Program of the Government of Republic of Kosovo

2008 - 2011

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1. Introduction

Government Program represents the basis for a Kosovo, state of its citizens, developed in compliance with democratic principles, with a sustainable economy, multi-ethnic environment, clearly committed towards European and Euro-Atlantic Integration, through the accomplishment of criteria and with highest standards of responsibility and transparency.

The will, purpose and final destination of Kosovo is, undoubtedly, the European Union. The objective that Kosovo becomes part of EU represents a wide public consensus and requires a serious institutional engagement by the Government towards the formal pre-accession process and to ensure the status of candidate country.

Government will implement policies to enable Kosovo to ensure permanent peace, stability, security and cooperation with the states of the region and more. People of Kosovo are willing to work towards the achievement of these objectives and Government of Kosovo will make serious and significant steps towards the accomplishment of these objectives.

After the declaration and recognition of independence, building and functioning of state institutions is a focused priority of Government of Kosovo. This Program is focused on the articulation of immediate needs during this stage.

Government of Republic of Kosovo is aware of this situation and is convinced that Kosovo is going through the state of transformation and economic transition towards a market economy and will work with its entire capacities in order to achieve the objective of sustainable economic development and citizens’ welfare.

Government of Republic of Kosovo is determined, on the basis of the Constitution of Republic of Kosovo, to engage and work with commitment towards the accomplishment of strategic objectives of state policies and to ensure a favourable position of our state at the international politics course.
Government presents this Program being sure of its potentials and possibilities to lead the state, by managing changes, risks and advantages which will lead to peace and security.

2. The Main Objectives of Government of Kosovo

The new Government Cabinet and this Program derives as a need to establish a new positive and modern climate of successful management of these processes. Simultaneously, the spirit of this Program is an expression of the awareness and responsibility of the Government against engagements promoted and voted at the last elections of 17 November 2007.

With the approval of the Constitution of Republic of Kosovo, all social and political development processes will be deeply based on the principles and provisions of the Constitution by guaranteeing territorial sovereignty and equality of all citizens before the law.

Apart from EU integration commitment, Government will continue with the consolidation of government institutions: completion of legislation, and fighting corruption and organised crime. Government will, also, continue with the consolidation of public administration towards institutional sustainability in compliance with European standards.

Government of Republic of Kosovo, which came out of the elections, is firm to respond to the needs and requirements of citizens of Kosovo and to serve the citizens as part of a responsible, mature and transparent policy which will lead Kosovo towards a rapid and sustainable economic growth for the benefit of all its citizens. Government is committed to establish a safe and secure environment for all its citizens.

Government is, also, determined to conclude, as soon as possible, trust building among its citizens. Only through mutual trust and sincere and fair cooperation we’ll be able to implement justice for all, more quality education and safer investments that will result in a
rapid and sustainable social and economic development. This will be reflected in society through the creation of new jobs and, at the same time, improvement of welfare of all citizens.

The abovementioned objectives will be achieved through a close cooperation with all social and political actors, including the civil society, business community, academic institutions and international partners.

Government will engage in the implementation of comprehensive social and political reforms in order to observe the will of people of Kosovo expressed through their free votes.


An economically sustainable Kosovo with a multi-ethnic society, in its path towards European integration, and accomplishment of highest responsibility and transparency standards represent the main objectives of our Government. To this end, Government presents its priorities divided into four pillars:

- Economic Growth
- Status Implementation
- Good Governance
- Mitigation of Poverty and Social Stability

These priorities have derived from the consultation process with municipalities and Government ministries as well as the civil society. The cost of these priorities shall be determined in the Mid-Term Expenditure Framework, which is under preparation. The aim of the Government is to make these priorities affordable and sustainable from the fiscal point of view. These priorities comprise the work platform of the Government Cabinet and, simultaneously, will serve for the Donor Conference for Kosovo. Definition of priority
policies proves the strong commitment and seriousness of the Government to commence, immediately, addressing the most prioritised and challenging issues for the social and economic development of Kosovo. Government priority pillars are elaborated below.

3.1 Economic Growth

The primary priority of Government of Kosovo will be to intensify economic development. Economic growth will be accomplished through intensification of investments, further privatisation and restructuring of publicly-owned enterprises, increase in competitive capabilities of the economy and increase in exports.

Kosovo has a small economy with an unsatisfactory level of economic development. In the post-war years, economic development of Kosovo is relatively low with economic growth rates of 3-4%. The level of unemployment is assessed to be at 30 to 40%, whereas extreme poverty reaches 15%.

In general, economy of Kosovo is mainly dependant in the foreign sector. The level of imports is quite high with growing trends. On one hand, this comes as a result of economic growth itself, whereas on the other hand from the high level of Diaspora remittances, which cover the high trade deficit. Also, economy of Kosovo is characterised with a high presence of foreign donors, but in the last few years, their gradual withdrawal has slowed the pace of economic growth.

Kosovo is characterised with poor infrastructure and, consequently, a low productivity. The existing energy capacities and the poor road infrastructure are identified as the main barriers for a sustainable economic development. However, difficulties are not only of physical nature, but in other areas such as rule of law and the developing financial sector.

Natural resource potentials of Kosovo represent a good basis for future development. Plenty quantities of mineral and energy resources, agricultural land and tourist potentials are not being used sufficiently.
Despite the very young population, the labour market of the economy of Kosovo has a deficit of labour force in certain areas and high rates of youth unemployment.

Having in regard the main objective for sustainable economic development, Government of Kosovo, in the mid-term, will apply policies that will have direct impact in: economic growth, decrease the level of unemployment, improve social conditions and mitigate poverty.

In order to achieve this, Government of Kosovo will work towards the establishment of a suitable environment for the attraction of Foreign Direct Investments (FDI). In order to be competitive with other countries of the region, Kosovo must undergo the so-called “adoption process”, which aims at making domestic products cheaper than the ones in the region with an objective of promoting exports and decreasing imports. Kosovo doesn’t have an independent monetary policy and, by using the Euro, Kosovo may not be able to conduct the nominal devaluation of its currency. For this reason, the competitive level may be achieved only through the decrease in costs of operation of domestic economy. This means an increase in productivity.

The increase in productivity is achieved through qualitative increase. In particular, investments will be made in energy sector, in order to provide continuous energy supply and other physical infrastructure, specifically roads and railways, which will enable connection of Kosovo with neighbouring countries. Government will engage in increase of quality of education in order to adapt to market needs. In order to establish attractive conditions for investments, special attention will be paid to rule of law, financial market and fiscal policies.

Agricultural sector is also important, because revitalization of this sector will have a direct impact in the decrease of unemployment and mitigation of poverty. Therefore, special attention will be paid to this sector as well.

It is clear that many reforms and policy adoptions must be undertaken for Kosovo to achieve and maintain the levels of typical economic growth as the region. We must eliminate
constrains to economic growth that were identified many times by local and international experts. Therefore, with an aim of establishing conditions for economic growth, Government of Kosovo will be concentrating in the following areas:

- Energy and Mining
- Transport
- Rule of Law
- Education
- Agriculture
- Tax Policies and Administration
- Financial Sector

3.1.1 Energy and Mining

3.1.1.1 A solution for energy crises in Kosovo

Quality and sustainable supply with energy represents a precondition for the comprehensive economic development of Kosovo. A sound energy policy supports the business environment and attracts investments, and results in social and economic development.

The main objectives of the Government in this sector are, as follows:

- Ensure credibility in electric energy generating capacities for the purpose of sustainable supply with electric energy;

- Continue with reforms and restructuring in order to make the energy sector financially sustainable and attractive for investments;

- Modernize the network of transmission and distribution, by ensuring their integration in the regional and European energy network by 2011;

- Increase energy efficiency and the use of renewable sources;
• Restore environmental consequences from existing power-plants as well as precise implementation of international norms on protection of environment with regards to new energy premises.

Kosovo still faces power reduction. It is clear that the uncertain energy supply is the main obstacle for the development of private businesses.

Government anticipates that the future, rapid and sustainable development of Kosovo will be based on the use of natural resources, through mining and processing, and by adding their value at international markets, thus ensuring a tangible employment in the mining and processing of minerals industry.

