

(UN) LEVELING THE FIELD – A competition tale! (II)

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1. Competition under Stabilization and Association Agreement (SAA)

Competition policy in Europe is characterized as the backbone of a well functioning internal-market. Besides ensuring a fair competition among companies, the competition policy creates a foundation for an enhanced efficiency, innovation and quality of enterprises, as well as a wider span of choices for consumers. Given its significance, the European Commission follows a proactive approach by investigating those companies which are in violation of the competition laws, but also those which could potentially lead to a violation of the competition legislation. Thus, the European Commission performs a dual role both by preventing and punishing those companies/enterprises which violate the competition regulations in the EU. EU's approach towards investigating and effectively enforcing the competition policy is economical as well as legal, which both lead to an enhanced living standard through increased investments, generation of jobs, market competitiveness, and among others, satisfied consumers.¹

Given the aspirations of Kosovo towards the European Integration path, Kosovo signed its first contractual agreement – namely the Stabilization and Association Agreement – with the European Union, which entered into force in April 2016. As the majority of the SAA is based on the EU acquis, Kosovo embarked on a difficult, yet necessary, task of harmonizing and aligning its national legislation with that of the acquis. Initially, priority was given to the legal framework covering the areas of security, justice, freedom, internal market as well as trade.²

This said, the implementation of the SAA currently is being facilitated by two policy planning frameworks, the National Programme for the Implementation of the SAA (NPISAA) - as the umbrella framework, and the European Reform Agenda (ERA) - which compiles a list of more focused medium and short-term priorities and measures on key reforms. Thus, the main aim of this study is to assess and monitor the performance of Kosovo's institutions towards meeting the criteria deriving from SAA, with special focus on competition area.

2. Monitoring Methodology

The main objective of this study is to assess the fulfilment degree of the actions and priorities falling under the competition area, stemming from NPISAA and ERA. It should be noted that this monitoring phase focuses on the period July-Dec 2018, which will complement the first monitoring round for the period Jan-June 2018. This said, the results will highlight the achievements and failures of relevant institutions throughout the year 2018.

Similar to first monitoring round, the same monitoring methodology has been followed in order to assess the performance of institutions towards meeting the criteria deriving from the SAA. Precisely, all the actions/measures and priorities stemming from the NPISAA and ERA relevant to the competition area were highlighted, including also all key institutions responsible to carry out these reforms. In order to have a successful response rate, relevant institutions were notified with the main aim of this project and then they were contacted through email in order to provide feedback on the progress towards the fulfillment of measures and indicators. Relevant stakeholders were also contacted through phone in case no feedback was provided through email. In addition, interviews were arranged with some of the

¹ European Commission, *Competition, Overview*, Available at: http://ec.europa.eu/competition/general/overview_en.html

² Pula, E., Elshani, D. (2018) *(Un) Leveling the Field – A Competition Tale!*. Group for Legal and Political Studies. Available at: <http://www.legalpoliticalstudies.org/wp-content/uploads/2018/09/GLPS-Policy-Report-Eng-042018.pdf>

institutions in order to clarify the feedback received.³ Institutions which were monitored during the second monitoring phase include the Kosovo Competition Authority, the Agency of Statistics, the Assembly, the Office of Prime Minister, the Government, and the Ministry of Trade and Industry, Ministry of Finance, and Ministry of Economic Development.

All the monitoring results will be displayed in the NPISAA and ERA Assessment Tables which will highlight the progress and the remaining challenges of relevant institutions. More precisely, the Assessment Tables will categorize the progress of the measures and indicators in these five categories: a) achieved, b) partially achieved, c) not achieved, d) work-in-progress, and e) no information provided.⁴

3. Monitoring Results stemming from National Programme for Implementation of SAA (NPISAA)

The short-term priorities measures in NPISAA are categorized into three main blocks: Political Criteria, Economic Criteria, and European Standards - Approximation of Kosovo's Legislation with the EU acquis. The latter, Block III, includes a variety of public policies which require reforming of the entire government through the harmonization of the national legislation with the EU acquis, accompanied by necessary administrative capacities. The third Block is composed of 35 chapters, including the one on the Competition Policies.⁵ In general, this Chapter focuses on the agreements between enterprises, abuse of dominant position and mergers and acquisitions.⁶

As elaborated in the previous monitoring phase (Jan-June 2018), the Administrative Instructions foreseen for year 2017 in the competition area were fulfilled by responsible institutions, both by the Kosovo Competition Authority and the Ministry of Trade and Industry, including the Administrative Instruction on group exemptions for horizontal agreements; Administrative Instruction on group exemptions for vertical agreements; Administrative Instruction on group exemptions for agreements in the insurance sector; Administrative Instruction on group exemptions for agreements in the transport sector, and, and Administrative Instruction on group exemptions for agreements in the sector of distribution and vehicle servicing.⁷

On this note, the assessment table below portrays all short-term measures falling under the competition area, categorized into legislative and implementing measures, foreseen to be fulfilled by the end of 2018. According to the information received during the monitoring process, the Competition Authority has managed to complete the Legislative Measures, specifically the Administrative Instruction for determining the relevant market, as well as the Administrative Instruction on the criteria for imposing administrative sanction.⁸

³ Pula, E., Elshani, D. (2018) *(Un) Leveling the Field – A Competition Tale!*. Group for Legal and Political Studies. Available at: <http://www.legalpoliticalstudies.org/wp-content/uploads/2018/09/GLPS-Policy-Report-Eng-042018.pdf>

⁴ These classifications categorize the progress of the measures and indicators for the ERA Assessment Table. Regarding the NPISAA Assessment Table, these measures are substituted with these categories a) completed, b) partially completed, c) uncompleted, d) work-in-progress, and e) no information provided.

e) When no information is provided by relevant institutions, such measures and indicators are classified as '*no information provided*'.

