EUROPEAN REFORM AGENDA

MONITORING REPORT FOR JANUARY-SEPTEMBER 2018

OCTOBER 2018

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ACRONYMS

AAP	Education and Professional Development
AI	Administrative Instruction
CEC	Central Election Comission
EC	European Comission
ERA	European Reform's Agenda
ERO	Energy Regulatory Office
EU	European Union
GAP	GAP Institute
GIZ	German Society for International Development
GLPS	Group for Legal and Political Studies
IPA	Instrument for Pre-Accession Assistance
KAS	Kosovo Agency of Statistics
KCF	Kosovo Curriculum Framework
KFIU	Kosovo Financial Intellegence Unit
KIESA	Kosovo Investment and Enterprise Support Agency
KJC	Kosovo Judical Council
KOSTT	Energy Regulatory Office and Kosovo System, Transmission, and Electricity Market Operator
MCYS	Ministry of Culture, Youth and Sport
MED	Ministry of Economic Development
MEI	Ministry of European Integration
MEST	Ministry of Educaton, Science and Technology
MF	Ministry of Finance
MFK	Millenium Foundation Kosovo
MIE	MIEMinistry of Infrastructure and Energy
MJ	Ministry of Justice
MLSW	Ministry of Labor and Social Welfare
MPA	Ministry of Public Administration
MTI	Ministry of Trade and Industry
NCQ	National Council of Quality
NPISAA	National Programme for the Implementation of Stabilization and Association Agreement
OPM	Office of the Prime Minister
PIPS	Prishtina Institute for Political Studies
SAA	Stabilization and Association Agreement
SIDA	Swedish Agency for International Development and Cooperation
SPEK	Strategic Plan for Education in Kosovo
USAID	United States Agency for International Development

INTRODUCTION

Kosovo signed its first contractual agreement with the European Union (EU) on 27 October 2015 in Strasbourg, France.[1] The Agreement—Stablization and Association Agreement (SAA)--is effective since 01 April 2016.[2] The SAA requires countries that aspire to join the EU to ensure that their government and civil society mechanisms are equivalent with EU's applicable standards. The Agreement obligates Kosovo to fulfill a significant amount of reforms focusing on regional cooperation, political stability and rule of law, in accordance with the EU standards.

This Agreement is the first step towards European integration. The signature of SAA obligates Kosovo to implement a number of reforms in order to improve socio-political and economic contitions in Kosovo. As such, this brings Kosovo closer to EU and improves the quality of wellfare, rule of law and ensures a safe environment for free-trade. The signature of SAA opens the doors to EU market and makes Kosovo business companies more competitive. Thus, SAA directly tackles unemployment and impacts the rise of foreign direct investment. Kosovo customs reaches a higher level of cooperation with the customs of other EU member states. Above all, the SAA establishes a strong foundation of relations between Kosovo and the EU and brings Kosovo closer to the EU.

However, the implementation of SAA criterias is quite challenging considering the intensity of work needed to be undertaken as well as the approval and implementation of new laws and regulations. For this purpose, the European Comission (EC) has created the European Reform Agenda (ERA) which is a facilitator mechanism to ensure a smooth implementation of the SAA.[3] The ERA focuses on three main pillars which invovle specific conditions to be met by the end of 2017, conditions that are in harmony with the Action Plan for the Implementation of Key Priorities:

1. **Good Governance and Rule of Law –** monitored by the Group for Legal and Political Studies;
2. **Competitiveness and Investment Climate –** monitored by GAP Institute;
3. **Employment and Education –** monitored by Prishtina Institute for Political Studies.[4]

The purpose of this monitoring report is to provide a detailed evaluation and overview of the progress and stagnation of the ERA. It evaluates the performace of Kosovo institutions towards the implementation of measures and actions. Three organizataions involved in this report: PIPS, GLPS and GAP have monitored the process continuously and intensively and have collected their evaluations which are identified in this report. The government of Kosovo has pledged that it will fulfill all criterias until the end of 2017; however, there is more work to be done since many actions remain incomplete or partially complete. This report provides all of the progress and stagantion throughout 2018. Most importantly, this report serves as an awairness mechanism for the government of Kosovo and its citizens in relation to their progress towards European integration and it identifies the performance of Kosovo institutions through this journey.

[1] Stabilization and Association Agreement, Ministry of European Integration, 27 October 2015, http://www.mei-ks.net/sq/procesi-i-stabilizim-asociimit-78
[2] Zijadin Gashi, "The implementation of SAA begins, now the focus turns to visa liberalization" Radio Free Europe, 01 Aprill 2016, https://www.evropaelire.org/a/27648670.html
[3] EU welcomes the adoption of European Reform Agenda, EU Office in Kosovo, 16 February 2017. https://eeas.europa.eu/delegations/kosovo_fi/20644/EU%20ëelcomes%20adoption%20of%20the%20European%20Reform%20Agenda https://eeas.europa.eu/delegations/kosovo_fi/20644/EU%20ëelcomes%20adoption%20of%20the%20European%20Reform%20Agenda
[4] High Level dialogue between Kosovo and the EU regarding Key Priorities of the European Reform Agenda, Government of the Republic of Kosovo, November 2016, http://mei-ks.net/repository/docs/erafinalsq.pdf

METODOLOGJIA

The process of monitoring the objectives of ERA was implemented through contacts with Kosovo institutions, research of various reports and information gathered by the media. All needed information was collected and transmited in the form of matrix designed by organizations involved in this report. The Matrix is organized in four time periods (quarters). The objectives are organzied in measures and actions, a measure is a key priority whereas actions fall under measures as sub-categories. This report includes priorities from ERA 2017 defined by a decision taken by the Prime Minister of Kosovo, Ramush Haradinaj. The measures are determined by the office of the Prime Minister, whereas actions are defined by the organizations responsible to undertake the monitoring process.