Government has determined the energy sector as one of the main pillars of sustainable social and economic development of Kosovo. This means: (i) necessity of restructuring and liberalisation of energy sector and its development, including construction of new generating capacities; and (ii) mining and rational use of lignite for the production of electric energy in order to fulfil the growing needs of the country for electric energy as well as to export a part of this energy. This Government approach, for the development of energy sector and rational use of lignite (through advanced and commercially proved technologies), is based on the Kosovo Energy Strategy for 2005-2015.

Provision of sustainable supply with electric energy in Kosovo comprises a primary priority at the short-term to mid-term period. In order to accomplish this, Government of Kosovo will undertake necessary structural and organisational measures that will repair the electro-energetic sector, in compliance with the best international practices and approaches, by turning it into a sector that not only provides sufficient energy supply, but becomes a reliable source of country’s economic development.

Government will continue with the reform commenced in energy sector by preparing it for the attraction of private investments, in particular the construction of new generating capacities. The creation of conditions for a monopole free market of energy in Kosovo, in
compliance with obligations deriving from the South-Eastern Europe Energy Community Treaty, comprises the Government approach to attract investments in order to ensure as favourable as possible prices of energy for consumers.

Government will make efforts to reflect the present production cost into the electric energy tariffs and to make them affordable for the incomes of household consumers. In the meantime, Government will complete the legal framework and support the preparation and realisation of a comprehensive awareness-raising campaign to increase billing and collection of billed energy from citizens and businesses.

**Strategy** is divided into short-term and long-term objectives which are linked with each other. Short-term steps will serve to stabilise the energy sector and will serve for the development of long-term development scenarios e.g. construction of new Power Plant Kosova C and the possible export of electric energy.

**In the short-term:** With an aim of overcoming the energy crises and the development of this sector, a three stage strategy has been drafted. The involvement of private capital in this sector is an imperative. Therefore, Government will find suitable forms to privatize KEK through a transparent and well-managed process, which will result in multiple benefits for Kosovo.

Kosovo may commence concession agreements and/or privatisation of existing production and mining units, before the selection of Kosova C investor. Even though the best forms are being researched and analysed, examples of certain KEK sectors that may be given on concession or other forms of attraction of investments are, as follows:

1. Production Units A1 and A2;
2. Production Units A3, A4 and A5;
3. Production Units B1 and B2;
4. Mine in Mirash;
5. Mine in Bardh;
6. Mine Sitnica;
7. Mine Sibovc.

Possibilities for concession and/or privatisation may include combinations 1, 2 and 3 and mines 4, 5, 6 and 7, depending on the fluency and suitable combinations for the benefit of Kosovo.

Short-term privatization projects in the energy sector will provide Kosovo with many direct and indirect financial profits such as:

- Savings on budgetary subsidies, 50-70 million Euro per year;
- Additional income from concessions and privatizations;
- Continuous income from concessions;
- Income from taxes and revenues; and
- Employment and continues salaries.

**In the long-term:** Process on construction Power-Plant Kosova C will be the aim of Government for the solution of electric energy supply issue in Kosovo. The project will follow the time dynamics established with the technical assistance from World Bank, EAR and USAID. Kosova C process should be followed with advanced forms of transparent and competitive bidding, whereas the maximum size, development stages, location and power-plant technology will be based on careful studies on social environmental implications. The contract will represent the commercial interest of Kosovo in the best way possible.

With an aim of successful accomplishment of these steps, Government of Kosovo will establish a safe and attractive environment for the participation of private investors in the energy sector, by presenting the commercial interest of Kosovo and will establish an efficient operation of the sector. Government of Kosovo will, also, work aggressively to decrease commercial losses (energy thefts), through the involvement of police and judiciary within the set of efforts of Distribution to increase billing and payments.
**Alternative energy:** Apart from lignite based production of electric energy, other potentials of generation of energy will be researched. Hydro-Plants such as the one in Zhur and other small hydro-plants may be constructed once the review on the distribution of energy resources towards renewable energy is conducted and to ensure a sustainable development of the sector. Having in mind the pre-feasibility study review for Zhur and the development of ‘feeding-tariff’ methodology by ERO, these projects may be realised besides the abovementioned projects. Also, possibilities for wind, geothermal and solar energy projects, as well as other alternative sources of electric energy, will be researched.

Conclusions/Benefits

1. Implementation of this strategy will provide citizens and businesses of Kosovo with continuous electric energy supply within 9 to 15 months;

2. The abovementioned will result in a privatized distribution network, a better domestic production of electric energy and an established practice of public-private partnerships in the energy sector;

3. Companies will administer production and distribution as efficient businesses with the motivation of profit, but for the benefit of people of Kosovo;

4. The strategy will support the return, for the first time, of the flow of funds from the energy sector budget to the Kosovo budget, which is contrary to the up to date practices;

5. Continuous supply with electric energy will support the development of private sector by having a positive impact on the decrease in unemployment and increase in welfare;
6. Short-term activities, involving privatization and concessions in the energy sector, will have an impact on the improvement of investment climate for Kosovo;

7. Participation of private resources and the expertise of existing generation in Kosovo as well as mining operation will contribute to the advancement of environmental performance, decrease in social and environmental obligations and will ensure a slight dislocation of pollution equipment;

8. Government will seek for alternative energy through water, wind and sun in order to diversify energy sources for a sustainable development of the sector;

9. Government of Kosovo will be able to commit itself to the development of transmission network on the basis of obligations deriving from Athens Energy Treaty.

10. Decreasing the risk in energy sector will establish attractive conditions for foreign and local investments at all sectors and will strongly support the comprehensive economic development and the development vision of Kosovo.

3.1.1.2 Mining Sector

Kosovo is wealthy with energy, metal and non-metal mineral resources. The use of lignite, lead, zinc and other minerals in Kosovo has a long tradition and always played an important social and economic role. The main objective of the minerals’ strategy is to maximize the “economic rent” from the utilization of mineral resources.

The main objectives of the mining sector are:
Establish a legal system enabling efficient and transparent governance;
Create a suitable and attractive investment environment; and
Plan and develop the mining sector in compliance with social and environmental European standards.

Preparation and approval of the Kosovo Mining Sector Strategy will be completed shortly. The main objectives are: (i) to assess, economically, mineral and lignite resources of Kosovo and their maximum utilization for a sustainable social and economic development of Kosovo, through economic rent (incomes to be provided to Kosovo from the issuance of the rights to use natural resources of Kosovo) from the right of their utilization; (ii) to propose suitable measures, forms and steps for the transformation of mining sector, by preparing and making it more attractive for private investments, mainly in the form of public-private partnerships; and (iii) to present a concrete mid-term and long-term plan for the development of this sector.

Restructuring the mining sector and its enterprises will aim at rehabilitation and modernizing the existing assets to ensure an increase in production and processing of country’s mineral resources. Large investments will be required to achieve this objective. These investments may be mobilised by the private sector. This requires the restructuring of the mining sector in order to enable the attraction of these, more than necessary, investments.

The sounding principles of public-private partnerships in Kosovo will include: (i) assessment/reassessment of economically usable natural resources. For this purpose, Government must prepare a suitable methodology for the assessment of these resources; (ii) utilization of natural resources in order to generate the maximum possible financial and economic income; and (iii) rational utilization of resources through maximum protection of environment. The latter requires the observance of European permissible norms on pollution of environment through the use of commercially proved and advanced technologies and recultivation of environment, in its elementary conditions, after the utilization of natural resource.
Private investments in the mining sector will be attracted through processes of open competition, transparency and non-discrimination. The aim of Government of Kosovo is to ensure the maximum possible investments and income from the use of natural resources. Government will aim at sharing the risks/profits related to international market fluctuations, with private investors, with whom partnerships on the use of natural resources will be established. Meanwhile, Government will engage on renegotiation of any contract concluded earlier, which is not beneficial for Kosovo.

In order to enable the implementation of policies presented above, Government will draft the Law on Concessions. Government will also review the possibility of more suitable institutional arrangement for the achievement and implementation of concession and public-private partnership agreements.

Government will aim at balancing the price of natural resources or the product processed from natural resources with prices in respective international markets whenever that is possible.