⁵ For further clarifications, Block III is composed of 35 chapters and, in addition one chapter on the legal framework for the approximation of the legislation

⁶ National Programme for the Implementation of the Stabilization and Association Agreement (NPISAA) 2018 – 2022. May 2018. Prishtinë

⁷ Pula, E., Elshani, D. (2018) *(Un) Leveling the Field – A Competition Tale!*. Group for Legal and Political Studies. Available at: <http://www.legalpoliticalstudies.org/wp-content/uploads/2018/09/GLPS-Policy-Report-Eng-042018.pdf>

⁸ Interview (through e-mail) with representatives of the Kosovo Competition Authority, 15 Feb 2019

According to the Institutional Reforms and Capacity-Building Measures, the Authority during 2018 has recruited four officials designated to the Market Supervision Department, while the rest – 3 more officials – will be recruited during 2019. Thus, this measure has been classified as partially completed.⁹

On the other hand, measures pertaining to the Policy Framework, and Implementation and Enforcement are still in progress given they are all inter-related. Precisely, the Competition Policy Action Plan for the next four years was supposed to be drafted and finalized during 2018; however, according to the Authority, this measure has been postponed for year 2019. Currently, the working group responsible to draft the Competition Policy Action Plan for the next four years has been formed, with the support of an IPA project which will also guide and support the Authority during the drafting process of the Action Plan.¹⁰

⁹ Ibid.

¹⁰ Ibid.

ASSESSMENT TABLE – NPISAA

LEGISLATIVE MEASURES

No.	Objectives/Reference Framework	National acts to be aligned	EU acquis acts to be transposed	Responsible Institution	Deadline	
1.	Implement SAA Article 75, clause 1a and 1b	A.I. on the criteria for imposing administrative sanction (amendment)	Guidelines on the Manner of Appointing Fines in accordance with Article 23 (2) (a) of Regulation No 1/2003	KCA	Q4 2018	Completed
2.	Implement SAA Article 75, clause 1a and 1b	A.I. for determining the relevant market (amendment)	Notification of the Commission on the determination of the relevant market for the purposes of the Community Competition Law (OJC 372, 9.12.1997)	KCA	Q4 2018	Completed

IMPLEMENTING MEASURES

No.	Objectives/ Reference Framework	Measures/Actions	Indicators	Responsible Institution	Deadline
Policy framework					

3.	Implement Article 74 and 75 of SAA	Competition Policy Action Plan for the next four years	Action Plan approved and consulted with relevant stakeholders	KCA	Q4 2018	In progress The working group for drafting the Competition Policy Action has been formed with the support of an IPA project. This Policy Action has been postponed to be completed during 2019.
Institutional reforms and capacity-building						
4.	Implement Article 74 and 75 of SAA	Strengthening investigative capacities of AKK	Seven (7) officials recruited	KCA	Q4 2018	Partially Completed During 2018, the Authority recruited four officials within the Department of Market Supervision, while three more will be recruited during 2019.
Implementation and enforcement						
5.	Implement Article 74 and 75 of SAA	Competition Policy Action Plan for the next four years	Number of inspections to be carried out	KCA	Q4 2018	In progress This measure will be completed after the drafting of the Competition Policy Action Plan is finalized during 2019.
6.	Implement Article 74 and 75 of SAA	Competition Policy Action Plan for the next four years	Number of decisions, conclusions, recommendations and opinions	KCA	Q4 2018	In progress This measure will be completed after the drafting of the Competition Policy Action Plan is finalized during 2019.

4. Monitoring Results stemming from European Reform Agenda (ERA)

The European Reform Agenda has been drafted by the Government of Kosovo and the European Commission with the purpose of supporting and accelerating the implementation of the Stabilization and Association Agreement. ERA, composed of short-term priorities aiming to maximise the economic and political benefits stemming from SAA, is categorized into three main areas: Rule of Law and Good Governance, Competitiveness and Investment Climate, and Education and Employment. For the purpose of this study, only the actions pertaining to the 2nd pillar - Competitiveness and Investment Climate – have been monitored for the period July – December 2018, complementing the first monitoring phase from January to June 2018.

Prior to discussing the results from the monitoring process covering year 2018, it should be noted that all actions foreseen for year 2017 falling under the competition area were fulfilled, including the a) strengthening of the internal procedures and capacity of the Kosovo Competition Authority in order to conduct investigations; b) finalizing a report highlighting the current situation of the monopolies in the market Kosovo, including the appropriate recommendations; c) amending and aligning the Law on State Aid, and the respective secondary legislation; and d) ensuring the operational independence and sufficient capacity of the State Aid Commission, in order to enhance its effectiveness on state aid control.¹¹

Regarding 2018, the 2nd pillar - Competitiveness and Investment Climate – includes 12 measures decomposed into 44 actions, which are grouped into five (5) categories:

- foreign direct investment promotion;
- business environment improvement;
- statistics;
- interconnectivity agenda, and
- energy.