The monitoring report is organized through: the first column states key priorities in chronological order, the second column lists actions, the third column shows the time period; fourth column defines responsible institutions and the last one evaluates the performance distinguished in categories labelled in five different colors:

- C — The green color indicates complete actions;
- PC — The orange color indicates partially complete actions;
- IC — The red color indicates incomplete actions;
- IP — The blue color indicates actions that are in progress;
- MI — The black color indicates missing information.

Completed actions are those that are fully met. If one measure is completed 99% and there is only a final step to approve it, it is considered partially completed. Moreover, when there is stagnation and nothing concrete has happened, we consider that action as incomplete. Actions that are in progress are those that are in the early phase of implementation; as such, responsible institutions are on time for the completion of that action. Lastly, the black color indicates the missing information. Sometimes, responsible institutions do not share with us required information. When this information is missing and we cannot find it online, we label it as missing information.

In this report we have monitoried a total of 29 measures and 108 actions. Monitored institutions in the first pillar (Good Governance and Rule of Law) are: Ministry of Justice (MJ), Ministry of Public Administration (MPA), Kosovo Judiciary Council (KJC) and Central Election Comission (CEC). On the second pillar (Competitiveness and Climate Investment) monitored institutions are: Ministry of Trade and Industry (MTI), Ministry of Economic Development (MED), Ministry of Finance (MF), Kosovo Agency of Statistics (KAS), Ministry of Infrastructure and Energy (MEI), Energy Regulatory Office (ERO) and Kosovo System, Transmission, and Electricity Market Operator (KOSTT). On the last pillar (Employment and Education) monitored institutions are: Ministry of Labor and Social Welfare (MLSW) and Ministry of Education, Science and Technology (MEST). Also, part of this report are also the Parliament of Kosovo and the Office of the Prime Ministar which are applicable to all three pillars mentioned above.

CURRENT STATE

All measures are expected to be completed by the end of 2017; however, we are almost at the end of 2018 and there is still more work to be done. Based on this monitoring report, we have witnessed a stagnation in this process. Many objectives are not met and there is a serious stagnation in the area of Education. As a result, Kosovo is loosing its step towards European integration. When it comes to ERA, Kosovo is running at least one year late. There has been some progress, however it is not complete and most importantly, Kosovo institutions did not respect the deadline.

In the beggining of August, PIPS, GLPS and GAP held a joint conference regarding the first-half of 2018 (January-June). During the conerence, we presented the findings of the monitoring report. For that time period, the implementation of the Action Plan of ERA met only 42.99% of actions, 17.76% were partially fulfilled and 14.02% were incomplete, whereas 25.23% of actions were planned for the next period.[5] Similarily, the next quarter (July-September) finds us with a considerable stagnation.

On the third-quarter (July-September) 2018, the first pillar (Good Governance and Rule of Law) consists of 11 measures and 37 actions. The results for this pillar are: 62.16% of actions are complete, 24.33% are partially complete and 13.51% are incomplete. On the second pillar (Competitiveness and Climate Investment) a total of 12 measures and 44 actions have been anticipated. The results for the second pillar are: 45.45% complete, 9.09% partially complete, 34.09% incomplete and 11.36% missing information. On the last pillar (Employment and Education) 6 measures and 27 actions have been foreseen. The results on this pillar are: 51.85% complete, 25.92% partially complete and 22.22% incomplete.

Overall, for the period of January-September 2018, we have identified a total of 108 actions. Among them, 57 actions are complete or 52.77%, whereas 20 actions or 18.51% are partially complete. On the other hand, 26 actions or 24.07% are incomplete. Lastly, for 5 actions or 4.63%, the information is missing. A detailed description of the cumulative table is located below labeled as "table 1."

The biggest stagnation on each pillar has been identified by the organizations responsible to monitor each pillar. Regarding the first pillar, stagnation remains visible in the relatively same areas, in particular the adoption of the law which makes the removal or suspension of public officials mandatory; the adoption of Law on Judges and Prosecutors; Auditing and Publication of financial reports for 2017; the adoption of Public Administration Legal Package Reform as well as the Legislative Package on Electoral Reform. There was no change in either of these points compared to the previous three months. When it comes to the second pillar, the stagnation includes the halt in restructuring of the Kosovo Investment and Enterprise Support Agency (KIESA), board election and accompanying objectives due to the lack of the Minister's signature, the lack of the approval for the Action Plan for Renewable Energy Sources and of the Law for Energy Efficiency and the creation of the respective fund, among others. In the end, on the third and last pillar, there is a serious stagnation in the area of Education. The Curriculum, Standards and Assessment Agency has not yet been established; moreover, there were no new developments regarding the design of The Core Curricula for Education and Professional Training (AAP) as well as securing their funding.

[5] Monitoring Report of European Reform Agenda, Prishtina Institute for Political Studies, 03 August 2018, http://pips-ks.org/?post_type=post&p=1800&lang=sq

CONCLUSION

The ERA is an agreement that brings Kosovo closer to the EU. The agreement was signed in 2015 and has started to be implemented since 2016. All reforms listed in this report were expected to be met by 2017. However, we are at the end of 2018 and Kosovo will find itself with relatively similiar stagnation.

The Action Plan of the ERA was expected to be concluded by the end of 2017; however, as a result of this stagnation, a considerable number of actions remain incomplete or partially complete. In 2017, it was said that one of the key reasons for this negligence was the electoral campaign which usually paralyzes national and local institutions because most of the energy is allocated on the electoral campaign. However, the new government formed by Mr. Ramush Haradinaj has witnessed similar delays during this process. The cabinet of Prime Minister Haradinaj has not shown serious commitment to the implementation of the ERA. The calls for more engagement were numerous, and Prime Minister Haradinaj often stressed that "Ministers should commit themselves to ending the unfulfilled obligations of the European Reform Agenda in time, intensifying all necessary actions".[6]

Therefore, we seek greater engagement and commitment from the Government of Kosovo and responsible institutions on the implementation of the ERA. The stagnation of the fulfillment of the ERA negatively affects Kosovo's European integration. The SAA provides a set of criteria that positively affect the welfare of citizens and drives the country towards sustainable economic development. Transparency, accountability and enforcement of laws remain a great challenge; in particular, there is a need for maximum commitment in implementing reforms in the field of education and its advancement.