Institutional and human resources development on energy and mining sector will be one of the objectives of the Government in order to ensure a proper management of these sectors in the future.

Government of Kosovo will share a part of revenues from the use of natural resources for the local community, wherefrom the natural resource are drawn. These revenues will be used for the development and employment at municipal level, thus ensuring the acceptance and support of local communities for respective public-private partnerships.

3.1.3 Transport and Communications
3.1.2.1 Road Infrastructure

Taking into account the difficult state in road and railway infrastructure as well as taking into consideration the importance of communications’ services, Government of Kosovo aims at improving this infrastructure in compliance with European standards in order to become the carriers of economic development. A developed infrastructure will support Kosovo in becoming part of regional and European integrations.

With an aim of building this infrastructure and connection and inter-operationalisation of national networks with regional and Trans-European ones, in compliance with multi-modal transport development policies, investments on national, geopolitical and geostrategy interest should be made.

These investments should be oriented at:

- Construction of highways R6 and R7;
- Construction of new roads;
- Extension, rehabilitation and maintenance of existing roads;
- Co-financing with municipalities;
- Recategorisation of roads;
- Regulation of road cadastre;
- Improve traffic safety.

3.1.2.2 Railways

Railways have its advantages in the economic, energetic, ecologic and security point of view. Apart from this, railways enable easier, cheaper, faster and massive transport of people and goods. In order to become operational and to connect with the basic European networks, the system of railway transport in Republic of Kosovo, should, within this period, orient itself towards the accomplishment of these objectives:

- Draft necessary legislation and establish railway regulation bodies;
Invest in improvement and revitalisation of railway infrastructure and construction of new infrastructure;
Invest in development of railway transport services;
Increase in safety of railway traffic.

3.1.2.3 Aviation

In order to achieve a quality development of air transport as well as to provide necessary conditions for comprehensive development of Kosovo aviation, we will engage to achieve the following objectives:

- Implement the Law on Civil Aviation;
- Invest in enlargement, modernization and further development of Prishtina International Airport;
- Increase in efficiency of air operations and navigations;
- Enable the Gjakova Airport for commercial purposes and as an alternative airport for Prishtina International Airport;
- Establish the Helicopter’s Unit.

3.1.2.4 Communications

Communications is a key component for national economic activities and is vital for the establishment of international commercial relations. The communications industry comprises one of the most profitable sectors for macroeconomic indicators and serves as an accelerator in the so-called “wise economy”. At the same time, this industry serves as a “window” for businesses and individuals by enabling a rapid and global access. Also, it is the tool for the promotion of government transparency and efficiency.
Objectives set out below comprise the core of the strategy for this period and establish the foundations for the long-term development of this sector:

- Reform legislation in the area of communications;
- Assume the state code for telephony services and the national domain for internet services;
- Consolidate the telephony public operator;
- Establish order in the management of frequency scope and enumeration;
- Enhance, enhance and improve telephone, postal and internet services;
- Realise universal services.

For the accomplishment of these objectives, Government will engage to:

- Solve the status of publicly-owned enterprises, in compliance with the Legislative Strategy of Republic of Kosovo;
- Find and use special or combined forms of public and private financing;
- Harmonize legislation with EU standards;
- Cooperation with international organisations and membership into relevant international organisations; and
- Conclude bilateral and multilateral agreements with neighbouring and European countries in respective areas of transport and communications.

3.1.3 Education

Education, as an important part of any development strategy, represents a long-term investment in human resources. Human resources are complementary to physical resources and human capacity building attracts more physical capital. International experiences have shown that provision of quality education is of crucial importance for the increase in productivity with contributes to the sustainable economic development and growth. On the basis of the Declaration of Government Priorities, education is one of the priority areas of the Government of Kosovo.
Government program on education, which will be implemented during this mandate, contains the following strategic objectives and programming measures:

- Education system will serve to a society based on knowledge, economy and employment;
- Education will represent a joint cross-sectorial focus and work within the entire Government of Kosovo;
- Education will ensure comprehensiveness, equality and observance of diversity in education;
- Education will advance governance, leadership and quality and efficient management of the education system;
- Education will build sustainable education links with social and economic developments;
- Education will advance the material state of education, through the replacement of existing linear payment of teachers, with the system of positive distinctions in salaries, in compliance with licensing criteria;
- Draft policies and establish mechanisms to improve control and increase the quality in pre-university and university education as well as to build capacities for research and science.

In order to accomplish the Government program on education, science and technology, the implementation plan includes the following measures:

1. **Establish a joint education and training system:** For Government of Kosovo, the areas of education and trainings are not divided from one another and respective ministries are coordinated among themselves for the definition of education as the critical priority for economic development. Since economic growth may create employment and welfare, education will be a joint cross-sectorial focus of the Government of Kosovo. Therefore, all line ministries cooperate and act closely among themselves in the area of education and professional training, in drafting of programming orientations, allocation of budget and their implementation. The main objective is to turn Kosovo into a society of knowledge, integrated into European course, with equal opportunities for personal development of each citizen, who contribute to social and economic sustainable development. Government of Kosovo, through
its Program, aims at education policies and approaches which enable the transfer from financing to long-term education investments. Therefore, the budget allocated by the Government of Kosovo for investments in education is the biggest in comparison to previous governments.

2. A primary and secondary education for all citizens: Government Program anticipates the inclusion of youth in education processes and the completion of primary and secondary level. In order to accomplish this priority, Government aims at establishing efficient leadership and management in the education system, enrolment quality on the basis of comparative standards with developed countries, professional training and development of teachers, suitable environment for teaching and learning and sustainable links with social and economic global developments. The accomplishment of Government Program at preparatory, primary and secondary level aims to:

- Establish ten new quality institutions and mechanisms in order to implement efficient education services;
- Increase pupils’ achievements, which is expressed through national and international tests for their assessment and education institutions;
- Review curricula and textbooks at all levels of education with an aim of making our education system measurable and comparative with all the countries of the region and Europe;
- Build 300,000 m² of schooling space, by the end of government mandate, with an aim of reducing teaching into two shifts; to renovate 150,000 m² of schooling space in order to ensure quality conditions for teaching and learning;
- Equip with computers and quality internet access all schools of Kosovo with special emphasis to secondary schools;
- Train more than 27,000 teachers through appropriate training programs;
- Reform the salary and grading system in education on the basis of merit, experience and professional skills of each teacher;
- Ensure offices and laboratories for general and professional secondary schools;
- Stop school abandoning and to undertake all measures to support pupils with special needs.
3. Ensure quality in higher education (teaching, studying, academic discourse) and turn universities into high scientific research institutions: With regards to financial policies and support, Kosovo Government Program aims at supporting all carriers of high education in Kosovo in their path towards reforms in accordance with the Bologna Process, in particular the University of Prishtina as the crucial higher education institution.

The aim of the Government is to develop an efficient higher education system having a direct impact in increasing the welfare of our society and economic development through the provision of high quality scientific education and research, equal opportunities for all, in compliance with values of democracy and diversity. Implementation of Government Program with regards to higher education aims to:

- Provide and review the necessary legal framework in order to increase competencies and implementation of the law on higher education;
- Ensure greater inclusion of the new generation in the higher education, in compliance with the requirements of labour market;
- Increase the number of non-profitable public institutions and higher education institutions;
- Increase the number of branches and new programs of higher education institutions;
- Increase the number of employees from the graduates in economics of Kosovo;
- Decrease the duration and completion of higher studies;
- Establish a structure for internal and external assessment together with the accreditation of higher education institutions;
- Enhance mobility of teachers and local and international students;
- Establish institutional infrastructure for scientific work, innovation and transfer of technology;
- Establish institutes and centres for scientific research to solve problems of the society and to serve economy;
- Integrate and internationalize the higher education within the higher education European and world development processes;
• Provide more donations for higher education;
• Provide funds for scholarships for students and teachers as well as to decrease students’ living expenses;
• Enhance the space for the use of contemporary technology and laboratory equipment in studies and teaching as well as to increase the number of libraries with contemporary literature.