The Assessment Table below highlights the progress of relevant institutions towards fulfilling the actions foreseen for year 2018. The monitoring results from the first and second monitoring phases, including the period from January to December 2018, show that only 56.8 % of the actions foreseen for 2018 were achieved, which means that 25 out of 44 measures were fulfilled from relevant institutions; 22.7% of the measures were partially achieved (10 out of 44 measures), and the rest, 20.5% or 9 measures remain unfulfilled. During this monitoring period, none of the measures has been categorized as ‘work in progress’ or ‘no information received’ which implies that the institutions monitored were cooperative and willing to share information regarding the fulfilment of priorities and measures stemming from ERA and NPISAA.

As elaborated above, actions *not achieved* and *partially achieved* compose precisely 43.2% of all measures pertaining to 2nd pillar - Competitiveness and Investment Climate- which represents a worrisome figure regarding the fulfilment of actions stemming from ERA. Clearly, there should be a higher dedication and willingness from relevant institutions towards fulfilling these measures, and consequently, accelerating the process of SAA implementation.

During this monitoring process, relevant institutions managed to fulfil and implement the plan to fight the informal economy; there was an improvement on the publication of overall statistics on development of businesses, energy and well as social sectors; positive progress was noted on the update of the forms of central registers for permits and licences, and, among others, progress was noted also on the approval of the legal package to improve the infrastructure and quality standards, as well as on the operationalization of four metrology laboratories. On the other hand, as elaborated almost half of the measures for year 2018 remain either partially achieved or not

¹¹ Pula, E., Elshani, D. (2018) *(Un) Leveling the Field – A Competition Tale!*. Group for Legal and Political Studies. Available at: <http://www.legalpoliticalstudies.org/wp-content/uploads/2018/09/GLPS-Policy-Report-Eng-042018.pdf>

achieved at all, including the restructuring of the Kosovo Investment Agency, the development of its capacities and establishment of the advisory board; failure to approve the after-care program and services for investors; failure to draft and approve the Law on General Inspections; and, among others, failure to implement the Agreement between KOSTT and EMS within the interconnectivity agenda. The Assessment Table below contains detailed information regarding the progress of each measure pertaining to Competitiveness and Investment Climate pillar.

To conclude, key institutions should show a higher dedication and commitment towards fulfilling all the measures foreseen in ERA and NPISAA in accordance with the specified timeframes in order to accelerate competition policies and reforms in Kosovo. Since the implementation of the SAA remains one of the most crucial processes for Kosovo's European integration, the inclusion, cooperation, and support from relevant institutions, including the civil society, political parties, and, among others, the business community, is of utmost importance.

ASSESSMENT TABLE - ERA

I. FOREIGN DIRECT INVESTMENT PROMOTION

A. RESTRUCTURING OF KOSOVO INVESTMENT AND ENTERPRISE SUPPORT AGENCY - KIESA			
RESPONSIBLE INSTITUTION	MINISTRY OF TRADE AND INDUSTRY	MINISTRY OF TRADE AND INDUSTRY	MINISTRY OF TRADE AND INDUSTRY
PRIORITIES	A.1) Restructuring of KIESA to enable it to efficiently fulfill its responsibilities and implement priorities, distribute the needed sources and recruit qualified employees	A.2) Development of capacities of the personnel in KIESA to design and implement services and programs	A.3) Establishment of the Advisory Board within KIESA with the participation of the business community and a strong inclusion of the Office of the Prime minister
STATUS	NOT ACHIEVED	NOT ACHIEVED	NOT ACHIEVED
TIMEFRAME	Q1 2018	Q1 2018	Q1 2018
PROGRESS	<p><u>PROGRESS DURING Q3 AND Q4 2018</u> The Ministry of Trade and Industry should have proposed to the Government the organizational structure of KIESA, foreseen to be done jointly with the Regulation for the inner organization of MTI as agreed upon in the meeting of the Ministerial Council for Integration. This action has not been fulfilled either during Q3 or Q4.</p>	<p><u>PROGRESS DURING Q3 AND Q4 2018</u> Given the restructuring of KIESA has not been achieved, the capacity development of KIESA's employees for the design and implementation of services and programs has not been done yet. In this regard the draft regulation on internal organization of MTI has not been approved from the Government.</p>	<p><u>PROGRESS DURING Q3 AND Q4 2018</u> The draft-list of the members of Team Kosova and KIESA Advisory Board has been prepared and sent for approval to the Ministry. However, the decision to set up the KIESA Advisory Board was not approved by the government yet.</p>
B. THE APPROVAL OF THE AFTER-CARE PROGRAM AND SERVICES FOR INVESTORS			
RESPONSIBLE INSTITUTION	MINISTRY OF TRADE AND INDUSTRY		
PRIORITIES	B.1) Preparation and initiation of implementation of services and after-care programs for investors		
STATUS	NOT ACHIEVED		