[6]European Reform Agenda is our Strategic Interes, Ministries have to do their job, Office of the Prime Minister Ramush Haradinaj, 11 June 2018, http://kryeministri-ks.net/agjenda-evropiane-eshte-interes-strategjik-uni-ministrite-duhet-ti-kryejne-punet-e-tyre/

RESULTS FOR JULY -SEPTEMBER 2018											
MEASURES	ACTIONS	COMPLETE	%	PARTIALLY COMPLETE	%	INCOMPLETE	%	MISSING INFORMATION	%	IN PROGRESS	%
1	4	2	50	2	50	-	-	-	-	-	-
2	3	3	100	-	-	-	-	-	-	-	-
3	3	3	100			-	-	-	-	-	-
4	3	2	66.67	1	33.33	-	-	-	-	-	-
5	1	-	-	-	-	1	100	-	-	-	-
6	5	3	60	1	20	1	20	-	-	-	-
7	2	-	-	-	-	2	100	-	-	-	-
8	4	3	75	1	25	-	-	-	-	-	-
9	4	3	75	-	-	1	25	-	-	-	-
10	3	-	-	3	100	-	-	-	-	-	-
11	5	4	80	1	20	-	-	-	-	-	-
12	3	-	-	-	-	3	100	-	-	-	-
13	1	-	-	-	-	1	100	-	-	-	-
14	1	1	100	-	-	-		-	-	-	-
15	2	-	-	1	50%	1	50	-	-	-	-
16	5	1	20	-	-	4	80	-	-	-	-
17	3	1	33.3	1	33.3	1	33.33	-	-	-	-
18	5	5	100	-	-	-	-	-	-	-	-
19	8	3	37.5	-	-	-	-	5	62.5	-	-
20	1	1	100	-	-	-	-	-	-	-	-
21	5	4	80	1	20	-	-	-	-	-	-
22	5	2	40	-	-	3	60	-	-	-	-
23	5	2	40	1	20	2	40	-	-	-	-
24	7	7	100	-	-	-	-	-	-	-	-
25	2	2	100	-	-	-	-	-	-	-	-
26	3	1	33.3	1	33.3	1	33.3 3	-	-	-	-
27	3	1	33.3	1	33.3	1	33.3 3	-	-	-	-
28	7	2	28.57	4	57.1 4	1	14.28	-	-	-	-
29	5	1	20	1	20	3	60	-	-	-	-
TOTAL	108	57	52.77%	20	18.51 %	26	24.07 %	5	4.63 %	-	-

Table 1. The Cumulative Statistics for all Pillars for the period of January– September 2018

ANNEX: THE MATRIX OF THE EUROPEAN REFORM AGENDA

GOOD GOVERNANCE AND RULE OF LAW

The first pillar of ERA has 11 measures and a total of 37 actions. From the identified 37 actions for the third-quarter, 62.16% are complete, 24.33% are partially complete and 13.52% are incomplete. Out of the 14 actions envisaged to be completed over the third quarter, none of them have been fully complete, specifically, 9 or 64.29% actions are partially implemented, while 5 or 35.71% actions remain unfulfilled even during this quarter (July-September) period.

1 Rule of law

2 Election reform and

3 Public Administration Reform

SPECIFIC INFORMATION FOR EACH MEASURE

Measure 1: This measure is realized only 50%, while the rest, which includes the adoption of the Criminal Code of Kosovo and the Criminal Procedure Code, is partially complete. The Criminal Code is being reviewed by the Committee on Legislation and the Criminal Procedure Code is being finalized by the Ministry of Justice and is foreseen to be submitted to the Assembly during November this year.

Measure 2: Fulfillment and amendment of the Law on Conflict of Interest has been approved and this measure is considered to be fully complete in the beginning of 2018.

Measure 3: Completion and amendment of the Law on State Prosecutor which allows the increase of the number of prosecutors in the Special Prosecution for the investigation and prosecution of corruption and high crime cases was adopted during the first-quarter of 2018.

Measure 4: The adoption of Law on Disciplinary Responsibility for Judges and Prosecutors has not yet been reached and is currently under consideration by the Legislative Committee. Thus, this measure is met only 66.67%, while the rest is still partially completed during this period of time.

Measure 5: Regarding the approval of the Electoral Reform Package, nothing has been done during the third-quarter. Therefore, this measure remains incomplete entirety.

Measure 6: The Draft Law on Financing of Political Entities has been envisaged since 2017. During the period of January-September 2018, only 60% of the actions of this measure have been fully complete, whereas 40% of the foreseen activities are to be completed this quarter. Only 20% are partially complete and 20% remain unfulfilled.

Measure 7: The audit of financial reports for 2017 has not yet been implemented, although this procedure was initiated by the Public Oversight Committee in January 2018. This process has not been completed as a result of the lack of bids by economic operators. The audited financial statements of the public parties have been published until 2016. The reasons for delaying the audit of financial reports is the lack of bids by economic operators. During the January-September period, none of the foreseen actions has been completed.

Measure 8: As far as this measure is concerned, developments remain the same as on the previous quarter. This measure is realized 75%, while the rest are planned to be implemented during the third-quarter are partially met. In other words, Kosovo has not yet approved the Plan for the Rationalization of Independent Agencies and central bodies within the Government.

Measure 9: This measure is completed 75%, while 25% remains incomplete. More specifically, the Policy and Monitoring Unit of Public Enterprises in MZHE has not yet published the CVs of persons appointed on the NP boards due to problems with their technological equipment.

Measure 10: The adoption of the Legal Package for Public Administration Reform remains partially complete because it has not been adopted since last year.

Measure 11: This measure is 80% complete, while 20% is partially complete. The new judges will complete the initial training on 29 October 2018 and a new judge will be added to this division.

