statistics, and Interconnection Agenda and Energy. The measures foreseen in the FDI promotion are: Reorganization of the Investment and Enterprise Support Agency in Kosovo - KIESA; Adoption of after-care program and services for investors. In the category Improvement of the business environment the foreseen measures are: Adoption of the Law on Financial Reporting; Accounting and Auditing; Updating the central registry for authorizations and licenses; Adoption of the Law on Inspections; Adoption of the secondary legislation on state aid and functionalize the Commission and the State Aid Department; Implementation of the action plan to combat the informal economy; Adoption of the legal package to improve infrastructure and quality standards, as well as functionalize four metrology laboratories; and Enforcement of Electronic Procurement in Centralized Procurement. In the Statistics category, the foreseen measure is the development of sectoral statistics on business, energy and social sectors. In the Interconnection Agenda category, the foreseen measure is the implementation of all "soft measures" within the framework of the inter-connectivity agenda. In the Energy category, the foreseen measure is Increasing energy security and adopting a comprehensive energy strategy for the period 2017-2026.

Moreover, the first measure or restructuring of the Kosovo Investment and Enterprise Promotion Agency (KIESA) arised following a recommendation given by an EU project in 2016 entitled "Increasing Competitiveness and Export Promotion" (ICEP) ". Specifically, this measure was foreseen to be completed in the Q3 of 2017, but the Draft Regulation on Internal Organization of MTI and the decision to establish KIESA Advisory Board was not approved in 2018. Also, the adoption of the after-care program and services or the second measure for investors depends on the restructuring of KIESA. Therefore, these two measures remain incomplete.

Previously, the Law on Financial Reporting, Accounting and Auditing was foreseen to be adopted in Q1 of 2017, but this measure has only been approved in Q2 of 2018, more accurately in April 2018.

The Central Registry for Permit and License was foreseen to be updated by ERA but forms are not accessible in three languages. Therefore, this measure is considered partially completed since only the register has been translated into Albanian, English and Serbian while the forms are not published online in any of the languages. On the other hand, the second action was considered completed, since promotional events were organized in the fourth quarter through a video-clip broadcasted for 30 days on RTK.

Regarding the Law on Inspections or the fifth measure, it is considered as partially completed. The first objective is complete because the concept paper was adopted in the first quarter. Other objectives were considered incomplete as the Ministry of Trade and Industry, the Government and the Assembly had time to complete these obligations by the end of September 2018 but they did not complete them.

Adoption of secondary legislation on state aid and functionalization of the Commission and the State Aid Department is the sixth measure, and is considered as partially completed. More precisely, the first objective was considered to be partially completed since only one of the foreseen regulations was adopted,¹⁰ while the other objective was not completed due to the non-establishment of the State Aid Commission. The second objective was completed since the Department for State Aid (DSA) has been functionalized within the new deadline. In the meantime, the third objective is partially completed, as the commission for the selection of

¹⁰ Regulation (Qrk) No.19/2018 on Procedures and Forms of State Aid Notification. Source for additional information: <https://mf.rks.gov.net/desk/inc/media/C6423C79-3933-4F7F-BOA3-AEFE0B44D0A3.pdf>

candidates for the State Aid Commission (SAC) has prepared the report for recommendation, but the candidates have not yet been voted by the members of the Assembly.

The implementation of the action plan to combat the informal economy is the seventh measure, and after the completion of the last action is considered as completed. The remaining action was inter-institutional empowerment; this activity is still ongoing since it started before the end of the third quarter and it is expected to continue. Whereas, other actions have been completed within the foreseen deadlines and they continue to be updated.

The adoption of a legislation package to improve infrastructure and quality standards, as well as the functionalization of four meteorology laboratories, is the eighth measure and is considered to be partially completed. Specifically, objectives that have not yet been finalized are: Organizing 10 workshops to inform businesses and promote the websites; Organizing 30 modules for human capacity development in terms of infrastructure and quality standards; Establishing and operating the single point of contact for services.

The implementation of e-procurement in centralized procurements or the ninth measure is considered as a completed measure, since the implementation of e-procurement has been completed during 2018 and we continued the monitoring of its implementation during the whole year.

Development of sectoral business, energy and social statistics, or the tenth (10) measure, is completed, since the KAS continuously publishes estimated statistics by evolving publication time and by improving the methodology. The first four objectives are fully completed within the deadlines, while the fifth objective has to do with statistics published quarterly, annually, or in a longer period, and some are scheduled to be published in 2020 because of lack of financial and human resources.

The implementation of all "soft measures" within the framework of the inter-connectivity agenda or the eleventh (11) measure is partially completed. Precisely, the first objective on primary legislation and the fifth objective for harmonization of the Network Code with ENTSO have been completed¹¹. Yet, two actions for the joint energy market with Albania have been considered partially completed because they have shown some progress even though not a very positive one. Furthermore, while there is no progress on the "Implementation of the Agreement between KOSTT-EMS" this action remains incomplete, despite the fact that KOSTT has attempted to resolve some disputes with the EMS of Serbia. Regarding the increase in energy security and the adoption of a comprehensive energy strategy for the period 2017-2026¹², three from five actions have been fully completed within 2018. Whereas, the last two objectives are considered partially completed, respectively the revised National Renewable Energy Action Plan has not been adopted on time and the Law on Energy Efficiency has been approved with the Energy Fund Board, but the latter is still is not functional, in spite of the fact that the foreseen deadlines have passed. As a result, this measure is considered as partially completed.

Employment and Education

The third pillar is divided into two main categories: The Employment and Education. The measures foreseen in the Employment category are: Improving employment opportunities, focusing on employment of young people and women; Adopting and implementing the Strategy Sector for Employment and Social Policy 2015-2020 and adopting the 2017-2018 Action Plan for the implementation of the Strategy. Whereas, in the category of Education, the measures foreseen are: Improving the quality of education through legislative

¹¹ Approval of the Energy Strategy. Source for additional information: <http://mzhe-ks.net/sq/lajmet/kuvendi-i-kosoves-miratoi-strategjiine-e-energiise-2017-2026>

¹² Approval of the Energy Strategy. Source for additional information: <http://mzhe-ks.net/sq/lajmet/kuvendi-i-kosoves-miratoi-strategjiine-e-energiise-2017-2026>

measures; Approval of the remaining legislation providing the basis for policy reforms in the education sector; Improving the quality of education; Improving the quality of Vocational Education and Training (VET) and transition from school to work.

Specifically, improvement of employment opportunities, by focusing on young people and women, or the first measure contains two objectives, and is considered as a completed measure. The last two objectives: The implementation of the Action Plan for Employment and Social Policies and Youth Employment was completed in the second half of 2018.

The adoption and implementation of the Strategy Sector for Employment and Social Policy 2015-2020¹³ and the adoption of the Action Plan 2017-2018 for the implementation of the strategy, are considered as completed measures. As for the foreseen criteria's, the Ministry of Labor and Social Welfare has completed all the criteria foreseen by the agenda.

Furthermore, improving the quality of education through legislative measures or third measures is considered to be partially completed. Specifically, from three identified objectives, one has been completed, one is partially completed and the other remains incomplete. Meanwhile, the adoption of the legislation package remains incomplete, while the construction of new public kindergartens is in process.

The adoption of the remaining legislation that offers the basis for policy reform in the education sector or the fourth measure is considered to be partially completed. In addition, this measure has a total of three objectives, of which one is completed, one is partially completed and one is incomplete. Furthermore, the adoption of the Draft Law on Higher Education and the budget allocation for the Strategic Education Plan in Kosovo (KESP), which has a deficit of 44 million Euros, continues to be challenging for the responsible institutions.