TIMEFRAME	Q3 2018
PROGRESS	<p><u>PROGRESS DURING Q3 AND Q4 2018</u></p> <p>The approval of the after-care program and services for investors should have been approved by the end of September 2018. However, it should be noted that this program shall be approved only after the restructuring of KIESA is finalized. The action has not been approved either during Q3 or Q4.</p>

II. BUSINESS ENVIRONMENT IMPROVEMENT

C. APPROVAL OF THE LAW ON FINANCIAL REPORTING, ACCOUNTING AND AUDITING

RESPONSIBLE INSTITUTION	ASSEMBLY	
PRIORITIES	C.1) Approval of the Law by the Assembly	
STATUS	ACHIEVED	
TIMEFRAME	Q1 2018	
PROGRESS	<p><u>PROGRESS DURING Q3 AND Q4 2018</u></p> <p>The Law was approved by the Assembly on March, 30, 2018, whereas it was published in the official gazette of the Republic of Kosovo on April, 19, 2018. The Law, however, entered into force in January 2019, as recommended by the Assembly.</p>	

D. UPDATING THE CENTRAL REGISTER FOR PERMITS AND LICENSES

RESPONSIBLE INSTITUTION	THE PRIME MINISTER OFFICE	THE OFFICE OF PRIME MINISTER
PRIORITIES	D.1) The forms for permits/licenses have been sent for translation in Albanian and English	D.2) Promotion events for the updated version of the register have been organized
STATUS	PARTIALLY ACHIEVED	ACHIEVED
TIMEFRAME	Q2 2018	Q2 2018

PROGRESS	<u>PROGRESS DURING Q3 AND Q4 2018</u>
	Authorized institutions for issuing permits and licenses are informed that they are obliged to submit to the Legal Office data on new permits and amendments to existing permits. According to the OPM, the translation of administrative procedures has been completed entirely. As for the application forms some of them are available in Albanian, English and Serbian, but the majority are in Albanian given respective institutions poses them only in Albanian. Since the action requires translation of all forms in the three languages, this action is estimated to be partially achieved for 2018.

PROGRESS	<u>PROGRESS DURING Q3 AND Q4 2018</u>
	The Legal Office of the OPM, in cooperation with IFC, has organized a conference to launch the updated version of the Central Permit and License Registry on 21 November 2018. An awareness campaign was also organized through broadcasting a video clip on Radio Kosovo Television for a period of 30 days. Therefore, this has been achieved for 2018.

E. APPROVAL OF LAW ON INSPECTIONS

RESPONSIBLE INSTITUTION	GOVERNMENT	MINISTRY OF TRADE AND INDUSTRY	MINISTRY OF TRADE AND INDUSTRY
PRIORITIES	E.1) Approval of Concept document from the Government	E.2) A drafted law on general inspections	E.3) Public consultations with civil society and other relevant actors have been held
STATUS	ACHIEVED	NOT ACHIEVED	NOT ACHIEVED
TIMEFRAME	Q3 2018	Q3 2018	Q3 2018
PROGRESS	<u>PROGRESS DURING Q3 AND Q4 2018</u> The concept document was drafted by the inter-ministerial group and approved by the government on March, 9, 2018.	<u>PROGRESS DURING Q3 AND Q4 2018</u> As stipulated in the recent report of the Ministry of European integration, the Draft Law on Inspections has not been drafted yet.	<u>PROGRESS DURING Q3 AND Q4 2018</u> Given the Law on Inspection has not been drafted yet, the public consultations with civil society and other relevant actors have not been held.
RESPONSIBLE INSTITUTION	GOVERNMENT	ASSEMBLY	
PRIORITIES	E.4) Approval of draft law by the Government	E.5) Approval of the draft law by the Assembly	
STATUS	NOT ACHIEVED	NOT ACHIEVED	
TIMEFRAME	Q3 2018	Q3 2018	

PROGRESS	<u>PROGRESS DURING Q3 AND Q4 2018</u> Given the Law on Inspection has not been drafted yet, this action is being further postponed.	<u>PROGRESS DURING Q3 AND Q4 2018</u> This action is considered as not achieved, given Draft Law on Inspections has not been drafted yet. Thus this action is dependent on the fulfillment of the previous actions (E.2 – E.4).
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F. APPROVAL OF SECONDARY LEGISLATION FOR STATE AID AND OPERATIONALIZATION OF THE COMMITTEE AND DEPARTMENT FOR STATE AID

RESPONSIBLE INSTITUTION	MINISTRY OF FINANCE	MINISTRY OF FINANCE	ASSEMBLY
PRIORITIES	F.1) Approval of secondary legislation for State Aid	F.2) Operationalization of the Department for State Aid	F.3) Operationalization of the Committee for State Aid
STATUS	PARTIALLY ACHIEVED	ACHIEVED	PARTIALLY ACHIEVED
TIMEFRAME	Q2 2018	Q2 2018	Q2 2018