GOOD GOVERNANCE AND RULE OF LAW									
RESULTS FOR THE FORESEEN MEASURES									
MEASURES	ACTIONS	COMPLETE	%	PARTIALLY COMPLETE	%	INCOMPLETE	%	IN PROGRESS	%
1	4	2	50	2	50	-	-	-	-
2	3	3	100	-	-	-	-	-	-
3	3	3	100			-	-	-	-
4	3	2	66.67	1	33.33	-	-	-	-
5	1	-	-	-	-	1	100	-	-
6	5	3	60	1	20	1	20	-	-
7	2	-	-	-	-	2	100	-	-
8	4	3	75	1	25	-	-	-	-
9	4	3	75	-	-	1	25	-	-
10	3	-	-	3	100	-	-	-	-
11	5	4	80	1	20	-	-	-	-
Total	37 actions	23 actions	62.16%	9 actions	24.33%	5 actions	13.51%	-	-

Table 2. Good Governance and Rule of Law staistics for the period of January—September 2018.

GOOD GOVERNANCE AND RULE OF LAW

RULE OF LAW

MEASURES		ACTIONS	RESPONSIBLE INSTITUTIONS	PERIOD	STATUS Q1 – Q2	STATUS Q3
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** GOVERNMENT	Q4 2017 – Q3 2018	C	
		1.2 The approval of Kosovo's Criminal Code;	**MJ** GOVERNMENT		C	
		1.3 The approval of Kosovo's Criminal Code;	**PARLIAMENT**		PC	
		1.4 The Approval of Criminal Code Procedure	**PARLIAMENT** MJ GOVERNMENT		IP	PC

The status for the Q1–Q2 2018 period

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.

1.2/1.3 The government of Kosovo has pproved the new Criminal Code on 13 April 2018. According to the Minister of Justice, the draftin 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, official misconduct, bribery, etc. The new Criminal Code, according to Minister Tahiri, could come into force in January 2019.

1.4 The Ministry of Justice is on the process of drafting the Criminal Code.

- C The green color indicates complete actions;
- PC The orange color indicates partially complete actions;
- IC The red color indicates incomplete actions;
- IP The blue color indicates actions that are in progress;
- MI The black color indicates missing information.

The status for the Q3 2018 period

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 curently reviewed by the Committee on Legislation. On the draft Criminal Code there are included Article 62 and Article 63 (dismissal of officials concivted of criminal offense, corruption and office misconduct varying from one to ten years).

1.4 Suspension of public officials on the filing of an indictment for the criminal offenses mentioned above will be inculded 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.

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;	**PARLIAMENT**	Q1 2018	C
	2.2 The acceptance of the Draft Law by the Comission on European Integration;	**PARLIAMENT**		C
	2.3 The approval of the Draft Law by the Parliament.	**PARLIAMENT**		C

The status for the Q1–Q2 2018 period

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 official cannot exercise more than one function in the public sector, unless it is so defined in the official 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** GOVERNMENT ACADEMY OF JUSTICE	Q2 2017 – Q1 2018	C
	3.2 The acceptance of the Draft Law by the Committee on European Integration.	**MJ** GOVERNMENT ACADEMY OF JUSTICE		C
	3.3 The approval of the Draft Law in the Parliament.	**MJ** GOVERNMENT ACADEMY OF JUSTICE		C

The status for the Q1– Q2 2018 period

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 Prosecutors	4.1 Writing of the Draft Law on Disciplinary Liability of Judges and Prosecutors	**MJ** GOVERNMENT	Q1 2018	C
	4.2 Approving of the Draft Law on Disciplinary Liability of Judges and Prosecutors by the Government	**MJ** GOVERNMENT		C
	4.3 Approving of the Draft Law on Disciplinary Liability of Judges and Prosecutors by the Assembly	**MJ** GOVERNMENT		PC

The status for the Q1–Q2 2018 period

4.1/4.2 The Draft Law on disciplinary liability of judges and prosecutors was approved 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 the Q3 2018 period

4.1/4.2/4.3 The Draft Law on Disciplinary Responsibility for Judges and Prosecutors was adpoted at the first reading in the Parliament on 03 May 2018 and is curently under consideration by the Legislaative Committee.

ELECTORAL REFORM

MEASURES	ACTIONS	RESPONSIBLE INSTITUTIONS	PERIOD	STATUS Q1 – Q2	STATUS Q3
5 Preparation of the legal package for electoral reforms, including the recommendations of the EU monitoring mission and the request for opinion from the Venice commission.	Approval of the electoral reform package including the recommendations of the EU monitoring mission and the request for opinion from the Venice commission.	**PARLIAMENT**	Q3 2018	IC	
The status for the Q1–Q2 2018 period There is no development regarding the Electoral Reform.					
6 Preparation of the Law on financing political parties and request of opinion from the Venice commission.	6.1 The completion of Public consultations;	**OPM**	Q3 2018	C	
	6.2 Examination of the Draft Law from the Venice Commission;	**OPM**		C	
	6.3 The approval of the Draft Law by the Government;	**OPM**		C	
	6.4 The approval of the Draft Law by the Parliament;	**OPM**		IP	PC
	6.5 Writing the Draft Law on financing political parties.	**PARLIAMENT** OPM		IP	IC

The status for the Q1–Q2 2018 period

6.1 The Legal Office of the PMO has written the Draft Law on Financing Political parties and has organized public meetings with representatives of political parties and NGOs. The Draft Law has passed the prior consulting phase according to article7 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.

The status for the Q3 2018 period

The Draft Law on Financing of Political Entities is curently 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.

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;	**PARLIAMENT**	Q2 2018	IC
	7.2 Publication of political parties' financial reports as foreseen by law.	**CEC**	Q3 2018	IP IC

The status for the Q1–Q2 2018 period

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 the Q3 2018 period

7.1/7.2 There is no development concerning the audit and publication of financial reports on this quarter.