Further, quality improvement in education or the fifth measure is considered as partially completed. Specifically, out of the seven objectives identified, four are fully completed, two are partially completed and one remains incomplete. However, due to the many-faced challenges there will be no establishment of the Agency for Curriculum, Standards and Action, but the division for standard assessment and monitoring will be established. Accordingly, with the EU recommendation, this objective will be removed from the ERA.

In addition, improving the quality of Vocational Education and Training (VET) and shifting from school to work or the sixth measure is considered to be partially completed. Specifically, the biggest standoff on the third pillar was observed in this measure because out of five objectives, only one was completed. Despite the fact, the rest is related to the implementation and creation of various VET Core Curriculum, which still remain incomplete. In addition, incomplete objectives include: The design of the VET Core Curriculum and the beginning of the pilot phase; Providing adequate funding for VET centers; and Expansion and involvement in study programs.

¹³ Launch the Sector Strategy for Employment and Social Policy 2015-2020 by MLSW. Source for additional information: <https://mpms.rks-gov.net/mpms-lanson-strategjine-sektoriale-2018-2022-dhe-planin-e-veprimit-per-punesimin-e-te-rinjive/uncategorized-sq/>

Conclusions and Recommendations

The European Reform Agenda is in its third year of non-fulfillment, although its aim was to accelerate the NPISAA implementation process. Unfortunately, this is not happening and it can be said that the implementation of this agenda has been an unacceptable stagnation for our country.

The Government and the Assembly continue to have lack of necessary co-operation in order to push this process forward. Previously, the opposition during the years 2016-2017 criticized the government for failing to implement this agenda. At that time, with the appointment of the new Government (the aforementioned opposition) there was hope that the process will speed up, but nothing happened. Truthfully, the interest in this process declined even though in the beginning it seemed different. It can be stated that the responsible institutions continue to have insufficient cooperation. Specifically, their communication and willingness to cooperate about pushing forward this process is causing stagnation. This is because, in order to have positive results, the government must have the necessary commitment to fulfill all the necessary and decisive reforms.

Therefore, we suggest that:

- ✓ The situation can be improved with the development of the new initiatives in ERA2, in order to speed up this process and monitoring the adoption and implementation of all the planned measures. Specifically, all the responsible institutions for the implementation of the above-mentioned reforms should have co-operation plans with specific deadlines and tasks in order to push forward the steps of this process. These plans could have the format of separate tasks and deadlines for each institution. Thus, every schedule would be respected and there would be no delays, yet we can easily understand which is the reason for all the problems in this process.
- ✓ During the drafting of ERA2 all the institutions that will be engaged in its implementation should be realistic in the tasks they undertake, since they are better informed about their duties and responsibilities and the resources available to accomplish the requirements deriving from the Agenda.

We consider that regarding the biggest struggles in all three pillars remain the adoption of legislation in the Assembly, regional energy and transport agreements, and the implementation of new curricula in schools.

Therefore, as a result of the above-mentioned struggles we propose the following recommendations:

1. The Assembly of Kosovo should conduct an internal assessment to pinpoint the reason for the continuous delays. If the analysis foresees, that the problem is the lack of adequate staff in the Assembly, the latter and the responsible institutions should initiate the procedures to increase the number of employees who would be engaged as experts in this process. Moreover, the lack of political will to accelerate this process in the Kosovo Assembly is one of the main problems, which means everyone should commit themselves to change and improve it.
2. Regarding the problems in the second pillar, ERA2 should not incorporate measures that depend on other parties, because it is slowing down the process during the fulfillment of the agenda. As noted above, the energy and transport agreements due to political developments with the countries of the region are obstructing the process of the second pillar and of the ERA in general.
3. Also, regarding the new curricula and their implementation by all schools, MEST should have more monitoring committees and frequent visits to all schools in the country, regardless of being located in a city or a village. Similarly, the foreign policy with the neighboring countries should not affect the education system. Specifically, the education and lecturing should be based on rules and regulations of the Republic of Kosovo and with the curricula that MEST approves for all schools in the country. Therefore, this should also be considered in order to improve this pillar and the system as well.

ANNEX 1: ERA'S MONITORING MATRIX

GOOD GOVERNANCE AND RULE OF LAW					
I. RULE OF LAW					
MEASURES		ACTIONS	RESPONSIBLE INSTITUTIONS	TIMEFRAME	2018
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;	MJ	Q4 2017 - Q3 2018	C
		1.2) The approval of Kosovo's Criminal Code;	MJ		C
		1.3) The approval of Kosovo's Criminal Code;	ASSEMBLY		C
		1.4) The Approval of Criminal Code Procedure;	ASSEMBLY MJ		PC
<p>The status for Q1-Q2 2018</p> <p>1.1) On 15 November 2017, the Prime Minister has taken the decision to approve the concept paper in order to secure the mandatory suspension and/or the removal of public officials accused and convicted of corruption.</p> <p>1.2/1.3) The government of Kosovo has approved the new Criminal Code on 13 April 2018. According to the Minister of Justice, the draft of the new Code is based on three basic principles: clear definition of the rule of law and the fight against corruption and organized crime; greater flexibility in the work of independent law enforcement bodies; and protection and advancement of the notion of human rights. The articles on smuggling, deception and production of harmful products have been changed as well as the re-definition of criminal offenses of corruption, officials' misconduct, bribery, etc. The new Criminal Code, according to Minister Tahiri, could come into force in January 2019.</p> <p>1.4) The Ministry of Justice is on the process of drafting the Criminal Code</p>					
<p>The status for Q3 2018</p> <p>1.3) This objective is completed by the Government of Kosovo but the Parliament continues to cause problems. The Criminal Code passed first reading in the Parliament and is currently reviewed by the Committee on Legislation. On the draft Criminal Code there are included Article 62 and Article 63 (dismissal of officials convicted of criminal offense, corruption and office misconduct varying from one to ten years).</p> <p>1.4) Suspension of public officials on the filing of an indictment for the criminal offenses mentioned above will be included in the Criminal Code Procedure, which is in the final drafting phase by the Ministry of Justice. The draft is expected to go to the parliament in November this year.</p>					

The status for Q4 2018

- 1.3) On 23.11.2018, the Assembly has approved the draft of Criminal Code of Kosovo;
 1.4) On 27.12.2018 the Criminal Procedure Code was sent to the Government for review and approval and is still there.

2	Completion of the Law on Conflict of Interest	2.1) The 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) The acceptance of the Draft Law by the Commission on European Integration;	ASSEMBLY		C
		2.3) The approval of the Draft Law by the Parliament	ASSEMBLY		C

The status for Q1–Q2 2018

2.1) On 29 March 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 officials cannot exercise more than one function in the public sector, unless it is so defined in the officials’ duty.”

2.2) On 30 March 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 30 March 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) The acceptance of the Draft Law in the Committee on Legislation, Mandates, Immunities, Rules of Procedure of the Parliament and the Oversight of the Anti-Corruption Agency.	MJ AJ	Q2 2017	C
		3.2) The acceptance of the Draft Law by the Committee on European Integration.	ASSEMBLY MJ /AJ	Q1 2018	C
		3.3) The approval of the Draft Law in the Parliament	ASSEMBLY MJ / AJ		C

The status for Q1– Q2 2018

On 15 November 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 29 March 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 30 March 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 30 March 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 Prosecutor	4.1) Writing of the Draft Law on Disciplinary Liability of Judges and Prosecutors	MJ	Q1 2018	C
		4.2) Approving of the Draft Law on Disciplinary Liability of Judges and Prosecutors by the Government	MJ		C
		4.3) Approving of the Draft Law on Disciplinary Liability of Judges and Prosecutors by the Assembly	ASSEMBLY MJ		C

The status for Q1-Q2 2018

4.1/ 4.2) The Draft Law on disciplinary liability of judges and prosecutors was approved by the Government of Kosovo on 01 February 2018

4.3) The draft law (03 May 2018) was approved in principle and the Assembly assigned the following committees for examining the law: 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 respective committees are expected to send their recommendations in the Parliament within the foreseen deadline.