PROGRESS	<u>PROGRESS DURING Q3 AND Q4 2018</u> According to the Ministry of Finance, the Regulation on the Organization and Functioning of the State Aid Commission should be approved by the Commission itself. Since the SAC has not been functionalized yet, the regulation has not been adopted. Whereas, the Regulation on State Aid Notification Procedures was adopted at the Government meeting on 23 October 2018. The Regulation is aligned with EU legislation including Commission Regulation (EC) no. 794/2004 with the support of experts of an EU project.	<u>PROGRESS DURING Q3 AND Q4 2018</u> State Aid Department has been operationalized. The director for the SAD has been appointed and other employees were employed by May, 2018. The functionalities of the State Aid Department are regulated with Article 8 of the Law no. 05/L-100 for State Aid.	<u>PROGRESS DURING Q3 AND Q4 2018</u> According to the Assembly, the Selection Committee of the State Aid Commission on 12 December has sent the report with the recommendations to the plenary session. Voting of candidates is expected to take place during the next session, ie in 2019. Since this action has not been fully completed within the set deadline, it is considered as partially achieved.
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G. IMPLEMENTATION OF PLAN TO FIGHT INFORMAL ECONOMY

RESPONSIBLE INSTITUTION	MINISTRY OF FINANCE	MINISTRY OF FINANCE	MINISTRY OF FINANCE
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PRIORITIES	G.1) Conduct independent sectorial risk assessment.	G.2) Review/Approval of the Plan of Action considering the findings from the risk assessment	G.3) Further improvement of tax compliance and implementation to protect the fiscal interest of the country
STATUS	ACHIEVED	ACHIEVED	ACHIEVED
TIMEFRAME	Q3 2018	Q3 2018	Q3 2018
PROGRESS	<p><u>PROGRESS DURING Q3 AND Q4 2018</u> In 2017, gambling, construction and real estate sectors have been assessed. During 2018, NGO sector risk assessment has been finalized, as such, completing three risk assessments. Afterwards, the working group has approved the final reports and submitted them for approval to the Ministry of Finance. These three assessments were approved by the Government.</p>	<p><u>PROGRESS DURING Q3 AND Q4 2018</u> In October 2017, the Secretariat of the Permanent Group for Prevention of Informal Economy was created. The final report of the informal economy assessment together with the risk assessment have been considered while drafting the action plan in 2018, which was approved in June. These findings will serve to draft the new strategy to fight the informal economy and money laundering 2019-2024.</p>	<p><u>PROGRESS DURING Q3 AND Q4 2018</u> During Q3, Kosovo customs has implemented 158 operational plans with other law enforcement institutions such as Kosovo Police, Tax Administration of Kosovo, KFOR etc. The Kosovo Tax Administration continued its work on the tax compliance during the 4th Q with the aim of protecting the fiscal interest of the country. According to the MoF, during this period, TAK realized revenues amounting to 121,288,187 Euros, and around 11 thousand visits, which resulted in: additional turnover in the amount of about 43.5 mil euros; additional tax in the amount of about three mil euros; reduction of VAT credit worth 986 thousands of euros, and a reduction in the loss of approximately € 4 mil. It should be noted also that during Q4 controls have been carried out, 797 controls of fiscal cash registers which resulted in 282 mandatory fines amounting to 50 thousands eur.</p>
RESPONSIBLE INSTITUTION	MINISTRY OF FINANCE	MINISTRY OF FINANCE	
PRIORITIES	G.4) Empowerment of the inter-institutional access and mechanisms in the field of money laundry, financial crime, terrorism financing and corruption, including	G.5) Regularly prepared, consulted and published quarter reports	

	prevention, investigations, evaluations and operations	
STATUS	ACHIEVED	ACHIEVED
TIMEFRAME	Q3 2018	Q3 2018
PROGRESS	<p><u>PROGRESS DURING Q3 AND Q4 2018</u> The Department of Tax and Intelligence Investigation for the prevention of financial crime and corruption has conducted these activities during this reporting period: 296 tax evasion activities to verify the accuracy of declarations; 199 interviews with suspects and witnesses; 297 consultative meetings with case prosecutors; 17 criminal reports; 27 investigative reports for the State Prosecution; 8 control reports; 16 raids; 11 joint actions with Kosovo Customs and one with Kosovo Police; 40 informative reports on the Kosovo Police, Prosecution Office, and others; 44 feedback cases on the FIU, 37 information cases on Kosovo Police and 13 on Kosovo Customs; 5 initiated cases under suspicion of tax evasion; 34 cases of intelligence information exchange; 47 requests exchanged with EGMONT Group countries; and a report received on suspicious of terrorist financing</p> <p>Meanwhile, for the same period, the FIU analyzed 14 reports of suspicious cases and 3 suspicious transactions on terrorist financing. Meanwhile, 37 exchange requests were conducted for analyzing cases related to the financial activities of radical and extremist individuals/groups, of which 21 requests were made by the FIU and 16 requests from EGMONT Group countries. Kosovo Customs in the framework of international cooperation has exchanged</p>	<p><u>PROGRESS DURING Q3 AND Q4 2018</u> The MoF in October 2018 has published the financial report for the period January-September. Whereas, the report covering the whole year 2018 is supposed to be published soon.</p>

105 correspondences with administrations of other countries, of which 23 with EU countries

H. THE APPROVAL OF THE LEGAL PACKAGE TO IMPROVE THE INFRASTRUCTURE AND QUALITY STANDARDS, AND OPERATIONALIZATION OF FOUR METROLOGY LABORATORIES