PUBLIC ADMINISTRATION REFORM

MEASURES	ACTIONS	RESPONSIBLE INSTITUTIONS	PERIOD	STATUS Q1 – Q2	STATUS Q3
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;	**OPM**	Q3 2018	C	
	8.2 Creation of the working group which needs to draft the Action Plan to rationalize independent. agencies and central organs within the Government;	**MPA**		C	
	8.3 Drafting the plan for the rationalization of the independent agencies and central organs within the Government;	**MPA**		C	
	8.4 Approval of the plan for the rationalization of the independent agencies and central organs within the Government.	**MPA**		IP	PC

The status for the Q1–Q2 2018 period

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

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

8.3/8.4 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 the Q3 2018 period

8.2 The Ministry of Public Administration has established the Secretariat for Rationalism of Agencies. The Secretariat is a professional body taht will support the Ministries for RAP. The Secretariat has drafted an Action Plan that refelcts all the agencies identified earlier by the analysis.

On 20 July 2018, public consultations on the "Draft Concept Paper for the first vawe 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.

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. Complete adoption of the recommendations from the Anti-Corruption Agency (AKK-DLK-3113/15)	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**		IP / IC
	9.3 Inclusion of civil society in selecting committees, based on transparent and open selection of their representatives;	**OPM**		C
	9.3 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 the Q1–Q2 2018 period

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 due to technical problems.

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 the Q3 2018 period

9.2 There was an open call regarding 14 Public Enterprise Boards, from 22 August to 24 September 2018. After the succesful and transparet 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 succesful 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.

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

The status for the Q1 –Q2 2018 period

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 the Q3 2018 period

10.1/10.2/10.3 The Draft Laws were approved by the Government and are sent to the Parliament of Kosovo for finalization.

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**		IC / PC
	11.5 Appointing judges in the Economics Department;	**KJC**		C

The status for the Q1–Q2 2018 period

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 the Q3 2018 period

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

- C The green color indicates complete actions;
- PC The orange color indicates partially complete actions;
- IC The red color indicates incomplete actions;
- IP The blue color indicates actions that are in progress;
- MI The black color indicates missing information.

COMPETITIVENESS AND INVESTMENT CLIMATE

In the second pillar, 12 measures are foreseen, with a total of 44 actions. Of the 44 identified actions, 20 actions or 45.45% of them are fully complete, four actions or 9.09% are partially complete, 15 actions or 34.09% remained incomplete and 5 actions or 11.36% were in progress in the first six months, but we do not have information for the third-quarter. These 12 measures are divided into five categories:

1. Promoting Foreign Direct Investment
2. Improving the Business Environment
3. Statistics
4. Interconnectivity Agenda
5. Energy

SPECIFIC INFORMATION FOR EACH MEASURE

Measure 1: This measure is considered 100% incomplete since the signature on KIESA's restructuring has been postponed for a year by the Minister of Trade, Bajram Hasani. This measure was expected to be completed on March 2018 the latest; However, it remains incomplete.
Measure 2: This measure is in progress since the program will be approved after KIESA's restructuring is complete. The expectation is to be completed by September 2018.
Measure 3: This measure is 100% completed. The law has been approved within the new deadline (first-quarter 2018); however, this law will not come into effect until January 2019.
Measure 4: This measure is 50% partially complete and 50% incomplete. The first action is considered as partially complete because translated forms in three languages are not available online. Moreover, the second action is considered incomplete because the promotion of events has not been organized yet neither in the second nor third-quarter as anticipated by the decision of the Prime Minister.
Measure 5: This measure is 20% complete and 80% incomplete. The first action is complete since the concept document has been aproved in the first-quarter. The rest are in incomplete since the MTI, Government, and the Parliament had plently of time to complete such obigations until the end of September 2018, nevertheless they have not fulfill their obligations.
Measure 6: This measure is 33.33% partially complete, 33.33% complete and 33.33% incomplete. The first action is considered to be partially complete because the regulations have not been adopted, although it should have been completed by the end of June 2018. The second action is complete since the DNSH is functionalized within the new deadline. Meanwhile, the third action is unfulfilled, since the Parliament has not selected the SAC and no functionalization of this commission has been made within the foreseen timeframe.
Measure 7: This measure is 100% completed. The fourth action is not considered complete since inter-institutional cooperation has been continuing and is expected to continue. Other actions are completed since they have been completed within foreseen deadlines.
Measure 8: This measure is 37.5% complete and the rest are in progress. The first, sixth and seventh actions have been completed within the foreseen timeframe. Meanwhile, the second, third, fourth, fifth, and eight actions are estimated to be in progress as there is progress for each move, but we have no information by the MTI in regard to what has been done in the third-quarter.
Measure 9: This measure is 100% complete since the implementation e-procurement has been completed last year.
Measure 10: This measure is 80% completed and 20% in progress. Four actions are compelted on time, whereas the fifth action is incompleted, as statistics for two sectors were not realized in the third quarter as foreseen but postponed for 2020.
Measure 11: This measure is 40% completed and 60% incomplete. The first action on primary legislation is complete, but most of the actions remain incomplete due to non-implementation of the agreement by other parties. Incomplete actions are considered in spite of the progress of these measures because their finalization should be done by the end of the third-quarter, which has not happened.
Measure 12: This measure is 40% completed and 40% partially completed, while 10% incomplete. The first action has been completed on time. The second action has been completed during the third-quarter even though it was planned for the previous quarter. The third and fourth actions are considered partially complete because there is a continuous progress in renewable energy sources and the National Renewable Energy Action Plan is under review; however, they not been finalized within expected deadline. Meanwhile, the last action is incomplete because it has not been accomplished and the deadline has expired.

COMPETITIVENESS AND INVESTMENT CLIMATE									
RESULTS FOR THE FORESEEN MEASURES									
MEASURES	ACTIONS	COMPLETE	%	PARTIALLY COMPLETE	%	INCOMPLETE	%	MISSING INFORMATION	%
1	3	-	-	-	-	3	100		
2	1	-	-	-	-	1	100		
3	1	1	100	-	-	-			
4	2	-	-	1	50	1	50		
5	5	1	20	-	-	4	80		
6	3	1	33.33	1	33.33	1	33.33		
7	5	5	100	-	-	-	-		
8	8	3	37.5	-	-	-	-	5	62.5
9	1	1	100	-	-	-	-		
10	5	4	80	1	20				
11	5	2	20	-	-	3	80		
12	5	2	40	1	20	2	40		
TOTAL	44 actions	20 actions	45.45%	4 actions	9.09%	15 actions	34.09%	5 actions	11.36%

Table 3. Competitiveness and Investment Climate statistics for the period of January—September 2018.