4. Professional education and life-long learning. Due to the long history of conflict and war in Kosovo, education was at incomparable difficult state. For this reason, Kosovo, today, as a state, has a special need for professional education, training programs and life-long learning. Investment in this form of education will enable all, younger or older, to (re) train on labour market and to increase the possibility of carrier building. Such a thing would represent a direct incentive to build quality services and production in Kosovo by having a direct impact on the general economy growth and its accelerated integration into the global and European market. Therefore, Government has set an objective that diplomas, levels and degrees awarded within the education and training system of Kosovo are oriented towards market needs and the key economy sectors. The drafting of curricula and types of qualifications will be mutually based on education, economy and industry. Education and economy will cooperate closely and a substantial part of investments will be made in these two sectors. During this governing mandate, seven professional schools at secondary level will be constructed and equipped in the main centres of Kosovo in the area of information technology, economy and business, management and trade, agriculture, health and nursery, technical profiles and construction.

3.1.4 Rule of Law and Order

In the area of rule of law, the main objectives of Government of Kosovo are, as follows:

• Complete and harmonize legislation in the area of rule of law;
• Ensure an independent and impartial judicial and prosecution system, which will make all citizens feel safe and equal;

• Professional capacity building in the Correction and Probation Services of Kosovo as well as to improve the treatment of prisoners, detainees in prisons’ system, in compliance with defined international standards and rules;

• Provide better conditions with regards to the protection and housing of victims of crimes, in general, and the victims of trafficking in particular, as well as to provide better conditions for the protection of witnesses;

• Government will engage and cooperate closely with other relevant institutions in fighting corruption and organised crime, which contributes directly to the improvement of the life of citizens and the image of Republic of Kosovo. This will make an impact on the acceleration of Kosovo’s Euro-Atlantic integration;

Ministry of Justice will engage with regards to the establishment of a special agency on execution of court decisions dealing with money, whereas other decisions shall remain within the authority of courts.

Ministry of Justice will engage to provide necessary conditions for the Special Prosecution of Republic of Kosovo, which is considered as a very important institution in fighting corruption and strengthening the rule of law.

Government of Kosovo will make maximum efforts towards professional capacity building and fighting all negative occurrences in the Correction and Probation Services, which would ensure better conditions for prisoner and detainees in the Republic of Kosovo.

Also, Government, through the Institute of Forensics and the Office on Missing Persons will undertake all measures to seek, find, offer and verify information with regards to the missing persons.
In the coming period, Government will commit itself to organise the system on provision of assistance for victims of crime, in particular domestic violence, trafficking in human beings and sexual abuse.

**In the area of public order**, Government of Kosovo aims to create a safe environment throughout the territory of Republic of Kosovo for all its citizens.

Special importance will be paid to complete the necessary legal infrastructure in compliance with the best international standards and practices, to undertake comprehensive reforms in the sector of security and order, to build human capacities within Ministry of Interior and Kosovo Police, intensify cooperation with other local and international relevant institutions in order to ensure the functioning of the entire mechanism in the area of security.

Priorities in the area of public order are, as follows:

**Maintaining Public Order**: Taking into account the sensitivity of the situation, which Kosovo is going through, as well as the fragile state of security and by implementing responsibilities deriving from its mandate, the main priority of the Government will be to maintain public order throughout the territory of Republic of Kosovo, by providing security for all its citizens, without differences.

Government is committed to extend its authority in the entire territory of Kosovo, including the provision of security for the functioning of other state institutions throughout the country.

Government will engage to: a) secure state institutions throughout the country; b) secure strategic infrastructure such as bridges, tunnels, railways, communications, water services and electric energy through the country; c) improve border control and border management; d) rapid response in emergency situations; e) strengthen early warning mechanisms; f) strengthen community police; g) ensure the freedom of movement; h) protect property etc.
Functioning of the sector of Rule of Law in Kosovo: A primary objective to this end remains the full functioning of the Council on Rule of Law as a forum where solutions to challenges faced may be found. Another concrete action is the drafting and implementation of the Law on Organisation and Functioning of Judicial Police.

Fighting Corruption, Organised Crime and Terrorism: Fighting corruption, organised crime and terrorism is on top of the agenda of Government priorities. Fighting corruption and organised crime requires political will. It is a commitment of Government of Republic of Kosovo to apply a zero tolerance policy against these occurrences. To this end, we have envisaged to undertake the following actions: a) complete the legislative framework; b) draft the Strategy against Organised Crime and Terrorism; c) draft the Strategy on Reduction of Crime; d) draft the Action Plan against Trafficking in Human Beings; e) draft the Strategy and Action Plan to Prevent Illegal Transportation and Use of Drugs; f) Draft the Strategy on Collection of Arms; g) Approve and Implement the Law on Arms.

Capacity Building and further Functioning of Kosovo Police: Further development and capacity building of Kosovo Police, on the basis of the approved Law on Police, will be conducted through investments in administrative capacities and training/specialisation of Police officers. Also, a balance between the operating independence and accountability within the Kosovo Police will be ensured.

Civil Documentation: During this mandate, Government aims to install an integrated system on civil documentation management. This project envisages installing an online electronic system of civil registration, which is integrated with the Department on Processing of Documents.

Immediately, after the completion of transition stage, Government is committed to commence with the production of personal documents such as: Passports, Identification Cards and Driving Licenses in compliance with the best international practices and standards. Government will ensure that the process is transparent, that quality documents are produced with a high level of security, which in a not very distant future would enable to negotiate the
Agreement on facilitation of visa regime with European Union to be followed afterwards with an Agreement on full liberalisation of visas with European Union Member States.

**Management of Emergency Situations:** Government will ensure the implementation of the Law on Protection from Natural Disasters and other Disasters as well as the Law on Protection from Fire. In set of its plans for the management of emergency situations, Government has envisaged the following activities: a) finalize the National Plan on Emergencies; b) evidence resources on protection and rescue as well as shelter premises at municipal level; c) evidence locations faced with risks from floods, potable water pollution and landslide; and d) strengthen inter-institutional coordination for the management of emergency situations.

### 3.1.5 Agriculture and Rural Development

Out of the total territory of Kosovo of 1.1 million hectares, 53% may be cultivated, whereas 41% are agricultural lands. Agriculture is the most important economic sector and activity, which provides the largest part of employment in the post-war Kosovo. Kosovo’s agriculture is characterized with small farms, low productivity and lack of advisory services. Agriculture contributes with approximately 25% of the Gross Domestic Products and represents 25% to 30% of the total employment, mainly in the informal sector, which comprises 16% of the total value of exports¹.

¹ Agricultural and Rural Development Plan 2007 - 2013
The general vision for agriculture and rural development in Kosovo is “To provide a balanced contribution to economy, environment, society and cultural welfare of the rural areas of Kosovo as an entirety, through effective and profitable partnership between the private sector, central and local government and local communities within the European context”.

General objectives of the Ministry of Agriculture, Forestry and Rural Development are, as follows:

- Increase in income for farmers and rural dwellers through the increase in productivity, which would have a direct impact in mitigation of poverty and improvement of standard, living and working conditions in rural areas;
- Improve the competitive ability and efficiency of primary agricultural products with an aim of decreasing imports and increasing exports;
- Improve the processing and trading of agricultural products, through efficiency and increase in competitive ability;
- Improve quality and hygiene standards in farms/factories;
- Sustainable rural development and the improvement of quality of life (including infrastructure), through the promotion of agriculture and other economic activities outside farms which are in compliance with the environment;
- Create employment possibilities in rural areas, in particular through diversification of rural activities and alignment of Kosovo’s agriculture with the EU agriculture.

The abovementioned policy objectives are in compliance with the EPAP (European Partnership Action Plan) Priorities for the agricultural sector, in particular EPP (European Partnership Priorities) 61 and 63 are related with this area.

The abovementioned objectives will be achieved through the application of measures elaborated below.
Provide professional trainings and rural and agricultural advisory services, restructure the physical potential in the agro-rural sector through land consolidation, investment in machinery and other equipment in farms will increase significantly the productivity in this field.

Increase in productivity in this sector is also supported through the management of agricultural water resources, investments in general irrigation systems (primary and secondary levels) as well as the farm level.

Improve processing and trading of agricultural products, by promoting high value products which fulfil international standards on hygiene, safety and quality of food for consumers.

Promote and label quality local products which are not harmful to the environment through the application of veterinary and phytosanitary certification standards.