The status for Q3 2018

The Draft Law on Disciplinary Responsibility for Judges and Prosecutors was adopted at the first reading in the Parliament on 03 May 2018 and is currently under consideration by the Legislative Committee.

The status for Q4 2018

The Draft Law on Disciplinary Responsibility for Judges and Prosecutors was approved by the Assembly on 23.11.2018.

II. ELECTORAL REFORM

MEASURES	ACTIONS	RESPONSIBLE INSTITUTIONS	TIMEFRAME	2018	
5	Preparation of the legal package for electoral reforms, including the recommendations of the EU monitoring	Approval of the electoral reform package including the recommendations of the EU monitoring mission and the request for opinion from the Venice commission	ASSEMBLY	Q3 2018	IC

	mission and the request for opinion from the Venice commission.				
<p>The status for Q4 2018 There is no development regarding the Electoral Reform.</p>					
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) The completion of Public consultations	PMO		C
		6.3) Examination of the Draft Law from the Venice Commission;	PMO		C
		6.4) The approval of the Draft Law by the Government;	PMO		PC
		6.5) The approval of the Draft Law by the Assembly;	ASSEMBLY PMO		IC
<p>The status for Q1- Q2 2018 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 28 September 2018.</p>					
<p>The status for Q3 2018 The Draft Law on Financing of Political Entities is currently at the Ministry of European Integration and the Ministry of Finance. They are expected to send their legal opinions and financial evaluations. Afterwards, the Legal Office will immediately proceed the Draft Law for review and approval.</p>					
<p>The status for Q4 2018 The Draft Law on Financing of Political Entities was foreseen to be approved by the Government of the Republic of Kosovo, on October 30th 2018 the Assembly processed it, but even at the end of Q4 in 2018 the law has not been approved by the Assembly.</p>					
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	IC

The status for Q1 – Q2 2018

7.1) The Oversight Committee on Public Finance on 19 January 2018 has approved the request for 10 auditors to audit the financial reports for 2017. However, because 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 and 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.

The status for Q3 2018

There is no development concerning the audit and publication of financial reports on this quarter.

The status for Q4 2018

The request was public but even after consultative meetings with economic operators we had no requests sent by the economic operators. This situation remained unchanged throughout 2018, and at end of the year there's no change.

III. PUBLIC ADMINISTRATION REFORM

MEASURES		ACTIONS	RESPONSIBLE INSTITUTIONS	TIMEFRAME	2018
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		PC

The status for Q1-Q2 2018

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.

8.3/8.4) The approval of the draft-action plan for the rationalization of the Agencies from the Government of Kosovo is expected during July.

The status for Q3 2018

8.4) The Ministry of Public Administration has established the Secretariat for Rationalism of Agencies. The Secretariat is a professional body that will support the Ministries for RAP. The Secretariat has drafted an Action Plan that reflects all the agencies identified earlier by the analysis. On 20 July 2018, public consultations on the “Draft Concept Paper for the first view of rationalization and the establishment of accountability lines for agencies operating in the Parliament of Kosovo” were concluded. On 31 July 2018, the Secretariat for Rationalization of Agencies held a meeting to review recommendations and comments on the concept paper. Participants in this meeting were representatives of civil society and officials from the EU office.

The status for Q4 2018

The plan for the endorsement of independent agencies and central bodies within the Government and the Concept Paper for the clarification wave and the establishment of accountability lines for agencies operating in the Assembly of Kosovo have been drafted and sent for preliminary consultations.

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	OPM	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;	OPM		IC
		9.3) Inclusion of civil society in selecting committees, based on transparent and open selection of their representatives;	OPM		C
		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.	OPM		C

The status for Q1-Q2 2018

9.1) The Coordinating Secretariat of the Government has forwarded all the CVs of the candidates assigned in Trepan Sheaf, Kosovo Telecom, public enterprises boards to the Publicly-Owned Enterprise Policy and Monitoring Unit

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.

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.

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.

The status for Q3 2018

9.2) There was an open call regarding 14 Public Enterprise Boards, from 22 August to 24 September 2018. After the successful and transparent process as well as the recommendation of the Recommendation Committees, the Government of Kosovo will appoint the Boards of respective 14 Public Enterprises. Afterwards, the CVs of successful candidates will be attached together with the decision of the Government and will be sent to the Policy and Monitoring Unit (NP/MZHE). Remains to be seen if this time the Policy and Monitoring Unit will publish CVs online.

The status for Q4 2018

CVs have not been published at the end of the year by the responsible institutions. This measure continues to be partially completed.

10	Adoption of the legal package for public administration reform	10.1) 2018 The approval of the Law on Public Administration Organization (new law);	MPA ASSEMBLY	Q2 2018	PC
		10.2) The approval of the Law on Wages from the Budget (new law);	MPA ASSEMBLY		PC
		10.3) The approval of the Law on Civil Service (new law);	MPA ASSEMBLY		PC

The status for Q1-Q2 2018

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 the Ministry of Finance and for an opinion and compliance declaration in Ministry of European Integration.

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 the Ministry of Finance and for an opinion and compliance declaration in the Ministry of European Integration.

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 the Ministry of Finance and for an opinion and compliance declaration in the Ministry of European Integration.

The status for Q3 2018

The Draft Laws were approved by the Government and are sent to the Parliament of Kosovo for finalization.

The status for Q4 2018

The Draft Law on Organization and Functioning of Public Administration and Independent Agencies, the Draft Law on Public Officials and the Draft Law on Salaries were adopted in principle by the Assembly of Kosovo on 25.10.2018.

11	Capacities enhancement of the Economic Department and Fiscal Division in the Administrative Department in the Basic Court in Prishtina, including taxing and customs aspects, with the aim of reducing the accumulated cases	11.1) Assess the needs by KJC to increase the number of judges in Basic Economic Courts;	KJC	Q1 2017	C
		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		C
		11.5) Appointing judges in the Economics Department;	KJC		C

The status for Q1-Q2 2018

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.

11.2) In July 2017, the president of the Republic of Kosovo has decreed 52 new judges and 17 new judges have been assigned from the KJC in the Basic Court in Prishtina.

11.3) Court's administration has recruited four members as professional staff to support the fiscal division; legal officers also support them.

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.

11.5) Concerning the Economic Department, one additional judge has been assigned, making the number of the judges in the department sufficient.

The status for Q3 2018

11.4) The new judges will complete the initial training on 29 October 2018 and a new judge will be added to this division.

The status for Q4 2018

Basic Court Prishtina recruited Four (4) professional advisers to support the Fiscal Division. However, in their support are legal officers. The KJC, together with the President of the Basic Court in Prishtina, have pledged to appoint two additional Judges to the Fiscal Division (two judges in the Administrative Department). Meanwhile, the Economic Department has been empowered with additional staff by appointing one (1) judge.

Table 2. The measures and the actions for the pillar Good Governance and Rule of Law.

COMPETITIVENESS AND INVESTMENT CLIMATE

I. FOREIGN DIRECT INVESTMENT PROMOTION

MEASURES		ACTIONS	RESPONSIBLE INSTITUTIONS	TIMEFRAME	2018
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 KIESA	Q1 2018	IC
		1.2) Development of capacities of the personnel in KIESA to design and implement services and programs;	MTI KIESA	Q1 2018	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 KIESA	Q1 2018	IC

The status for Q1 – Q2 2018

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.

The status for Q3 2018

1.1/1.2/1.3) Although we did not receive an answer from MTI as regulated by the Law on Access to Documents, other sources of information tell us that the reason for this stagnation is the dismissal of the Minister of Trade and Industry. His was replaced by the acting minister therefore during third-quarter there was no progress regarding KIESA.