RESPONSIBLE INSTITUTION	MINISTRY OF TRADE AND INDUSTRY	MINISTRY OF TRADE AND INDUSTRY	MINISTRY OF TRADE AND INDUSTRY	MINISTRY OF TRADE AND INDUSTRY
PRIORITIES	H.1) Advancement and regular update of the website	H.2) Organizing 10 workshops to inform businesses for the website promotion	H.3) Organizing 30 modules for human capacity development regarding infrastructure and quality standards	H.4) Approval of 1500 standards focused in the harmonized area
STATUS	ACHIEVED	PARTIALLY ACHIEVED	PARTIALLY ACHIEVED	ACHIEVED
TIMEFRAME	Q3 2018	Q3 2018	Q3 2018	Q3 2018
PROGRESS	<p><u>PROGRESS DURING Q3 AND Q4 2018</u></p> <p>MTI's website has been redesigned and filled with data in 2017, and has been continuously updated during 2018.</p>	<p><u>PROGRESS DURING Q3 AND Q4 2018</u></p> <p>The organization of 10 workshops started in 2016 and continued in 2017; however the action was not completed as per the foreseen deadline. Apart from the events in 2017, during Q1 and Q2 of 2018, two workshops on Toy Safety and Safety of Elevators in Use. In addition, conferences were held for the World Metrology Day and a manifestation for World Accreditation Day. We did not receive additional information for Q3 and Q4.</p>	<p><u>PROGRESS DURING Q3 AND Q4 2018</u></p> <p>Apart from the human capacity development meetings and trainings held during 2017, and 2018 (included in the ERA assessment for Q1 and Q2), the relevant institutions did not share any additional information for Q3 and Q4. Given, the number of modules during 2017 and 2018 (Q1 and Q2) have not been fulfilled, this action remains as partially achieved.</p>	<p><u>PROGRESS DURING Q3 AND Q4 2018</u></p> <p>According to a recent report of MEI, by the end of the third quarter (Q3) 2018, a total of 1,533 standards have been adopted. Thus, this objective is considered as fully achieved.</p>

RESPONSIBLE INSTITUTION	MINISTRY OF TRADE AND INDUSTRY	MINISTRY OF TRADE AND INDUSTRY	ASSEMBLY	MINISTRY OF TRADE AND INDUSTRY
PRIORITIES	H.5) Furnishing existing metrology laboratories	H.6) Drafting the Law on Services, and consultations with civil society and other relevant actors	H.7) Approval of the Law on Services	H.8) Establishment and operationalization of the point of single contact
STATUS	ACHIEVED	ACHIEVED	ACHIEVED	PARTIALLY ACHIEVED
TIMEFRAME	Q3 2018	Q3 2018	Q3 2018	Q3 2018
PROGRESS	<p><u>PROGRESS DURING Q3 AND Q4 2018</u></p> <p>Apart of furnishing 6 laboratories with equipment, the volume laboratory has been equipped with additional equipments, whereas laboratory for electrical measurements have been furnished with additional tools for radar calibration.</p>	<p><u>PROGRESS DURING Q3 AND Q4 2018</u></p> <p>The drafting of the Law on Services has been finalized during 2017, including consultations with civil society and other relevant actors.</p>	<p><u>PROGRESS DURING Q3 AND Q4 2018</u></p> <p>Law on Services has been approved and published in the official gazette on April 3, 2017.</p>	<p><u>PROGRESS DURING Q3 AND Q4 2018</u></p> <p>The Administrative Instruction on the Manner of Functioning of the Point of Single Contact was drafted in 2017 and approved by the Government on March 16, 2018. However, point of single contact has not been functionalized yet, thus this action is categorized as partially achieved.</p>

I. THE IMPLEMENTATION OF ELECTRONIC PROCUREMENT IN CENTRALIZED PROCUREMENT

RESPONSIBLE INSTITUTION	MINISTRY OF FINANCE
PRIORITIES	I.1) The implementation of electronic procurement in centralized procurement continues
STATUS	ACHIEVED
TIMEFRAME	Q3 2018
	<u>PROGRESS DURING Q3 AND Q4 2018</u>

PROGRESS During 2017, the amendments for the law on electronic procurement platform have been implemented. Central and local level officials have been trained and certified, and the government has started publishing data on standard procurement contracts. Bidding for high and medium value tenders is being conducted in an electronic manner.