Improve management of natural resources through forestation of agricultural lands with low value of agricultural production and improve biodiversity in existing forests and implementation of protection schemes “Natura 2000”.

Diversify farms and alternative activities in rural areas through promotion of initiatives and rural tourism at farms as well as village-community level.

Promote and label products of domestic origin, in order to provide incentives for the transfer from traditional production to the organic one.

Support to local communities’ development strategy, establish and functioning of Local Action Groups (LAG) and support to the preparation of the Community Areas Development Plans at the level of villages (this activity is already being implemented).

The main challenges to be addressed, as priorities by Ministry of Agriculture, Forestry and Rural Development, in the mid-term period, are:
Consolidate and protect agricultural land from illegal constructions, enlarge and repair the irrigation system, create new jobs in rural areas/diversify farms, food safety and quality control, forestation of lands that were deforested and provide incentives to agricultural production (with possibilities of subsidies in partnership with European Union and other donors).

### 3.1.6 Tax Policy and Administration

Government of Kosovo is committed to review the tax system in Kosovo with an aim of improving the competitive level in relation to countries of the region. We also commit ourselves to create a favourable environment for investments and development. We are now reviewing our fiscal policies which will enable us to assess the competitive level of Kosovo in the region, without risking the budgetary sustainability of Kosovo.

This tax system review will be conducted in circumstances, under which, neighbouring Balkan countries have oriented their efforts to attract foreign direct investments through attractive tax rates, in particular low corporation tax rates. The tax review system should take into account this fact.

At present Kosovo has a relatively simple tax system, based on uniform and comprehensive taxes. This form will be largely preserved, but since a lot of time has passed since the establishment of the existing tax system, we will work to make the tax system in line with the new economic reality.

The proposed fiscal changes will be oriented in two fronts. On one hand, tax rates will be incentives for businesses and competitive with the region, whereas on the other hand, the identified administrative problems will be reviewed.

The ultimate aim of fiscal policies is to establish a sustainable economic growth, thus our efforts will be oriented in making the tax system serve to economic efficiency. Government
will also take into account the issue of equality and administration in order for this reform to be successful. Finally, the fiscal reform will be neutral with regards to budgetary revenues, which will ensure budgetary sustainability.

3.1.7 Financial Sector

Financial system represents one of the sectors with the best development in country’s economy. In particular, the banking system of Kosovo, counting a total of seven commercial banks, is one of the best in the region, starting from the development stage up to the trust in them.

Banking sector trends show a continuous increase of deposits and loans. The market is very dynamic, which may also be noticed from the income of few new banks and the merger of few other banks lately.

However, since it represents a developing sector, the financial system in Kosovo has room for improvement. In particular, there is a widely accepted opinion that the interest rates are relatively high and not attractive for investments. The only way to achieve low interest rates is to increase competitiveness and create a safe environment for the activity of banking businesses. In this context, Government will work towards the strengthening and functioning of Courts, completion of legal framework and further strengthening of the supervisory authority of this system. This would create better operational conditions and as a result may have a positive impact in the decrease on interest rates.

On the other hand, the process of consolidation of the banking system in the future will result in new products for the benefit of businesses. At present, there are improvements to this end, but this progress is not sufficient.

However, trade liberalization and the provision of new products bring new challenges such as monitoring of financial system and avoidance of structural problems. To this end, in the years
to come, the Central Banking Authority will be strengthened in order to ensure sustainability and financial system stability through the Central Bank.

3.2 Status Implementation

On 17 February 2008, Kosovo sent a strong message to the international community that its main objective is to create a functional democratic, economically sustainable and multi-ethnic state. As declared previously in many occasions by Kosovo institutions and people, we are committed to full implementation of the status settlement. We will continue to strengthen our partnership with international community for the achievement of this objective.

Through international assistance, Kosovo is reviewing the cost of achieving and managing its new status. We are establishing new institutions at central and local level. Kosovo has already established diplomatic relations with many governments in the world and we will also establish our diplomatic presence in those countries. We are working for the establishment of the Security Force which will raise the need to transform KPC into a new professional force. We are establishing new municipalities and we are in the process of decentralising functions in order for governance to be as close as possible to the citizens.

We are fully committed to ensure highest standards for minority rights in Kosovo and most of these standards are more advanced than the standards in most western democratic countries. We want to strengthen regional integrations will all our neighbours towards our joint aim of membership into the European Union.

With regards to the status implementation settlement, special attention will be paid to: decentralisation, area of security, establishment of new institutions and minorities.

3.2.1 Decentralization
Quoting the Ahtisaari’s Document, decentralisation aims at promotion of good governance, transparency, efficiency and sustainability of public services. The Decentralisation Action Plan has been prepared on the basis of the obligations deriving from the Comprehensive Status Settlement for Kosovo (Ahtisaari’s Document, Annex III on Decentralisation, approved by the Assembly of Kosovo) and provides for the following measures:

- Establish an Inter-Ministerial Group on Decentralisation (IMGD), as the highest political body to lead the entire decentralisation process;

- Establish four working sub-groups which will carry out issues raised at the implementation stage of 5+1 new municipalities and the functioning of 3 Municipal Pilot Units which will be transformed to regular municipalities with the entry into force of the Law on Municipal Administrative Boundaries.

- Commence an information campaign on decentralisation after negotiations at government level.

### 3.2.2 Creating a safe environment in Kosovo

On the basis of Ahtisaari’s Settlement, Government of Kosovo shall establish the Kosovo Security Council, Kosovo Security Force and the Kosovo Intelligence Agency, which will ensure a greater responsibility in the area of security. The main challenge will be to establish integrated and complementary systems for one another, which will strengthen and not supersede one another.

Kosovo Security Council shall be established to draft a comprehensive security strategy. Kosovo Security Forces will be a professional and multi-ethnic force.
3.2.3 Integration of Communities and Return of Displaced Persons

Government of Kosovo is committed for a multi-ethnic society and continuously supports the integration of communities and the sustainable return of all displaced persons.

The main objectives of the Government in this area are:

1. Concrete support to the development and integration of ethnic communities;
2. Support and finance sustainable individual and organised returns;
3. Engage and coordinate activities for additional funds, apart from the Kosovo budget, for returns, development and integration of communities.

These three main objectives will be accomplished through:

1. Cooperation with local partners:
   - Central institutions, in particular ministries, whose work is linked with the competencies of Ministry of Returns and Communities;
   - Cooperation with municipalities;
   - Cooperation with non-governmental organisations;
   - Cooperation with civil society;
   - Support and initiatives for dialogue between the retuned and receiving communities;
   - Monitor the implementation of municipal plans and strategies on returns.

2. Cooperation with international partners:
   - Diplomatic missions of foreign states, which are established in Prishtina;
   - International organisations which are distinct with their contribution for communities and returns process, such as: UNMIK, UNHCR, OCR, UNDP, OEBS etc.;
   - Other international organisations

3. Donor conference and other funds from local and international institutions.
Government Platform will be oriented in projects for the development of communities and their integration into Kosovo institutions and society.

Government of Kosovo, in the coming period, apart from organised returns, will pay attention to individual returns, which is free, successful and easier to be implemented.

Government of Kosovo, during the allocation of budget for capital investments, will take into account:

- Composition of national structure of minorities;
- Geographic element;
- Urgent priorities.

### 3.2.4 Foreign Policy of Republic of Kosovo

In the area of foreign policy and international relations and cooperation, Government of Kosovo will engage to:

- Accelerate the process of international recognition of the independent and sovereign state of Kosovo;
- Deepen special relations with United States of America, EU states, neighbouring states and other countries;
- Build the Diplomatic and Consular Service of Kosovo;
- Full membership of the country into the main political, economic and financial international organisations and institutions;
- Protect the interests of citizens of Kosovo abroad;
- Promote the special identity of Kosovo.

Priority of Government of Kosovo is to complete the structure and full functioning of the Ministry of Foreign Affairs until the assuming of full competencies in this area from the international civilian presence.
Afterwards, permanent missions of Kosovo will be established in the main international organisations such as UN, EU, NATO and OSCE.