The status for Q4 2018

1.1/1.2/1.3) Although we have not received any answer from MTI according to the deadline set by the Law on Access to Documents, neither this time, according to the report of the Ministry of European Integration published in December 2018, until the end of November 2018, draft the MTI internal organization regulation and the decision to establish the KIESA Advisory Board has not been approved by the government. However, KIESA staff capacity for implementing services and programs is being implemented on the basis of current staff, but not according to the expected changes. Therefore, since these objectives were foreseen to end in the first quarter of 2018, we consider that all actions for the measure still remain incomplete during year 2018.

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	IC
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The status for Q1 – Q2 2018

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.

The status for Q3 2018

2.1) Even though we have not received an answer from MTI, this measure has stalled. Failure to re-structure has stalled the progress regarding the after-care program

The status for Q4 2018

2.1) Reaffirming that we have not received an answer from MTI so far, according to the report of the Ministry of European Integration published in December 2018, this measure is certainly not completed as it relates to the protective measure, therefore it's a subsequent action. Since this measure is foreseen to be finalized by the end of the third quarter of 2018 and is not completed by the end of the fourth quarter, we estimate that this measure is not completed by the end of 2018.

II. BUSINESS ENVIRONMENT IMPROVEMENT

MEASURES	ACTIONS	RESPONSIBLE INSTITUTIONS	TIMEFRAME	2018	
3	The approval of the Law on Financial Reporting, Accounting and Auditing	3.1) Approval of the Law by the Assembly. 3.1	ASSEMBLY	Q1 2018	C

The status for Q1 – Q2 2018

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 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.

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 status for Q3 2018

3.1) The Law has been approved in April 2018 and is expected to come in effect in January 2019

The status for Q4 2018

3.1) The law was adopted in April 2018 and entered into force on 1 January 2019. Therefore, this measure is considered as completed for 2018.

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;	OPM	TM2 2018	PC
		4.2) Promotion events for the updated version of the register have been organized.	OPM	TM2 2018	C

The status for Q1 - Q2 2018

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.

- 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.
- 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

Some of the undertaken activities are: • Review of the permit and licenses list identified in central level • 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, is translated in the three languages: Albanian, Serbian, and English and has information on all permits, licenses and tariffs, but there are <https://lejelicenca.rks-gov.net> 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.

The status for Q3 2018

4.1) Updating the Permit and License Registry from now on will be done on a continuous basis. Authorized institutions are obliged to submit to the Legal Office data on new permits and amendments of existing permits. However, even though the online register is translated into three languages as it should be, forms continue to be missing in all three languages for most cases and in some cases, forms can only be found in Albanian.

4.2) During the third-quarter of 2018, no promotional events were organized due to the OPM commitments on updating the Permit and License Registry. The launch and promotion of the Registry is expected to happen in the coming months, however, it is up to the IFC, specifically IFC's Regional Director and Prime Minister's Cabinet for that to happen.

The status for Q4 2018

4.1) According to the Office of the Prime Minister (OPM), the translation of administrative procedures has been fully completed. While, in terms of forms (applications) to apply some of them are available in English, Albanian and Serbian, but the majority are only in Albanian language because they were taken by the relevant institutions in the same format as they were previously available. Since the action requires the translation of all forms in the three languages, this action is estimated to be partially completed for 2018.

4.2) The Legal Office of the OPM in cooperation with IFC has organized a conference to launch the updated version of the Central Permit and License Registry on 21 November 2018. An awareness campaign was also organized through broadcasting a video clip on Radio Kosovo Television in a period of 30 days. Therefore, this action is assessed as completed for 2018.

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

The status for Q1 – Q2 2018

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.

The status for Q3 2018

5.1/5.2) Although we have not received an MTI official response within deadline as expected by the Law on Access to Documents; according to other sources of information, the draft law on inspections is not drafted yet.

5.3/5.4/5.5) According to public consultation platform, the concept document did not come out in public consultation. According to representatives of the Kosovo Parliament, this draft law has not yet been approved although they have not provided details if they have received it from the Government.

The status for Q4 2018

5.1) The draft Law on Inspection was adopted in March 2018, so this action is considered to be completed for 2018.

5.2/5.3/5.4/5.5) According to the latest report of the Ministry of European Integration, the Draft Law on Inspection has not yet been drafted. Since the draft law was not enrolled, neither consultations with civil society, the adoption of the law by the government, and the adoption of the law by the assembly have not been implemented. According to representatives of the Assembly of Kosovo, this draft law has not been approved, since it was not received by the Government in the fourth quarter 2018. Therefore, these actions are considered Incomplete for 2018.

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	Q2 2018	C
		6.3) Operationalization of the Committee for State Aid	ASSEMBLY	Q2 2018	PC

The status for Q1 – Q2 2018

6.1) The Law on State Aid has been approved on 23 December 2017 and has been published in the Official Gazette on 17 January 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 it was expected 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 internal 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.

The status for Q3 2018

6.1) The rule on the Organization and Functioning of the State Aid Commission is drafted by the Working Group, however, it has to be approved by the State Aid Commission and since this Commission has not yet been appointed nor the regulation has been adopted. Additionally, the Regulation on Notification Procedures has been drafted, which has passed all mandatory legislative stages, including internal and public consultations and is now in the final stage for approval by the government. It is important to note that none has been approved within the deadline.

6.2) The Department of State Aid is functionalized during the first semester of 2018.

6.3) The Commission for State Aid is not functionalized yet. They have made a call for applications this July, as such, the Parliament is in the process of selection.

The status for Q4 2018

6.1) According to the Ministry of Finance (MoF), the Regulation on the Organization and Functioning of the State Aid Commission (SAC) is approved by the Commission itself. Since the SNC has not been functional yet, this regulation remains unmodified and adopted. Whereas, the Regulation on State Aid Notification Procedures was adopted at the Government meeting held on 23 October 2018. The Regulation is aligned with EU legislation including Commission Regulation (EC) no. 794/2004 with the support of experts of an EU project. Since both regulations have not been drafted yet and adopted according to the foreseen deadline, this action remains partially completed for 2018.

6.2) This action was completed at the end of the first half of 2018 and is therefore assessed as completed for 2018.

6.3) According to the representatives of the Assembly of the Republic of Kosovo, the Selection Committee of the State Aid Commission has proceeded to the plenary session with recommendation on 12 December 2018. Voting of candidates is expected to take place in the next session, ie in 2019. Since this action does not is implemented within the set deadline, it is considered as partially completed for 2018.

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	Q3 2018	C
		7.3) Further improvement of tax compliance and implementation to protect the fiscal interest of the country;	MF TAK	Q3 2018	C
		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 TAK KOSOVO CUSTOMS FIUK	Q3 2018	C
		7.5) Regularly prepared, consulted and published quarter reports.	MF	Q3 2018	C

The status for Q1 -Q2 2018

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 2017. 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 has started in 2017 by the Ministry of Finance. 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 than the completion of the first quarter. We have to wait and see if the upcoming quarter reports will be published regularly.

The status for Q3 2018

7.1) Independent Sectoral assessments were carried out in the first semester. Three assessments listed below were approved by the: • Risk Assessment of Construction and Real Estate Risk (22.06.2018, Decision no. 10/52) • Risk Assessment of Gambling (22.06.2018, Decision no. 10/52) • Risk Assessment of Analysis for NGOs (18.09.2018, Decision no. 04/66)

7.2) It has been completed in the first semester. Findings of the independent analysis will serve for the drafting of Action Plan 2019-2024.