COMPETITIVENESS AND INVESTMENT CLIMATE

I. FOREIGN DIRECT INVESTMENT PROMOTION

MEASURES	ACTIONS	RESPONSIBLE INSTITUTIONS	PERIOD	STATUS Q1 – Q2	STATUS Q3
1 Restructuring of Kosovo Investment and Enterprise Support Agency – KIESA	1.5 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	
	1.6 Development of capacities of the personnel in KIESA to design and implement services and programs;	**MTI** KIESA	Q1 2018	IC	
	1.7 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 the Q1–Q2 2018 period

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

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

- C The green color indicates complete actions;
- PC The orange color indicates partially complete actions;
- IC The red color indicates incomplete actions;
- IP The blue color indicates actions that are in progress;
- MI The black color indicates missing information.

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 period

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.

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

The status for the Q1-Q2 2018 period

2.1 The approval of the after-care program and services for investors initially was foreseen to be completed by the fourth quarter of 2017. According to MTI, during last year KIESA had existing programs to offer after-care services for investors in Kosovo through which it has created a close cooperation with new, potential investors in Kosovo. However, according to the abovementioned decision by the Prime minister, the approval of this program according to the analysis recommendations was foreseen to be complete by September, 30, 2018. However, without finalizing the agency restructuration, 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 period

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.

II. BUSINESS ENVIRONMENT IMPROVEMENT

MEASURES	ACTIONS	RESPONSIBLE INSTITUTIONS	PERIOD	STATUS Q1 – Q2	STATUS Q3
3 The approval of the Law on Financial Reporting, Accounting and Auditing	3.1 Approval of the Law by the Assembly.	**PARLIAMENT**	Q1 2018	C	

The status for the Q1–Q2 2018 period

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

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

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

The status for Q3 2018 period

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

4 Updating the central register for permits and licenses	4.1 The forms for permits/licenses have been sent for translation in Albanian and English PMO;	**OPM**	Q2 2018	PC
	4.2 Promotion events for the updated version of the register have been organized.	**OPM**	Q2 2018	IC

The status for the Q1–Q2 2018 period

4.1 The Law on Permit and License System stipulates that the establishment, administration and operation of the Register of permits and licenses in the central level of the Republic of Kosovo is mandatory. The Legal Office in the Office of the Prime minister with the support of the project from IFC – World Bank and with the support of all ministries and independent institutions, during 2014 – 2015 has identified around 480 permits, licenses, authorizations, certifications, consents etc. The update of the register started in November 2017. The Central Register of Permits and Licenses after the update contains information for around 488 permits/licenses issued from 25 central institutions in 21 fields of economic activity, i.e., permits, licenses, certificates, authorizations.

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

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

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

The status for the Q3 2018 period

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 was 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.

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	IP / IC
	5.3 Public consultations with civil society and other relevant actors have been held ;	**MTI**	Q3 2018	IP / IC
	5.4 The approval of draft law by the Government;	**GOVERNMENT**	Q3 2018	IP / IC
	5.5 The approval of the draft law by the Parliament.	**PARLIAMENT**	Q3 2018	IP / IC

The status for the Q1-Q2 2018 period

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

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

The status for the Q3 2018 period

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.

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	**PARLIAMENT**	Q2 2018	IC

The status for the Q1–Q2 2018 period

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 state for the Q3 2018 period

6.1 The fule on the Organization and Functioning of the State Aid Comission is drafted by the Working Group, however, it has to be approved by the State Aid Commission and since this Comission has not yet been appointed nor the regulation has been adopted. Addittionally, 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.

6.4 The Comission for State Aid is not fucntionalized yet. They have made a call for applications this July, as such, the Parliament is in the process of selection

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** ATK COSTUMS	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** ATK COSTUMS KFIU	Q3 2018	IP C
	7.5 Regularly prepared, consulted and published quarter reports.	**MF**	Q3 2018	C

The status for the Q1–Q2 2018 period

7.1 Independent sectorial assessment towards the informal economy, financial crimes, money laundry, terrorism financing are foreseen to be completed in the third-quarter of 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 then the completion of the first quarter. We have to wait and see if the upcoming quarter reports will be published regularly.

The status for the Q3 2018 period

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 Office, 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
- 16 search warrants
- 11 joint actions with the Kosovo Police and Customs
- 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-moth 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.

8 The approval of the legal package to improve the infrastructure and quality standards, and operationalization of four metrology laboratories	8.1 Advancement and regular update of the website;	**MTI**	Q3 2018	C
	8.2 Organizing 10 workshops to inform businesses for the website promotion;	**MTI**	Q3 2018	IP MI
	8.3 Organizing 30 modules for human capacity development regarding infrastructure and quality standards;	**MTI**	Q3 2018	IP MI
	8.4 The approval of 1500 standards focused in the harmonized area;	**MTI**	Q3 2018	IP MI
	8.5 Furnishing existing metrology laboratories;	**MTI**	Q3 2018	IP MI
	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;	**PARLIAMENT**	Q3 2018	C
	8.8 The establishment and operationalization of the only contact point for services.	**MTI**	Q3 2018	IP MI

The status for the Q1 – Q2 2018 period

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

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

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

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

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

- Business meeting with Quality Infrastructure institutions, organized from the Quality Infrastructure project in Western Balkan Countries, financed by SIDA in Stockholm
- SIDA Project Steering Committee Meeting in Stockholm
- Regional Forum for Market Supervision in Sarajevo
- Training related to the implementation of ISO/IEC 17025:2017 (NE16) in Belgrade
- Conference on legal Metrology (NE17) in Belgrade

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

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

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

8.8 The Administrative Instruction on The Manner ff Functioning of Point pf 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 the Q3 2018 period

8.1 It has been completed earlier.

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.