Government of Kosovo is aware of the number of laws that need to be harmonised with EU legislation as well as the volume of reforms to take place at all areas in order to accomplish criteria required by the European Union for the Stabilisation Association Process.

Another priority of permanent focus for the Government of Kosovo will be the Kosovo’s membership in NATO. Surely, this is a special challenge that requires comprehensive reforms in the areas of security and protection. However, Government of Kosovo will give priority to sign the Peace Partnership with NATO as soon as possible.

A challenge for the new state of Kosovo will be membership in UN. Government of Kosovo will recommend and implement an intensive and strong lobbying campaign in order to gain the necessary support for membership into this prestigious organisation.

According to priorities, Kosovo will sign and ratify international conventions and declarations in the following areas:

- Development of international relations;
- Minority and human rights;
- International humanitarian law;
- Protection of environment and spatial planning;
- Economy;
- International cooperation on implementation of laws and legal assistance;
- Education, heath and social issues, etc.

3.3 Good Governance
One of the priorities set by the Government of Kosovo is the further performance improvement of government institutions, especially those that deal with the collection and expenditure of public money. A clear definition of competencies and responsibilities in all fields and activities.

We have one of the best customs services in the region. All revenues and their allocation are channelled through a Treasury Single Account, with audit and reporting systems installed. However, we are aware that we have a long path before us. We are committed to continue to build on the achievements up to now and to address the weaknesses identified in the Public Expenditure Financial Review (PEFA). Fighting corruption will be among the priorities of the Kosovo Government.

We have started a Public Administration Reform process. In the weeks to come, Kosovo will begin its functional review, which goal is to improve the Kosovo government structure to offer better services to the citizens. We are also interested in programs to stop “brain drain”, and to attract individuals with senior qualifications in the public sector.

We understand well that our capacity for spending budget appropriations is low. This low capacity for expenditure is a result of many factors that have been identified in joint activities with the World Bank. We have already begun the implementation of recommendations of this study.

Within the field of good governance, the following will be in focus:

- Public Administration Reform,
- Public Financial Management,
- Fighting corruption,
- Improvement of Capital Expenditure Execution,
- Public Administration Reform.

3.3.5 Public Administration Reform
Public Administration Reform, as one of the standards for European integration, includes the following activities: a) functional review, b) completion of legal infrastructure on the Kosovo Civil Service, c) drafting a strategy on training objectives achievement, d) advancement of the payroll system, e) establishment of a modern staff management system, f) definition of essential competencies for senior staff within KCS.

Electronic governance (e-governance): to achieve this goal, we will draft and implement an electronic governance strategy. By implementing this strategy, we aim to improve the quality of government services through: a) completion of legislation in the field of information technology, b) provision of electronic services for citizens and businesses, c) establishment of a Data Center, d) operation of a government portal which would serve for transparency and efficiency of public institutions, e) enforcement of a government network and mass use of internet and intranet, f) development and application of standards on hardware and software, g) implementation of interfaces between systems applied in public administration and g) advancement of the Cadastre system and services.

Providing the necessary physical infrastructure for efficient functioning of institutions of the Republic of Kosovo. This goal will be achieved through construction of a government buildings compound. Strategic objectives of this priority are in accordance with the Public Administration Reform and as such they aim to a) take over and manage public buildings and space, which in the process of transition will be transferred by UNMIK to the Government of the Republic of Kosovo, b) adoption of the former Rilindja compound and temporary accommodation of some institutions therein, and d) reduction of expenditures in maintenance of construction compounds.

3.3.6 Public Financial Management

One of the main objectives of the Government is to maintain and further improve the current budgetary process, to increase credibility of government institutions dealing with collection
and expenditure of public money, to increase transparency and accountability of such institutions, to improve expenditure planning based on proper public policy and to further improve the auditing process and the reporting quality.

In this respect, with assistance by the World Bank, a document on Public Expenditure and Financial Responsibility Assessment (PEFA) has been prepared. The purpose of preparing this document was to enable identification of relevant fields assessed to need improvement in the future through analysis of the indicators defined through public expenditures. That is, a structured assessment of the public financial management system in Kosovo.

Generally, this report highlights the results achieved up to now with regard to management of public funds and financial responsibility, and has assessed recently that Kosovo through the Ministry of Economy and Finance has managed to establish discipline and order with regard to this field.

Whereas a number of indicators have been positively assessed, a number of such indicators still require improvement. In this respect, the MFE has prepared an action plan on improvement of indicators, in order for assessments that follow to show a higher level.

The Government of Kosovo is committed to implement the action plan prepared by MEF, which is in line with PEFA recommendations for improvement of public financial management.

3.3.7 Fighting corruption

Weaknesses highlighted by the Auditor General’s Office reports include violations of the law, such as: contract signature before commitment of funds, lack of procurement documentation, use of negotiating (non-competitive) procedures, etc. It is clear that such practices underestimate the principle of economy in the expenditure of public resources.
To eliminate such weaknesses, the Kosovo Government has started to take important steps to improve the public procurement system, through empowerment and continuous compulsory training as well as certification of procurement officers.

The government will support initiatives taken and the already developed strategy against corruption in Kosovo, and will take concrete steps to further push development of institutional and legal infrastructure, in the function of fighting corruption in all fields.

The Government will cooperate and strengthen partnership with the civil society and the media to strengthen their role in the development, implementation and monitoring of reform against corruption and increase of transparency and accountability of government bodies and non-government bodies in Kosovo.

### 3.3.8 Improvement of Capital Expenditure Execution

A low level of expenditure execution is a challenge to almost all developing countries. Kosovo is no exception. During the past years, the level of expenditure on capital investments has not been satisfactory.

Due to the fact that the Kosovo budget is based on a cash system, total elimination of under spending will be almost impossible. The budgetary system especially affects the planning of capital projects, which have to be planned in stages and certain segments for budget purposes, with the aim of matching foreseen expenditure with amounts requested and allocated in the following year. Problems will be bigger for capital projects and large, multi-year procurements.

In this respect, the Government will implement recommendations given by the MFE report on “Identified reasons for under spending in the category of capital expenditure” in 2006, as well as those given in the World Bank report on ‘Public Financial Management.”
According to such reports, some of the reasons for under spending are summarized in the following points:

- Unsatisfactory projects planning, mainly annual rather than multi-year.
- Lengthy procurement procedure terms, as well as lack of understanding of procurement procedures by the procurement officers:
- Project execution and monitoring has been weak.

We expect the expenditure rates to be stabilized and slowly grow during the following years up to achievement of a level which would be comparable to the countries in the region. However, this depends on many factors such as the level of optimism in the budgetary process, complexity of capital projects, procurement processes and performance, budget allocation between various projects, estimates on project duration, and project delays due to external factors.

Activities undertaken by government institutions:

- Lack of a long term orientation in the fiscal perspective and multi-year planning is now being addressed through preparation of the MTEF 2009-2011, while a Kosovo Planning and Development Strategy Technical Assistance Project, managed by the European Agency for Reconstruction, is assisting the main ministries in the Government of Kosovo in development of the strategic planning function, with the purpose of raising capacities for identification, planning, prioritizing and budgeting for important projects. The process also serves as a means for determining government goals towards policies, and it helps donors in their efforts to identify and support high priority investment projects.

- In the field of procurement, changes were made to the Law on Public Procurement (LPP), by shortening all terms for tendering and reducing procurement procedures from previous seven to six procedures. Further on, LPP was simplified and some functions of the Public Procurement Agency and MFE were transferred to the PPRC. Contracting authorities are given more independence in the selection of procurement procedures.
• In the field of planning, budget organizations are required to show clearly in their budget submissions whether the project they request funds for is ready for implementation, in context of having funds available; whether there are necessary commitments from donors; co-financing and proper ownership documentation; as well as if all technical specifications were compiled for procurement and other preliminary planning for the project.

• The ordering of capital projects in the PIP process will be not only on basis of priority policy, but also in the order of readiness for implementation.

To ensure stronger ex ante control of commitments requiring a procurement process through the new procurement module, as well as to provide accompanying instructions.

### 3.4 Mitigation of Poverty and Social Stability

Within a sustainable fiscal framework presented in the MTEF, Kosovo is committed to the development and analysis of options for improvement of conditions for disadvantaged persons. As mentioned before, considering the severity of the problem, this is a permanent priority in the long term. We aim to work closely with our partners in the international community for development of structural reform for improvement of such indicators.