7.3) During the January-September 2018 reporting period, the Tax Administration of Kosovo has realized revenues in the amount of 347 million Euro, about 36 thousand visits and issued 4,984 fines. The value of the additional tax is estimated to be around 5.4 million Euro. There was also about 3 million Euro in lending to VAT and about 4.2 million Euro in lose. Additionally, 1,164 check were carried out, where they have collected 35.4 million Euro with a tax credit of about 8 million Euro and approximately 24 million of discounted loss. When it comes to the fiscal cash register, ATK has made 4,262 visits and has fined up to 318,000 Euro.

Kosovo Customs and other Agencies have carried out 92 operations in the first-quarter, a number much larger than the same period of last year, where there were altogether 25 joint operations. For the second-quarter, only with the Border Police, 6 joint operations were conducted and 24 operations with the Prosecutor's Oce, ATK and other law enforcement agencies. During the third-quarter, 158 operational plans were jointly implemented in cooperation with the Kosovo Police, ATK, KFOR and others;

7.4) The Department of Tax Investigation and Intelligence for the prevention of crime and financial corruption has realized these activities for the period of January-September 2018: • 237 activities with the purpose of verifying declarations on tax evasion, • 145 interviews with suspects and witnesses, • 227 consultations with case prosecutors, • 17 criminal reports • 27 investigative reports for Prosecutor of State • 8 report controls • 11 joint actions with the Kosovo Police and Customs • 16 search warrants • 40 informal reports about the Kosovo Police, State Prosecution, etc. • 44 feedback on KFIU, 37 feedback for the Kosovo Police and 13 feedback on Customs.

Meanwhile, the same period, KFIU possesses 14 reports by reporting subjects (TFR) on suspicion of terrorist financing and three suspicious transactions (STR) regarding terrorist financing. Moreover, 37 exchange requests were conducted for analyzing cases related to the financial activities of individuals or radical and violent extreme groups, of which 21 requests were made by the FIU and 16 requests from EGMONT countries for KFIU. On the international context, the Kosovo Customs has exchanged 105 letters with administrations of other countries. Among those, 23 were from EU countries compared to 20 of them in the same period of last year.

7.5) The MF has published the six-month financial report for the period of January-June in August 2018 but has not yet published the quarterly report for the period July-September 2018. However, it is expected to be published within next month. Also, the MF has published its Annual Report 2017 on the prevention of informal economy, money laundering, financing of terrorism and financial crime in Kosovo (2014-2018) on the MF website in all three languages.

The status for Q4 2018

7.1/7.2) All obligations under these actions have been carried out in previous 2018 periods, and are therefore considered as completed.

7.3) The Kosovo Tax Administration continued to work on tax compliance in the fourth quarter of 2018 in order to protect the country's fiscal interest. According to the MoF for the period October-December 2018, TAK realized revenues amounting to 121,288,187 Euros and realized about 11 thousand visits, which resulted in:

- o Additional turnover in the amount of about EUR 43.5 million,
- o Additional tax in the amount of about three million euros,
- o reduction of VAT credit worth 986 thousand euros and
- o a reduction in the loss of approximately € 4 million.

As far as it concerns controls for the reporting period, 545 checks have been carried out and in terms of visits to fiscal cash registers, there are 797 visits in total, with 282 mandatory fines worth about 50 thousand euros. Since TAK has continuously fulfilled its obligations, this action is considered complete for 2018.

7.4) The Tax and Intelligence Investigation Division at TAK during October-December 2018 has conducted the following activities: 59 activities, with a view to preventing tax evasion and verifying the accuracy of declarations; 54 interviews with suspects and witnesses; 70 meetings and consultations with prosecutors; 5 cases initiated under suspicion of tax evasion; 34 exchanges of intelligence information; 47 requests exchanged with EGMONT Group countries, a report received by reporting entities on terrorist financing suspects (TFR). This action is completed for 2018.

7.5) The MoF has published the nine-month financial report for the period January to September in October 2018 but has not yet published the report for the whole of year 2018. However, the reporting period is not completed, so this action is considered as completed for 2018.

8	The approval of the legal package to improve the infrastructure and quality standards, and	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	Q3 2018	PC

operationalization of four metrology laboratories	8.3) Organizing 30 modules for human capacity development regarding infrastructure and quality standards;	MTI	Q3 2018	PC
	8.4) The approval of 1500 standards focused in the harmonized area;	MTI	Q3 2018	C
	8.5) Furnishing existing metrology laboratories;	MTI	Q3 2018	C
	8.6) Drafting the Law on services and consultations with civil society and other relevant actors;	MTI	Q3 2018	C
	8.7) Approval of the Law on services;	ASSEMBLY	Q3 2018	C
	8.8) The establishment and operationalization of the only contact point for services.	MTI	Q3 2018	PC

The status for Q1 – Q2 2018

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.

8.9) The Administrative Instruction on The Manner 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.

The status for Q3 2018

8.1) It has been completed earlier and the website is being updated.

8.2/8.3/8.4/8.5) No information. MTI refuses to respond

8.6/8.7) It has been completed earlier.

8.8) No information. MTI refuses to respond.

The status for Q4 2018

8.1) Completed as a measure earlier and the website continues to be updated with information.

8.2/8.3) Although the MTI continues not to provide us with information on the implementation of the ERA objectives that belong to this institution, according to the latest MEI report, during 2018 there were no new business information and capacity development modules. As the number foreseen for these has not been met and the deadline has been completed in the third quarter of 2018, these actions are considered as partially completed.

8.4) According to the MEI report published at the end of 2018, by the end of the third quarter of 2018, a total of 1,533 standards have been adopted. Since this objective envisages the adoption of 1500 standards, this action is considered to be completed for 2018.

8.5) Similarly, according to the MEI report published at the end of 2018, in addition to the supply of equipment for six laboratories as mentioned above, the volume laboratory has been completed with equipment and the laboratory for electrical measurements has been equipped with additional tools for radar calibration. Consequently, we consider that this action is completed for 2018.

8.6/8.7) These actions have been completed in the previous period, therefore evaluated as completed for 2018.

8.8) MTI refuses to respond but the MEI report says that this point will be in the form of a website where many institutions can operate and as a result MTI is still consulting with institutions and has not functionalized the point although the mode of operation of this point was adopted in March 2018. As the deadline for the implementation of this objective has passed in the last quarter, this action is considered to be partially completed for 2018.

9	The implementation of electronic procurement in centralized procurement	9.1) The implementation of electronic procurement in centralized procurement continues.	MoF	Q3 2018	C
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The status for Q1 – Q2 2018

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 electronically

The status for Q3 2018

9.1) It has been completed earlier.

The status for Q4 2018

9.1) Tender for large and medium values continues to be completed through e-procurement, so this action is considered complete for 2018.

III. STATISTICS

MEASURES		ACTIONS	RESPONSIBLE INSTITUTIONS	TIMEFRAME	2018
10	Development of business, energy and official 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	Q3 2018	C
		10.3) Results from Labor Force Survey, in quarter basis, with improved quality;	KAS	Q3 2018	C
		10.4) Survey on income and living conditions;	KAS	Q3 2018	C
		10.5) Publishing reduced energy statistics and annual energy efficiency statistics generated in compliance with international standards.	KAS	Q3 2018	C

The status for Q1 – Q2 2018

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 05 December 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 19 March 2018 and the annual data were published in 20 March 2018. As per the LFS data for the first quarter of 2018, they have been published on 18 June 2018, which means they only needed 18 days for publication, showing an improvement in the speed of sharing data.

10.4) During 01 April – 30 November 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 12 June 2018.

10.5) Data by the Energy Consumption in Households Survey are incorporated in the Energy Balance for 2016. On 14 February 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 09 March 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.

The status for Q3 2018

10.1) BPV continues to be published quarterly according to ESA2010 methodology as well as Eurostat calendar (T+90 days). The publication was made on time and according to the deadline on 13 September 2018. The ESA 2010 methodology is currently implemented partially.