9 The implementation of electronic procurement in centralized procurement	6.1 The implementation of electronic procurement in centralized procurement continues.	**MF**	Q3 2018	C

The status for the Q1 – Q2 2018 period

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

The status for the Q3 Period

9.1 It has been completed earlier.

III. STATISTICS

MEASURES	ACTIONS	RESPONSIBLE INSTITUTIONS	PERIOD	STATUS Q1 – Q2	STATUS Q3
10 Development of business, energy and social sectorial statistics	10.1 Delays in reduced publication for annual and quarter GDP and statistics on government accounts, including timely publication of financial statistics of the government with ESA 2010 methodology;	**KAS**	Q3 2018	C	
	10.2 Generating and publishing improved short-term business statistics (industrial production volume and price indexes);	**KAS**	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	IP	PC

The status for the Q1–Q2 2018 period

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

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

10.3 From the beginning of April until 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 date 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 the Q3 2018 period

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
- Harmonized Consumer Price Index for the period of August 2018
- Foreign Trade Statistics for the period of August 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,
- Industry short-term Sstatistics and Industrial Volume Index for Q2 2018,
- Short-term retail trade statistics for Q2 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.

IV. INTERCONNECTIVITY AGENDA

MEASURES	ACTIONS	RESPONSIBLE INSTITUTIONS	PERIOD	STATUS Q1 – Q2	STATUS Q3
11 Implementation of all "soft measures" within the interconnectivity agenda	11.1 Approval of the secondary legislation, derived from the primary one;	**MZHE** ERO KOSTT	Q3 2018	C	
	11.2 Establishment of a joint electricity Market with Albania	**MZHE** ERO KOSTT	Q3 2018	IP	IC
	11.3 Establishment of electricity shares Market with Albania – KOSTT (one day ahead and during the day);	**MZHE** ERO KOSTT	Q3 2018	IP	IC
	11.4 Implementing the Agreement between KOSTT–EMS;	**MZHE** ERO KOSTT	Q3 2018	IP	IC
	11.5 Harmonizing KOSTT network code with that of ENTSO-E.	**MZHE** ERO KOSTT	Q3 2018	IP	C

The status for the Q1–Q2 2018 period

11.1 All the secondary legislation follows the primary electricity laws and is being implemented from April/May 2017. On, March 29, 2018, the Government has approved the Regulation for renewable energy One-Stop-Shop. The rule to establish the prices of the distribution system operator was approved in February, 2017. The rule to establish the prices of the electricity public supplier does not exist anymore, and it has been replaced with the "Methodology to determine the price for offering universal services" which was approved on April, 2017. The rule to establish the prices of the transmission system operator was approved in February, 2017.

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

According to MEI report, the new electricity suppliers for the Republic of Kosovo are:
- "KESC" j.s.c
- "HEP-KS" l.t.d.
- "GSA ENERGY" l.t.d.
- "SHARRCEM" l.t.d.
- "JAHA Company" l.t.d.
- Future Energy Trading and Exchange Dynamics" 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 the Q3 2018 period

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 latte 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 if codes mentioned in the Demand Connection Code (Rule 2016/1388) and requirements for the Grid Connection of Generators (Rule 2016/631).

V. ENERGY

MEASURES	ACTIONS	RESPONSIBLE INSTITUTION	PERIOD	STATUS Q1 – Q2	STATUS Q3
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	**MZHE**	Q1 2018	C	
	12.2 Approval of implementation program of the energy strategy 2018-2020	**MZHE**	Q1 2018	PC	IC
	12.3 New investments in generating electricity	**MZHE**	Q1 2018	PC	
	12.4 Drafting and approving the action plan for renewable energy resources	**MZHE**	Q1 2018	PC	
	12.5 Creating the Fund for Energy Efficiency	**MZHE**	Q1 2018	IC	

The status for the Q1–Q2 2018 period

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

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.

- C The green color indicates complete actions;
- PC The orange color indicates partially complete actions;
- IC The red color indicates incomplete actions;
- IP The blue color indicates actions that are in progress;
- MI The black color indicates missing information.

EMPLOYMENT AND EDUCATION

For the peruod of January-September 2018, in the third pillar a total of 6 measures 27 actions are planned. The results are: 14 actions (51.85%) are complete, 7 actions (25.92%) are partially complete and the remaining six (22.22%) incomplete. In third-quarter, the Employment Sector has been fully completed. As far as the education sector is concerned, only 3 actions have been completed. The others remain partially completed or incomplete. We have witnessed a minimal development in the field of education.

These 6 measures are divided into two categories:

1 Employment
2 Education

SPECIFIC INFORMATION FOR EACH MEASURE

Measure 1: This measure is fully completed. Two last actions, the Youth Employment Plan and Social Policy have been approved this year.
Measure 2: This measure has two acitons which are fully met.
Measure 3: The adoption of the legal package remains incomplete. The only progress regarding this measure is the implementation of the curriculum for pre-university graduates. This measure has a total of three actions, only one is completed, one is partially completed and the last one is incomplete.

Measure 4: Even at this time period, the needed budget of 44 million Euro for SPEK has not been allocated. Moreover, the adoption of the Draft Law on High Education remains unaproved.
Measure 5: This measure has a toatl of seven actions out of which only two are completed. The rest continue to be partially complete with the exception of the Curriculum, Standards, and Assesment Agency which remains incomplete.

Measure 6: This is the biggest stagnation when it comes to education, because out of five actions, only one has been completed. The other part, related to the implementation and creation of various curriculum programs of AAP remains unfulfilled.

EMPLOYMENT AND EDUCATION									
RESULTS FOR THE FORESEEN MEASURES									
MEASURES	ACTIONS	COMPLETE	%	PARTIALLY COMPLETE	%	INCOMPLETE	%	IN PROGRESS	%
1	7	7	100	-	-	-	-	-	-
2	2	2	100	-	-	-	-	-	-
3	3	1	33.33	1	33.33	1	33.33	-	-
4	3	1	33.33	1	33.33	1	33.33	-	-
5	7	2	28.57	4	57.14	1	14.29	-	-
6	5	1	20	1	20	3	60	-	-
Total	27 actions	14 actions	51.85%	7 actions	25.92%	6 actions	22.22%	-	-

Table 4. Employment and Education staistics for the period of January—September 2018.