Poverty mitigation and social welfare will be achieved by improving the quality of services in the following fields:

• Pensions and other social transfers
• Health

#### 3.4.3 Pensions and other Social Transfers
Kosovo government is committed to improve the welfare of its citizens through well designed social policy. In this context, issues related to the field of social protection shall be addressed through the following goals:

**Social assistance to poor households:** The main goal is to maintain a system of social protection, which targets all persons who cannot help themselves or their families, to which the Government through relevant institutions shall offer assistance and ensure minimum living income. The main principle of social protection is ensuring living with dignity and the services for those who need assistance.

The social protection system shall be developed in line with the following goals:

- Improvement of living conditions through social assistance for poor households in order to empower the household,
- Health care assistance and schooling of children living in poverty (exemption from payment of health services and supply with books),
- Provision of assistance and supplementary services for families and individuals, through contracting and agreements with the NGOs.

**Advancement of social services for individuals and groups with urgent needs:** In cases of failure of the family in accomplishment of obligations, the government shall engage to provide the necessary care for the individual and the family (child, adult and elderly protection).

To achieve this goal, the MLSW is committed to take the following measures:

- Protection of children with no family care through different forms of family reunion, custody, family shelter, adoption and temporary institutional shelter.
- Care for abused children as well as those physically and mentally disabled.
- Material support of persons with permanent physical and mental disability.
- Protection of family violence victims and human trafficking victims
- Devolution of authorities on provision of social services from central level to local level
Pensions system: Continuance of provision of pension payments and review of possibilities for harmonization of the food basket in accordance with current price trends, as well as payment of supplementary pension for contributors to the former pension system.

3.4.4 Health

Establishment of a sustainable financing system for the health sector as well as identification of a methodology of sustainable financing, which would enable improvement of the population health condition, is a priority in this sector. Collection and expenditure of resources will be based on a selection of modern and efficient alternatives, in accordance with the government commitment to increase health budget.

The government will be engaged to enforce the health insurance law, and will be in line with the realistic possibilities of implementation.

Possibilities will be reviewed for health professionals to be rewarded for provision of good quality health care.

The government will be engaged in the implementation of a financing methodology project, definition of the basic package of health services, specification of the cost of health services and medical procedures, which will serve the preparation of conditions for implementation of health insurance.

Main goals of the health sector are the following:

Reduction of population morbidity and mortality rates (through development of health services): With this objective, we aim to decrease the morbidity and mortality rates, through improved quality in accordance with modern standards of health services, primarily through enforcement of primary health care/family medicine as a basis of the health system.
Reorganization and operation of secondary health care and tertiary health care with the aim of better provision of health services.

**Continuous improvement of existing resource management and quality of services:** This strategic objective aims to promote health economy based management, decentralization of management and decision making, investment and budget distribution based on cost-efficiency and actual data.

Management will be based on the criterion that the concept of hospitals and other health institutions shall be as “enterprises producing health”, oriented towards better management of resources.

The decentralization of budget, human resources and investments will be performed. Resources will be used by calculating the value per cost invested with management indicators and on basis of cost-efficiency indicators.

Human capacities will be developed in the modern institution management.

Continuous development of knowledge and professional skills of all health professionals, by following contemporary trends.

**Establishment and development of a Health Information System:** A Health Information Management System will be based on the creation of health information structures, which will be able to provide data to analyze the epidemiologic situation and the health condition of the population as well as provision of data for institutions and the health system management and planning on a daily, medium term and long term basis.

Record keeping in the health system, including clinical, human resources, financial and pharmaceutical, is an essential factor for the analysis of the population health condition;
management of institutions on basis of facts and data, compilation of health policy and implementation plans.

This duty requires establishment of a computerized system for Health Information management. A comprehensive project will be drafted to implement this priority.

Creation of a unique Health Information Management System network, creation of electronic cards with patient clinical data and processing of information and evidence, is a basis on which health care protocols will be compiled.

This system will integrate the Telemedicine Center as well, which will lead processes already initiated in rationalization of service expenditures, benefits at the time of provision of consulting services, specialist education, other forms of education in health, especially Continuous Professional Development in Medicine (CPD).

In the short term, Telemedicine role will be put into effect, as a department responsible for developments, implementations and innovation in the technology of medical information, to meet the needs of a health system.

Establishment, reorganization and completion of existing infrastructure of the health system and provision of equipment in accordance with European standards: Reorganization of the health service requires a plan of distribution of health institutions in all levels of health care (Master Plan) which would include both public and private health system.

A Master Plan will provide the population with easy access to health institutions at all levels. Institutions will coordinate plans for allocation of health professionals and other resources in conformity with the Master Plan.
Hospital care will function as integrated, as a link and cooperation between tertiary care and primary health care. Institutes and other rehabilitation institutions as well as social care institutions should join this integration and coordination.

**Development of public health through expansion of health promotion programs for the maintenance and promotion of public health:** The Ministry of Health will be focused on planning policies and activities linked to public health, through preparation and implementation of health strategies and policies: monitoring, identification, correction and advancement of environmental factors which impact health; identification and fighting infective agents posing a threat to health; the need for expansion of health promotion programs for preserving and promotion of population health; development and advancement of scientific and professional research.

The government is committed to empowering the public and private health sector, within the legal framework.

**4. Other Government Policy**

**4.1 Development of the Private Sector**

Considering that the ultimate orientation of Kosovo is the European Union, supervision and organization of trade, industrial property, construction, hotels, industry, and tourism are fields of a special focus for the Government. This will require development and support of small and medium enterprises, promotion of investments and investment guarantee.

To achieve this goal, the Government of Kosovo will be engaged in the following:

- Drafting a Private Sector Development Strategy,
- Drafting a Foreign Direct Investment Promotion strategy,
- Drafting a Kosovo Tourism Development Strategy,
• Industrial Development Strategy, which will serve as a basis for Kosovo economic development,
• Entrepreneurship Learning Strategy,
• Drafting of a “Kosovo Consumer Protection Program” document.

The following actions are necessary for the achievement of above mentioned goals:

• Improvement of the legal infrastructure,
• Improvement of physical infrastructure for the development of SME-s, including industrial parks, industrial zones and business incubators,
• Entrepreneurship promotion initiative,
• Small and Medium Enterprises Map,
• Offering access to training and consulting on SME-s,
• Implementation of the European Charter of Small and Medium Enterprises,
• Stimulation of production growth with the purpose of exporting for improvement of the highly negative trade exchange balance,
• Export promotion and local producers meeting criteria in order to be competitive in the local market and international markets,
• Membership of Industrial Property Office in the WIPO (World Intellectual Property Organization) and EPO (European Patent Office),
• Completion of legal infrastructure on industrial property,
• Signature of European conventions on intellectual property,
• Signature of bilateral and multilateral industrial property agreements,
• Implementation and monitoring of CEFTA Agreement,
• Consumer protection,
• Initiation of procedures and membership in the WTO as well as other international bodies,

4.2 Local Self-Governance
The Government is committed that the future of local governance organization shall be based on the European Charter on Local Self-Governance.

In this context, we have presented the main strategic objectives below:

**Increase of Fiscal Capacity** – municipalities shall create conditions for the increase of budgetary independence, by expanding the range of own source revenues and by increasing collection rates.

**Local Governance Development Medium Term Framework and Municipal Development Strategy**, by drafting municipal development strategies, also including municipal development plans, urban development plans and urban regulatory plans.

**Local Administration Reform** shall be optimized, through a process of improvement of sustainable administrative structures, provision of joint services for some municipalities by one single service center or through outsourcing.

**Raise municipal capacities** through absorption and coordination of donor assistance to establish electronic systems and by moving local administration towards governance.

**Legislation and local governance throughout the territory of Kosovo** - Laws which regulate referendum rights, local election systems, regional and inter-border cooperation and development, legal organization of large towns, are in the legislative agenda of the MLGA. MLGA remains committed to promote local governance of a multi-ethnic character and local governance reform will cover the whole territory of Kosovo.