10.2) Short-term business statistics publications for this quarter, on a monthly basis: • Harmonized Consumer Price Index for the period of July 2018 • Foreign Trade Statistics for the period of July 2018 • Industry short-term Statistics and Industrial Volume Index for Q2 2018, Publications on a quarterly basis: • Enterprise Repertoire in Kosovo for Q2 2018, • Transport Statistics for Q2 2018, • Energy Balance in Kosovo for Q2 2018, • Import Price Index for Q2 2018, • Hotel Statistics for Q2 2018, • Producer Price Index for Q2 2018, • Construction Cost Index for Q2 2018, • Short-term retail trade statistics for Q2 2018. • Harmonized Consumer Price Index for the period of August 2018 • Foreign Trade Statistics for the period of August 2018.

10.3) The results of the AFP were published on 17 September 2018 in line with the publication calendar and again there is improvement in the speed of publication.

10.4) The Household Budget Survey (ABEF) for 2017 was published on the KAS web page on 12 June 2018. The survey does not take place this year and will only continue to develop by 2020 because it is expected to be realized on a three-year basis. This survey will be replaced by another comprehensive survey called Income and Living Survey (SILC) which has started in 2018 and will be published by 2019.

10.5) Energy Efficiency Statistics have been published for Q2 2018 only for the household and industry sectors, while transport services sector has never been published. It is planned to be launched in 2020 for these two sectors.

The status for Q4 2018

10.1) Since Government accounts are published on a quarterly basis according to the Eurostat calendar (T + 90 days), government accounts for the third quarter 2018 are published on December 14, 2018, and for the fourth quarter 2018 will be published on March 3, 2019, the. Also, GDP for Q3 2018 was published on December 28, 2018. According to KAS, compliance with ESA 2010 methodology continues to be partial but is expected to finalize the pilot project on the methodology for Government Finance and Deficit Statistics. Expectations are expected to be sent to Eurostat according to the tables provided by ESA 2010 for: Tab 0200, 0900, 2500 and 1100. Also, a project together with the MoF supported by the International Monetary Fund has made it possible for KAS to improve the data, especially in classifications according to ESA2010 and GFS2014 standards. Therefore, this action is estimated to be completed in 2018.

10.2) Short-term business statistics publications on a monthly basis are published as follows: Harmonized Consumer Price Index for September, October, November, December 2018; Foreign Trade Statistics for September, October, November 2018. Publication on a quarterly basis: Enterprise Repertoire in Kosovo for Q3 2018; Transport

statistics for Q3 2018; Energy Balance in Kosovo for Q3 2018; Import Price Index for Q3 2018; Hotel Statistics for Q3 2018; Producer Price Index Q3 2018; Cost Index for Q3 2018; Short-term Industry Statistics & Industrial Volume Index for Q3 2018; Short-term retail trade statistics for Q3 2018. While the same for Q4 (October-December) 2018 will be published in March 2019. Therefore, this action is estimated to be completed for 2018.

10.3) The AFP results were published on September 17, 2018 for the second quarter of 2018, in line with the publication calendar and again there is an improvement in the speed of publication. The AFP data for Q3 2018 were published on December 17, 2018, while the publication of VET data for Q4 2018 will be published on March 19, 2019. This action continues to be completed and qualified as such for 2018.

10.4) As KSA has previously explained, the HBS survey will continue to develop until 2020, as it is foreseen to be implemented every three years. Regarding the Survey on Income and Living Conditions (SILC), the collection of these data was done in May-July 2018, while their publication was foreseen on 23 December 2019. This action is estimated to be completed for 2018 because the HBS is published and SILC has been added though not on an annual basis.

10.5) Energy balance statistics have been published for Q3 2018. While KAS has explained that energy efficiency statistics for households and industry are made on an annual or longer basis, therefore their future publication is foreseen in 2020. Regarding statistics in the transport sector are being published on a quarterly basis and improving while services statistics are being supported by the European Commission through a project within the Ministry of Economic Development. Therefore, we appreciate that this action is completed for 2018.

IV. INTERCONNECTIVITY AGENDA

MEASURES		ACTIONS	RESPONSIBLE INSTITUTIONS	TIMEFRAME	STATUS	
11	Implementation of all measures" within the interconnectivity agenda	"soft the	11.1) Approval of the secondary legislation, derived from the primary one;	MED ERO/KOSTT	Q3 2018	C
			11.2) Establishment of a joint electricity Market with Albania	MED ERO/KOSTT	Q3 2018	PC
			11.3) Establishment of electricity shares Market with Albania - KOSTT (one day ahead and during the day);	MED ERO/KOSTT	Q3 2018	PC
			11.4) Implementing the Agreement between KOSTT-EMS;	MED ERO/KOSTT	Q3 2018	IC
			11.5) Harmonizing KOSTT network code with that of ENTSO-E.	MED ERO/KOSTT	Q3 2018	C

The status for Q1 – Q2 2018

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. • Future Energy Trading and Exchange Dynamics" l.t.d. According to MEI report, the new electricity suppliers for the Republic of Kosovo are: • "KESC" j.s.c • "HEP-KS" l.t.d. • "GSA ENERGY" l.t.d. • "SHARRCEM" l.t.d. • "JAHA Company" l.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.

The status for Q3 2018

11.1) All secondary legislation is harmonized under the Primary Energy Laws in 2017

11.2/11.3/11.4) During this period, three working groups assisted by USAID (Repower-Kosovo and RIT Albania), Nord Pool and Energy Community Secretariat led by the coordinators of both countries are in the process of carrying out some activities which are expected to be realized during this year and the following. The Working Groups met in Tirana, on 11 October 2018. During this period, the Action Plan of Working Groups was preparing a cross-border capacity allocation study for the Electricity Market Union Kosovo-Albania in order to eliminate the legal obstacles to the functioning of the Kosovo-Albania electricity market. According to KOSTT, the latter is continuously engaged in finding a dispute with EMS i.e. eliminating EMS barriers in implementing the Connection Agreement with ENTSO-E, in cooperation with facilitators from the Energy Community. Despite KOSTT's maximum commitment, no progress has been made so far

11.5) On October, in the last meeting of the ERO board, the amendments include: Grid Code and Metering Code. Within the Grid Code is the Connection Code which includes the main content of codes mentioned in the Demand Connection Code (Rule 2016/1388) and requirements for the Grid Connection of Generators (Rule 2016/631).

The status for Q4 2018

11.1) All the steps foreseen for this action were implemented in 2017 and one-stop-shop was finalized in 2018. This action is scheduled for 2018.

11.2/11.3) From the joint meeting of three working groups in October 2018, a joint action plan was drafted. This plan is phase-out and the first phase concerns the establishment of the common market "the day before" (Energy Exchange), this process was prepared by November 2018, but there are delays by the Albanian side in making the decision final in the Council of Ministers for the establishment of the Stock Exchange. This delay has deviated the plan for Bursa to be operational in Q1 2019. Since there is some progress but no energy stock functionality has been implemented within the foreseen deadline, these actions are considered partially completed.

11.4) According to the representatives, KOSTT continues to engage in finding a dispute settlement with EMS, i.e. eliminating EMS barriers in implementing the Connection Agreement with ENTSO-E, in cooperation with the ENTSO-E representatives themselves and those from the Community of Energy, but unfortunately there is still no progress. KOSTT insists on the full implementation of the Connection Agreement by EMS. Although this action does not depend solely on Kosovo, namely KOSTT, this action is considered incomplete for 2018 because it has not been implemented either in the foreseen deadline or until the end of last year.

11.5) ERO has reported the harmonization of the KOSTT Network Code with that of ENTSO-E, and besides the connection code for which it was previously reported, other codes have also been amended according to Kosovo's laws, which are in compliance with the package third of EU legislation. Therefore, this action is considered as completed for 2018.