III. STATISTICS

J. DEVELOPMENT OF BUSINESS, ENERGY AND SOCIAL SECTORIAL STATISTICS			
RESPONSIBLE INSTITUTION	KOSOVO AGENCY OF STATISTICS	KOSOVO AGENCY OF STATISTICS	KOSOVO AGENCY OF STATISTICS
PRIORITIES	J.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	J.2) Generating and publishing improved short-term business statistics (industrial production volume and price indexes)	J.3) Results from Labor Force Survey, in quarterly basis, with improved quality
STATUS	ACHIEVED	ACHIEVED	ACHIEVED
TIMEFRAME	Q3 2018	Q3 2018	Q3 2018
PROGRESS	<p><u>PROGRESS DURING Q3 AND Q4 2018</u> Government accounts are published on quarterly basis according to the Eurostat calendar (T + 90 days). The government accounts for Q3 2018 were published on Dec 14, 2018, whereas for Q4 2018 will be published on March 3, 2019. GDP for Q3 2018 was published on Dec 28, 2018. According to KAS, compliance with ESA 2010 methodology continues to be partial, and upon the finalization of the pilot project on the methodology for Government Finances and Deficit Statistics data will be sent Eurostat according to the tables provided by ESA 2010. In addition, a project implemented together with MoF, supported by the IMF,</p>	<p><u>PROGRESS DURING Q3 AND Q4 2018</u> Short-term business statistics were published on a monthly basis, including the Harmonized Consumer Price Index, and Foreign Trade Statistics. In addition, the Agency published quarterly reports including, the Enterprise Repertoire, Transport Statistics, Energy Balance, Import Price Index, Hotel Statistics, Producer Price Index, Construction Cost Index, Short-term Industry Statistics & Industrial Volume Index, and Short-term retail trade statistics.</p>	<p><u>PROGRESS DURING Q3 AND Q4 2018</u> The LFS results were published on September 17, 2018 for the second quarter of 2018, in line with the publication calendar, reflecting an improvement in the speed of publication. The LFS data for Q3 2018 were published on December 17, 2018, while the publication of LFS for Q4 2018 will be published on March 19, 2019.</p>

	has made it possible for KAS to improve the data, especially classifications according to ESA2010 and GFS2014 standards.	
RESPONSIBLE INSTITUTION	KOSOVO AGENCY OF STATISTICS	KOSOVO AGENCY OF STATISTICS
PRIORITIES	J.4) Survey on income and living conditions	J.5) Publishing reduced energy statistics and annual energy efficiency statistics generated in compliance with international standards
STATUS	ACHIEVED	ACHIEVED
TIMEFRAME	Q3 2018	Q3 2018
PROGRESS	<p><u>PROGRESS DURING Q3 AND Q4 2018</u></p> <p>The 2017 HBS survey was published on June 12, 2018 on the Agency's website. Given HBS is planned to be developed every three years, the next round will be published in 2020. The HBS will be substituted with the Survey on Income and Living Conditions (SILC), for which the data was collected during 2018, whereas its publication is foreseen on December 2019.</p>	<p><u>PROGRESS DURING Q3 AND Q4 2018</u></p> <p>Energy balance statistics have been published for Q2 and Q3 2018. While, the Agency has highlighted that the statistics on efficiency for the households and industry sector are done on annual (or longer) basis, so their publication is foreseen by 2020. In addition, statistics on transport sectors are being regularly published on a quarterly basis. On the other hand, the Agency has received support from the European Commission, through a project within the Ministry of Economic Development, regarding the compilation of service statistics.</p>

IV. INTERCONNECTIVITY AGENDA

K. IMPLEMENTATION OF ALL "SOFT MEASURES" WITHIN THE INTERCONNECTIVITY AGENDA

RESPONSIBLE INSTITUTION	MINISTRY OF ECONOMIC DEVELOPMENT - ERO, KOSTT.	MINISTRY OF ECONOMIC DEVELOPMENT - ERO, KOSTT.	MINISTRY OF ECONOMIC DEVELOPMENT - ERO, KOSTT.
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PRIORITIES	K.1) Approval of the secondary legislation, derived from the primary one	K.2) Establishment of a joint electricity Market with Albania	K.3) Establishment of electricity shares Market with Albania – KOSTT (one day ahead and during the day)
STATUS	ACHIEVED	PARTIALLY ACHIEVED	PARTIALLY ACHIEVED
TIMEFRAME	Q3 2018	Q3 2018	Q3 2018
PROGRESS	<p><u>PROGRESS DURING Q3 AND Q4 2018</u> On, March 29, 2018, the Government has approved the One-Stop-Shop Regulation for renewable energy. 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.</p>	<p><u>PROGRESS DURING Q3 AND Q4 2018</u> In October 2018, three working groups (REPOWER Kosovo, RIT Albanis, the Nord Pool and the Energy Community Secretariat led by the two countries) participated in a joint meeting, during which a joint action-plan was drafted. The first phase of this plan focuses on the establishment of the common market "the day before" (Energy Stock Exchange) - this process was finalized by November 2018, however there are delays from the Albanian representatives (Council of Ministers) regarding the finalization of the decision for the establishment of the Stock Exchange. This is the main reason why the Stock Exchange cannot be operational in Q1 2019.</p>	<p><u>PROGRESS DURING Q3 AND Q4 2018</u> In October 2018, three working groups (REPOWER Kosovo, RIT Albanis, the Nord Pool and the Energy Community Secretariat led by the two countries) participated in a joint meeting, during which a joint action-plan was drafted. The first phase of this plan focuses on the establishment of the common market "the day before" (Energy Stock Exchange) - this process was finalized by November 2018, however there are delays from the Albanian representatives (Council of Ministers) regarding the finalization of the decision for the establishment of the Stock Exchange. This is the main reason why the Stock Exchange cannot be operational in Q1 2019.</p>
RESPONSIBLE INSTITUTION	MINISTRY OF ECONOMIC DEVELOPMENT – ERO, KOSTT.	MINISTRY OF ECONOMIC DEVELOPMENT – ERO, KOSTT.	
PRIORITIES	K.4) Implementing the Agreement between KOSTT – EMS	K.5) Harmonizing KOSTT network code with that of ENTSO-E	
STATUS	NOT ACHIEVED	ACHIEVED	
TIMEFRAME	Q3 2018	Q3 2018	
PROGRESS	<p><u>PROGRESS DURING Q3 AND Q4 2018</u> According to its representatives, KOSTT is continuously trying to eliminate EMS barriers in implementing the Connection</p>	<p><u>PROGRESS DURING Q3 AND Q4 2018</u> During the ZRRE Board meeting in October, the Grid Code and Metering Code were transposed. Within the Grid Code is the</p>	

Agreement with ENTSO-E, in cooperation with the ENTSO-E and Energy Community representatives; however, unfortunately there is no progress yet. KOSTT persistently insists to fully implement the Connection Agreement by EMS. Even though this action is not solely dependent on Kosovo (KOSTT), it is still considered as not achieved.