**Definition of authorities with regard to municipal public services** – it is considered essential to return the authorities conveyed from other institutions to municipal authorities, especially in the field of municipal services.

**4.3 Environment and Spatial Planning**
Environmental protection and spatial planning including the air, water, land, etc, has a direct impact on the economic and social development. An adverse situation has been inherited, in the field of spatial and urban planning, environment, management and protection of water resources, uncontrolled use of natural resources, uncontrolled development of industrial and business capacities, insufficient law enforcement, etc. The government will prepare a legal framework, and at implementation level, it will incorporate and enforce international norms.

The implementation of this program will bring about benefits in the quality of spatial planning, by streamlining development of infrastructure and urban and rural activities, environment protection, establishment of competent institutions, water supply systems and improvement of sewage systems as well as waste management.

The Government will encourage development of awareness campaigns, aiming for environmental protection. In addition, it will promote a rational and sustainable use of natural resources and arable land, protection of valuable areas in nature such as: national parks, natural monuments, caves, canyons, waterfalls, bifurcation, glacial lakes, etc., protection of rare and endangered plants and animals, especially endemic species, preservation and efficient management of protected areas of a high biodiversity (strict natural preserves, national parks, etc.).

The government will engage in the rehabilitation of industrial dumping sites, dangerous goods dumping sites and other dumping sites, as well as rehabilitation and repair of river beds and accumulating lakes. An expansion of the monitoring system and construction of a new air quality monitoring and hydro-meteorological operation network.

4.4 Cooperation with donors
Assistance to Kosovo will be a very important development factor. The government is committed to ensure effective use of assistance, in line with the principles which donors have already expressed their commitment on.

Government looks forward to donors using government systems and procedures for transfers and implementation, which are being set in place. This will assist capacity building and ensure Government ownership. In addition, it assists the reduction of transaction cost. Implementation should be in the hands of a relevant government entity, in close cooperation with the donor or its representative.

The government also requests donors to review other forms of support, such as support to budget sectors or direct budgetary support within the existing functional systems of public financial management and accountability. It is worth highlighting that a recent study undertaken by the Government and other external stakeholders shows that Kosovo public financial systems are no less adequate with regard to public expenditure financial accountability measures, compared to many other countries receiving direct budget support. The government will continue building capacities in their systems and invites the donors to contribute to such efforts.

For the donors to be able to provide budget support, the Government is committed to have a prepared strategy and policies, which will encourage active coordination of issues at both sector and macro levels.

### 4.5 Gender Equality

In light of the commitment of the government of Republic of Kosovo for institutional integration of the gender perspective, in light of a determination for establishment and implementation of legislation, policies, mechanisms and measures for promotion of women’s position and in light of the implementation of this process in all fields of political and social life, gender equality needs to be promoted as a precondition to functioning of democratic institutions and as a condition to European and Trans-Atlantic integration processes.
4.6 Culture, Youth and Sports

Lack of sufficient care to culture has had significant impact on dispersing of the artistic community, which is one of the least organized communities in Kosovo. Low pay (if employed) forces artists to survive by seeking work in other professions or to leave Kosovo in search for a more suitable environment for artistic career.

Lack of investments in artistic and cultural projects resulted in a decrease of public interest to consume artistic and cultural values as well as a lack of promotion of Kosovo culture abroad.

The situation of culture today raises the need for support to projects which would recover theatres, cinema, visual arts, music etc. Parallel to increase of investments in artistic activity, an awareness raising campaign should be developed, with the aim of bringing back the audience to the theatre, cinema, arts galleries, concert halls, etc.

A priority in itself will be investments in preserving and restoration of cultural heritage. In this respect, it is worth stimulating activities which cultivate preservation of tradition, national customs and rituals, which may be a valuable basis for development of rural tourism, by treating this as a source of business for the community as well.

The current situation will be addressed through the following political objectives:

Completion and additions to the Legal Infrastructure and the implementation thereof: Ministry Legal Office working with the Prime Minister’s Legal Office will be engaged in the accomplishment of the Ministry Management Legal Framework. Further to this, it will be supplemented with laws regarding the field of culture, implementation of laws approved, issuance of subsidiary legislation and instructions for efficient functioning, by always harmonizing local laws with EU principles.
Attendance to cultural heritage: Attendance to cultural heritage is a collective responsibility and an important factor for sustainable social and economic development for the country, region and beyond. The Ministry, with relevant responsible institutions, will continue systematic work in the process of preserving cultural and historical entities, development of plans and studies for their rehabilitation, management and maintenance.

Special attention in 2008 will be directed towards a program for digitalization of spiritual heritage values, working together with relevant local and international institutions.

Presentation of cultural heritage values and population awareness raising will continue in 2008. Implementation of a capital project, “Kosovo in centuries” is one of the main projects in this year being implemented by the Museum of Kosovo.

Culture Institutional Support: In the ministry organization structure, 30 institutions of culture are operating, of which 9 at central level and 21 at municipal level. The amount of funds allocated to culture in proportion to the central budget is low compared to all countries in the region; it results in highly serious limitations. The ministry will engage in support of their core activity as well as activities in the field of creating, encouragement and building of human capacities.

Capital projects such as: “Dr. Ibrahim Rugova” Theatre and Opera and the Contemporary Arts Museum are at the completion stage and will be presented to the Donor Conference, which is to be organized by the Kosovo Government.

Sports Internationalization and Infrastructure: The Sports Department has its main focus on engagements for sports internationalization to fit the new environment of international relations as well as to ensure a wider range of conditions and possibilities for Kosovo sportspeople. Institutional relationships with Federations, Clubs, the Olympic Committee and other structures have been crowned by this department through the adoption of a Law on Sports. The process of recognition of Kosovar Federations in international associations is expected to become more dynamic, which will result in financial implications.

Finalization and Implementation of Kosovo Policy and Action Plan on Youth: The young population structure in Kosovo places the Department of Youth in a very challenging
position with regard to the time and needs for development of multi-sector policy, with the aim of providing opportunities for Kosovar youth. The work of this department, with local and international NGOs now forming integral parts of it, will finalize a Kosovo Youth Action Plan.

**Cooperation at Local and International Level:** Development of intercultural dialogue in mutual terms and through integration in regional, European and wider plans, especially promotion of Kosovar cultural identity, as an immediate need, is one of the objectives of the Ministry in 2008 and beyond.

### 4.7 Census, Registration of Households and Dwellings

The Registration of population, households and dwellings, has been set as a priority due to the vital importance it holds for a multifaceted development of Kosovo. The accomplishment of this priority would enable creation of a strong statistical basis, which would significantly facilitate drafting of the country’s development policy. In this context, the following was planned a) organization of a donor conference on a general census, b) organizations of workshops as per international recommendations and preparation of procurements, c) employment of supervisors, controllers, data collectors and other field staff, d) organization of training activities for supervisors, controllers and data collectors, e) awareness campaign, production of fliers, booklets, posters and other means of information, f) printing maps on the general census, production and testing of IT application for General Census Data and g) preparation of a list of tables on the analysis of registration data.

### 4.8 Diaspora

The Republic of Kosovo has a strong and numerous Diaspora. The Diaspora; Kosovars living in other countries have not been institutionally used in an organized manner for the best of development of the country of Kosovo. Kosovars living abroad expect the Government of Kosovo to do for them what has never been done. For a better and sustainable care, there is a need to remove many obstacles, both major and minor. A primary duty of the Government in facing challenges of removing such obstacles is the creation of a sustainable government
authority which will deal with Diaspora problems, always in support of the law, possibly coming closer to EU legislation.

**Actions to be taken by the Government of Kosovo include the following:**

- Drafting a law on Diaspora and its full harmonization with other laws of the Kosovo Republic, and the implementation thereof,
- Establishment of embassies, consulates, associations for protection of Kosovars living abroad,
- Diplomatic efforts of the Kosovo Government to protect Kosovars living abroad,
- Establishment and unification of a Kosovar community abroad,
- Setting up facilities for obtaining travel documents,
- Preserving and cultivation of a cultural identity,
- Collection of data on the Kosovar Diaspora (e.g. location, connections to Kosovo, professional qualifications, businesses),
- The right to vote,
- Information dissemination to Kosovars abroad,

Human professional capacity building.