V. ENERGY

MEASURES		ACTIONS	RESPONSIBLE INSTITUTIONS	TIMEFRAME	2018
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	MED	Q1 2018	C
		12.2) Approval of implementation program of the energy strategy 2018-2020	MED	Q1 2018	C
		12.3) New investments in generating electricity	MED	Q1 2018	C
		12.4) Drafting and approving the action plan for renewable energy resources	MED	Q1 2018	PC
		12.5) Creating the Fund for Energy Efficiency	MED	Q1 2018	PC

The status for Q1 – Q2 2018

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 Llluka, 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 end, 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.

The status for Q3 2018

12.1) The parliament of Kosovo has approved the Strategy for Energy of the Republic of Kosovo in January 2018

12.2) The Strategy for Energy Implementation Program 2018-2020 has been approved by the government of Kosovo through decision no. 01/57 on 17 July 2018

12.3) The implementation of the National Action Plan for Renewable Energy Sources the PKVBRE (2011-2020) is in a continuous process, because the permits of authorization issued by ERO obligates investors to observe legal deadlines for project development from renewable energy sources. New investments during this quarter are: windmill "Kitka" with installed capacity of 32.4MW (11 August 2018), generator with photovoltaic panels with installed capacity of 3MW (03 October 2018).

12.4) According to MZHE, the National Renewable Energy Action Plan has been revised in line with the demand of the Energy Community. A new draft has passed the procedure of public discussion during 12 July and 01 August 2018 as well as other required legal procedures after which the proceeding for approval is enabled. The approval of this document was expected to be made within third-quarter 2018. However, this deadline has not been met because of new BRE energy generated outcomes following the publication made by Eurostat on 01 August 2018 of energy balance report prepared by the Kosovo Agency of Statistics. Based on this, MED has received a recommendation to reflect on the revised draft regarding new data on energy consumption for 2016. After this reproduction and the implementation of required legal procedures, the draft plan is planned to be submitted for approval on the fourth quarter of 2018.

12.5) The Draft Law on Energy Efficiency proceeded to the parliament was approved by the relevant commission in the first reading (12 July 2018) and in the second reading (02 October 2018). The draft law is expected to proceed in the parliament for voting and is currently in the parliamentary procedure. After the approval of the Draft Law by the parliament, the process of establishing the Energy Efficiency Fund will start.

The status for Q4 2018

12.1/12.2) The Energy Strategy of the Republic of Kosovo was approved by the Assembly in January 2018 and the program for its implementation in July 2018, so these actions are considered completed for 2018.

12.3) Regarding the new generation of energy generation during the fourth quarter of 2018, according to ERO, on 11 October 2018, a new generator using wind as a source of energy (RES) has started production. Windy Park "KITKA" is located in the municipality of Kamenica and has an installed capacity of 32.4 MW. The generator was built according to the Procedure for granting the Authorization for Construction of new generating capacities from RES. This action is also considered to be completed in 2018 as there have been new investments continuously and will continue in the years to come.

12.4) According to MED, the revised National Action Plan for RES for the period 2018-2020 has been finalized and sent to the Strategic Planning Office for prior evaluation before it is approved by the Government. The National Action Plan for RES 2011-2020 is in force until the adoption of the revised Plan. As the revised plan has not been approved, this action is considered to be partially completed after the deadlines foreseen for approval have expired.

12.5) The Law on Energy Efficiency was adopted on 2 October 2018 and entered into force on 20 December 2018. Meanwhile, regarding the Energy Efficiency Fund in Q4 2018, the members of the Board of Directors have been appointed according to the legal requirements of the respective law. With the technical assistance of the European Commission Project, the following regulations were drafted: FKEE's General Principles and Code of Ethics; Regulation on the internal organization of the FKEE; Regulation on the internal rules of work of FKEE; FKEE business development plan covering the three-year period; Regulation on preparation of annual budget; Internal accounting standards and procedures; Regulation on the payment of FKEE staff; Regulation on the Procedure and Employment Criteria of the FKEE staff; Regulation for preparing and announcing call for proposals. The adoption of these regulations should be made by the selected board and it is expected that the fund will be fully operational in the Q1/Q2 period of 2019. Since the completion of the adoption of the relevant law and the creation of the fund have been foreseen to be finalized in Q1 2018 and still not are finalized, so the Fund, despite the achievements, is not functional, we consider this action to be partially completed.

Table 3. The measures and the actions for the pillar Competitiveness and Investment Climate.

EMPLOYMENT AND EDUCATION

I. EDUCATION

MEASURES		ACTIONS	RESPONSIBLE INSTITUTIONS	TIMEFRAME	2018
1	Improving employment opportunities, with focus on youth and women employment.	1.1) The Implementation of market needs evaluation (including over AAP);	MLSW	Q1 2017	C
		1.2) The Approval of the Rules of Procedure for the Employment Agency;		Q1 2017	C
		1.3) Increase of the aid women receive from the employment service;		Q1 2017	C
		1.4) Draft Analysis of obstacles in women employment is complete through consulting relevant actors;		Q2 2017	C
		1.5) The use of the analysis to develop needed measures to improve women unemployment;		Q3 2017	C
		1.6) The Implementation of the Action Plan for Employment and Official Policies;		Q3 2018	C
		1.7) The implementation of the Action Plan for Youth Employment.		Q3 2018	C

The status for Q1 – Q2 2018

1.1) The 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 06 June 2018 and have been sent to the Ministry of European Integration for a legal opinion regarding the compliance with the EU legislation; as such, it has completed all foreseen procedures.

1.3) The assistance includes subsidies in wages, public positions, self-employment, internships, training and professional capacity enhancement. For the period of Q1 2018, the number of women in active labor market is 705. In the next quarter, 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.

The status for Q3 – Q4 2018

1.2) The General Director is elected. A decision was issued by the government of Kosovo through which the members of the Advisory Board of the Employment Agency were appointed. Moreover, a draft in the APRK regulation has been drafted and approved on 31 July 2018.

1.5) The Millennium Challenge Corporation (MCC) has conducted a national research on the use of time and unemployment involving the issue of women's unemployment. The results of this research will be used by MLSW for drafting the employment and vocational training policies.

1.6) The Action Plan on Employment and Official Policies has been drafted and approved

1.7) The Action Plan on Youth Employment has been drafted and approved

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

The status for Q1 – Q2 2018

2.1) MLSW has written the draft of Sectorial Strategy 2018-2022 and the Plan of Action 2018-2022. The document was approved by the Government of Kosovo on 28 February 2018.

2.2) MLSW has completed all procedures, including the allocation of budget.

II. EDUCATION

MEASURES	ACTIONS	RESPONSIBLE INSTITUTIONS	TIMEFRAME	2018	
3	Improving the quality of education on the legislation system	3.1) The approval of the Legal Package for the education sector reform;	MEST	Q3 2018	IC
		3.2) Increasing attendance in the preschool education;	MEST	Q3 2018	PC
		3.3) Implementing the curricula based on competencies for classes 0, 1, 2, 6 7, 11 and development of curricula for classes 3, 8 and 12.	MEST	Q3 2018	C

The status for Q1 – Q2 2018

3.1) The draft law on Higher Education has passed the procedure of public discussion and now is in the procedure 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) Since 2017/18 academic year, all schools in Kosovo are implementing the Pre-university Education framework, the nuclear curriculums for the formal education levels (level 0,1-5, classes 2, classes 6-9, level 3, 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.