EMPLOYMENT AND EDUCATION

I. EMPLOYMENT

MEASURES	ACTIONS	RESPONSIBLE INSTITUTIONS	PERIOD	STATUS Q1 – Q2	STATUS Q3
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	PJ	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	PC	C
	1.6 The Implementation of the Action Plan for Employment and Social Policies;		Q3 2017	IP	C
	1.7 The implementation of the Action Plan for Youth Employment.		Q3 2017	IP	P

The status for the Q1–Q2 2018 period

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 the Q3 2018 period

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

The status for the Q1 – Q2 2018 period

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.

EDUCATION

MEASURES	ACTIONS	RESPONSIBLE INSTITUTIONS	PERIOD	STATUS Q1 – Q2	STATUS Q3
3 Improving the quality of education	1.1 The approval of the Legal Package for the education sector reform;	**MEST** GOVERNMENT	Q3 2018	IP	IC
	1.2 Increasing attendance in the preschool education;	**MEST**	Q3 2018	IP	PC
	1.3 Implementing the curricula based on competencies for classes 0, 1, 2, 6 7, 11 and development of curriculula for classes 3, 8 and 12.	**MEST**	Q3 2018	IP	C

The status for the Q1–Q2 2018 period

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 the Q3 2018 period

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

3.2 The same answer. No further information is provided.

- C The green color indicates complete actions;
- PC The orange color indicates partially complete actions;
- IC The red color indicates incomplete actions;
- IP The blue color indicates actions that are in progress;
- MI The black color indicates missing information.

3.3 Technical editing of teaching programs for preparatory 1,6 and 10 grades have been realized. Teaching programs for preparatory grades 1,6, and 10 are published on MEST's web-page for each subject which are applied in all schools in Kosovo for the academic year 2018/2019. Furthermore, the technical editing of the instructional programs for grades 2,7, and 11 has been completed. Grades, 2,7 and 11 are published for each subject which are implemented in schools of Kosovo in the academic year 2018/2019. In addition, the technical drafting of draft curricula for grades 3,8 and 12 has been completed as well. The draft curricula for grades 3,8 and 12 are published on MEST's web-page for each subject, which apply to all pilot schools in the academic year 2019/2019. It has also been drafted the technical drafting in Albanian language for non-Albanian communities for grades 3,6 and 10. The draft curricula have been published on the web-page of MEST which applies to all pilot schools where students choose to learn Albanian language for 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 the Q1-Q2 2018 period

4.1 The draft law on Highe 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 2018 period

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	PC
	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	PC C
	5.6 Establishment and operationalization of Industrial Councils;		Q2 2017	PC
	5.7 Examination of study programs and registration policies.		Q3 2017	IC C

The status for the Q1–Q2 2018 period

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

5.2 The process of drafting the nuclear curriculum for education in early childhood is in its final phase, after having passed all the foreseen procedures of public discussions (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 the Q3 2018 period

5.1 There are no new developments on the third-quarter.

5.2 The Core Curriculum Framework for Pre-university education and the syllabus for classes and subjects has been reviews and approved with subsequent implementation in all schools starting from the academic year 2017/2018

5.3 There are no new developments on the third-quarter.

5.4 According to the new organizational chart of MEST—with EU's recommendation—there will be no establishment of the agency but the division for Standards Assessment and Monitoring will be strengthen.

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 2018, the law on Education Inspectorate 06-L/046 entered into force.

5.6 There are no new developments on the third-quarter.

5.7 CSC held two meetings (meeting 57 and 58), where the demands of IAL have been reviewed. In addition, at the 58th meeting, the State Council for Quality has decided to withdraw the accreditation of 63 private high 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 Assassment of Labor Market Needs;	**MEST** KCF Employment Agency	Q1 2017	PC 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 the Q1–Q2 2018 period

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 the Q3 2018 period

6.1 Trainings were held with 78 business representatives and 20 school representatives for co-operation between company instructors and school instructors. All of these trainees will be part of the core curriculum development and practical part of the curriculum. This process is support by the GIZ at the request of the division and is a sub-component within the project "Youth and Employment." For this activity, three standards have been drafted:
1. Standard on the profession and qualification for instructors in the workplace, level 3 KCF;
2. Instructors for professional education and adult education (master coach) level 5 KCF;
3. Company trainers, level 4 KCF.
Furthermore, all training materials for these qualifications have been drafted. 96 participants attended these trainings, 47 of them will be granted the title "coach" in the company. The process is expected to be completed with these candidates during the period of September-October 2018. On the other hand, the project with other candidates will continue for another two years. An exam was held for candidates who attended training and were certified for instructor for Professional Education and Adult Education (Master coach) level 5KCF and Coach Trainer level 4 KCF.

6.2 The admission for high school students was announced in August and is based on the local market demands. DKA has based its demands on the labor market requirements and have requested from MEST (AAP division) to open required profiles.

6.3 The list of experts for drafting the curricula and standards profile has not been approved.

6.4 All data on spending on professional schools from the trasury is collected and is being analyzed. The Professional Education Division is working closely with the World Bank and GIZ projects as well as the Ministry of Finance. In cooperation with the World Bank, pre-university education financing is being analyzed. Addittionally, the GIZ is supporting the Professional Education Divission for Cost Analysis for Professional Education. The collection of data on expenditures has been completed and in September 2018 the full report is expected to be completed altogether with the data received from schools through questionaries. A meeting with the World Bank project experts was held where the raport on financing pre-university edicaiton was analyzed. This document will also analyze the funding formula of AAP.

6.5 There are no new developments on the third-quarter.

- C The green color indicates complete actions;
- PC The orange color indicates partially complete actions;
- IC The red color indicates incomplete actions;
- IP The blue color indicates actions that are in progress;
- MI The black color indicates missing information.

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EUROPEAN REFORM AGENDA

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