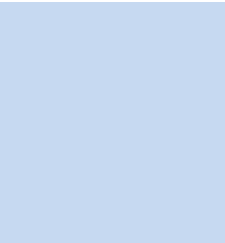
Connection Code which includes the Demand Connection Code (Rule 2016/1388) and Requirements for Grid Connection of Generators (Rule 2016/631). ZRRE has reported the harmonization of the KOSTT Network Code with that of ENTSO-E. In addition, other codes have been amended according to Kosovo's laws, which are in compliance with the third package of EU legislation.

V. ENERGY

L. INCREASE OF ENERGY SECURITY AND APPROVAL OF THE COMPREHENSIVE STRATEGY FOR ENERGY FOR 2017-2026 PERIOD

RESPONSIBLE INSTITUTION	MINISTRY OF ECONOMIC DEVELOPMENT	MINISTRY OF ECONOMIC DEVELOPMENT	MINISTRY OF ECONOMIC DEVELOPMENT
PRIORITIES	L.1) Approval of energy strategy 2017-2026 from the Assembly	L.2) Approval of implementation program of the energy strategy 2018-2020	L.3) New investments in generating electricity
STATUS	ACHIEVED	ACHIEVED	ACHIEVED
TIMEFRAME	Q1 2018	Q1 2018	Q1 2018

PROGRESS	<u>PROGRESS DURING Q3 AND Q4 2018</u> The Assembly of Kosovo has approved the Energy Strategy for the Republic of Kosovo 2017-2026 on January 26th, 2018.	<u>PROGRESS DURING Q3 AND Q4 2018</u> The Energy Strategy Implementation Program 2018-2020 has been approved by the Government of the Republic of Kosovo decision no. 01/57 on 17 July 2018.	<u>PROGRESS DURING Q3 AND Q4 2018</u> Implementation of the National Action Plan for Renewable Energy Sources (2011-2020) is in a continuous process, given the authorization permits issued by ERO obliges investors to respect the legal deadlines for the development of projects from renewable energy sources. New investments during Q3 and Q4 are: a new generator using wind as a source of energy (RES) has started production. The generator, "KITKA", is located in the municipality of Kamenica and has an installed capacity of 32.4 MW. It has been build according to the procedure for granting the Authorization for Construction of new generating capacities from RES. In addition, there is another generator with photovoltaic panels with an installed capacity of 3 MW, in Madanaj/Kusar, Gjakova, on October 2018
RESPONSIBLE INSTITUTION	MINISTRY OF ECONOMIC DEVELOPMENT	MINISTRY OF ECONOMIC DEVELOPMENT	
PRIORITIES	L.4) Drafting and approving the action plan for renewable energy resources	L.5) Creating the Fund for Energy Efficiency	
STATUS	PARTIALLY ACHIEVED	PARTIALLY ACHIEVED	
TIMEFRAME	Q1 2018	Q1 2018	
PROGRESS	<u>PROGRESS DURING Q3 AND Q4 2018</u> According to MED, the revised National Action Plan for RES for the period 2018-2020 has been finalized and sent to the Strategic Planning Office for prior evaluation before it is approved by the Government. Until the National Action Plan for 2018-2020 is adopted, the National Action Plan for RES for the period 2011-2020 is in force. Given the National Action	<u>PROGRESS DURING Q3 AND Q4 2018</u> KEEF General Principles and Code of Ethics; Regulation on the internal organization of the KEEF; Regulation on the internal rules of work of KEEF; KEEF business development plan covering the three year period; Regulation on preparation of annual budget; Internal accounting standards and procedures; Regulation on the payment of KEEF staff; Regulation on the Procedure and Employment	



Plan for RES for the period 2018-2020 had not been approved yet, this action is categorized as partially achieved.

Criteria of the KEEF staff, and Regulation for preparing and announcing call for proposals. The adoption of these regulations should be made by the selected board and it is expected that the fund will be fully operational during the Q1/Q2 period of 2019. Given the Fund is not fully functional yet, this action is categorized as partially achieved.

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Policy Analysis

Policy Analysis in general is a policy advice paper which particularly aims to influence the key means through which policy decisions are made in both local and central levels of government. The purpose of Policy Analysis is to address, more in-depth, a particular problem, to examine the arguments related to a concerned policy, and to analyze the implementation of the policy. Through Policy Analysis, Group for Legal and Political studies seeks to stimulate wider comprehensive debate on the given issue via presenting informed policy-relevant choices and recommendations to the key stakeholders and parties of interest.



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