The status for Q3 – Q4 2018

3.1) There are no new developments on the third-quarter

3.2) The same answer. No further information is provided

3.3) Technical editing of teaching programs for preparatory classes, grades 1,6,10 has been completed. Teaching programs for preparatory classes, grades 1.6,10, are published on MEST web pages by classes for each subject, which are implemented in all schools of Kosovo in the academic year 2018/2019. Also, the technical editing of the instructional programs for grades 2,7,11 has been done. Classroom curricula for classes 2,7,11 have been published on the MEST web site by classes for each subject, which are implemented in all schools of Kosovo in the academic year 2018/2019. Further, the technical drafting of draft curricula for grades 3,8 and 12 has been done. There are published draft curricula for grades 3,8,12 on MEST web pages per class for each subject, which apply to all pilot schools in the academic year 2018/2019. Technical drafting of draft programs for Albanian language for non-Albanian pupils for grades 3,6 and 10 has been drafted. Draft curricula for Albanian language for non-Albanian pupils for classes 3,6 and 10 have been published on the web site of MEST, which apply to all pilot schools, where students choose the Albanian language to learn in the academic year 2018/2019.

4	Approval of the remaining legislation that offers the basis for policy reform in the education sector.	4.1) The Approval of the reviewed draft law on higher education;	MEST	Q1 2017	PC
		4.2) The approval of the Education Strategic Plan;		Q4 2016	C
		4.3) Setting aside the needed budget to ensure the implementation of SPEK.		Q4 2016	IC

The status for Q1 – Q2 2018

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 SPEK 2017-21 implementation has started.

4.3) SPEK implementation has started with a budget deficit of 44 million EURO.

The status for Q3 – Q4 2018

4.1) The preliminary public discussion has finished. The department of High Education has received comments from high education institutions and other institutions which are being reviewed by the working group. The working group has held 8 meetings and has reviewed all recommendations taken by the public debate, regulated by the Explanatory Memorandum under the legislation in force. The draft law of High Education has been finalized, the next step is the approval of the financial cost of the law and it will be sent to the Ministry of Finance and the Ministry of European Integration.

4.3) There are no new developments on the third-quarter.

5	Education quality improvement	5.1) The increase in the number of kindergartens for 0-5-year-old kids;	MEST	Q3 2017	PC
		5.2) The examination and approval for the Nuclear Curriculum Framework for Pre-university Education and the syllabus for classes and subjects, 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	C
		5.4) The 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	C
		5.6) Establishment and operationalization of Industrial Councils;		Q2 2017	C
		5.7) Examination of study programs and registration policies.		Q3 2017	C

The status for Q1 – Q2 2018

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 (27 April 2018 – 21 May 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 AI 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 high education institutional complaints—which remained unfinished since the SQC 53rd meeting—have been processed and decisions have been issued about them.

The status for Q3 – Q4 2018

5.1) Data shows that in 2016-2017, inclusion in preschool education (3-5 years) was 33.9%, while pre-primary (5 years) - 87.6%. This participation increased in 2017-2018 to 36% for pre-school level respectively 92.4% for pre-primary level.

5.2) The Core Curriculum Framework for Pre-University Education and the syllabi for classes and subjects has been reviewed and approved with subsequent implementation in all schools starting from the academic year 2017/2018.

5.3) During 2018, schools are planned which will be subject to the evaluation process by inspectors in all municipalities of Kosovo. Each municipality will have a school that will be subject to external evaluation. The purpose of the assessment is to reflect the performance of the school according to the Framework for Quality Assurance of Performance. In the fourth quarter of 2018, based on Law 06/L-046 on Education Inspectorate in the Republic of Kosovo, AI 04/2017 on the Assessment of the Performance of Educational Institutions in Pre-University Education, AI 14/2018 on Performance Evaluation of the teachers, the Education Inspectorate has carried out the following activities: Evaluation of the performance of educational institutions in pre-university education started in seven (7) schools in the country. The main aspects of school performance assessment are: Quality Areas (Vertical Quality aspect), Quality Criteria (Expansion) and Performance Indicators (Depth of Assessment). School performance assessment has started with 217 teachers in over 60 schools in 25 municipalities in Kosovo. The main aspects of teacher performance assessment are: Quality Areas and Standards set out in the Strategic Framework for Teacher Development in Kosovo.

5.4) According to the draft of the new MEST organogram, with EU recommendation, there will be no agency establishment, but the division for standard assessment and monitoring will be strengthened.

5.5) On 10 August 2018, the draft law of the Education Inspectorate was published in the Official Gazette no. 13/10 August 2018. From 27 August Law on Education Inspectorate 06 - L/046 entered into force.

5.6) All Advisory Boards or Industrial Boards have drafted and signed working regulations for their signature. The University of Prishtina, in 10 academic units, has established 10 advisory bodies; University of Ferizaj, has established 1 industrial board; The University of Gjakova has established 2 advisory bodies; The University of Mitrovica is in the first phase of drafting the regulation for advisory bodies; The University of Peja has established 3 industrial boards; and the University of Gjilan has adopted the regulation but has not yet established the advisory bodies.

5.7) CSC held two meetings (meetings 57 and 58), where the HEIs were reviewed. Also, at the 58th meeting, the State Council for Quality has taken the decision to withdraw the accreditation of 63 Private Higher Education Holders programs (BPALs) and 15 IALP programs.

6	Quality improvement of Vocational Education and Training (VET) and transferring from school to work	6.1) The Assessment of Labor Market Needs;	MEST NQA EARK	Q1 2017	C
		6.2) Examination of offered programs for AAP schools;		Q3 2017	PC

	6.3) Drafting of nuclear curriculums for AAP and beginning the piloting phase;	Q2 2017	IC
	6.4) Ensuring proper financing for AAP centers;	Q3 2017	IC
	6.5) Expansion and inclusion in study programs;	Q3 2017	IC

The status for Q1 – Q2 2018

6.1) The 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 the World Bank and GIZ has been conducted, but the funds have not been secured.

6.5) The study programs have not been expanded.

The status for Q3 – Q4 2018

6.1) The labor market needs assessment is used in the analysis and drafting of the policies of the Ministry of Education. Contestants for admission of students to vocational schools this year are also based on the market demand of the respective region. Based on this, in some cases, education departments have asked for new profiles to be opened.

6.2) In order to harmonize professional profiles in the labor market, with the support of GIZ, research has been completed in 68 professional schools, 8 MLSW training centers, and 4 VET providers. A report on research findings was presented. This report examines aspects such as organization and management, recruitment and staff development, quality, content and attractiveness of the programs, the status of facilities and equipment as well as funding. The regional project, work-based learning between Albania, Macedonia and Kosovo has started, as well as the preliminary recognition project, supported by the ETF.

6.3) The first draft of the Correctional Curriculum for Vocational Education and Training has been drafted. The document has been subject to all public discussion procedures, where inputs from relevant stakeholders are also taken. At present, the document is addressing the comments of the stakeholders. While the 80 profiles curricula for the 10th grade will be compiled on the basis of the VET Curriculum Framework. Priorities for priority professions have been identified which will be completed or drafted and started with curricula.

6.4) Regarding the financing of Vocational Education and Training Centers, with the support of the World Bank and GIZ, cost analysis for some profiles (economy health, and some technical profiles) has been carried out, which will complement the funding formula that will be developed, based on the Strategic Education Plan 2017-2021. The cost of spending for the last two years has been analyzed to compare it with current expenditures. In July all data on spending on professional treasury schools were collected and are being analyzed. It is analyzing the funding formula for pre-university education, within which analysis, the revision of the formula for VET schools as part of pre-university education is foreseen. To this end, a working group was established with representatives of the Ministry of Finance.

6.5) MEST, with the support of the EYE project, piloted the dual learning system at work in 4 professional schools in cooperation with businesses. Based on this piloting, an administrative instruction has been drafted that regulates the workplace learning. Businesses that are interested in certain occupations and offered in schools have the opportunity to approach the school and apply in close cooperation the professional practice according to their needs.

Table 4. The measures and the actions for the pillar Employment and Education



Embassy of the
Kingdom of the Netherlands

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