DECLARATION OF MEDIUM-TERM POLICY PRIORITIES

2014-2016

5 April 2013
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<th>Full Form</th>
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<tr>
<td>TAK</td>
<td>Tax Administration of Kosovo</td>
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<tr>
<td>ADA</td>
<td>Austrian Development Agency</td>
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<td>EU</td>
<td>European Union</td>
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<td>CB</td>
<td>Central Bank</td>
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<td>RES</td>
<td>Renewable Energy Sources</td>
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<td>CEFTA</td>
<td>Central European Free Trade Agreement</td>
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<td>DMTPP</td>
<td>Declaration of Medium-term Policy Priorities</td>
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<td>DANIDA</td>
<td>Danish International Development Agency</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>IPA</td>
<td>Instrument for Pre-Accession Assistance</td>
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<td>INTERPOL</td>
<td>International Criminal Police Organization</td>
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<td>ICO</td>
<td>International Civilian Office</td>
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<td>KEC</td>
<td>Kosovo Energy Corporation</td>
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<td>KJC</td>
<td>Kosovo Judicial Council</td>
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<tr>
<td>KFOR</td>
<td>NATO forces in Kosovo</td>
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<td>MF</td>
<td>Ministry of Finance</td>
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<td>MED</td>
<td>Ministry of Economic Development</td>
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<td>MTI</td>
<td>Ministry of Trade and Industry</td>
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<td>MEI</td>
<td>Ministry of European Integration</td>
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<td>MFA</td>
<td>Ministry of Foreign Affairs</td>
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<td>MIA</td>
<td>Ministry of Internal Affairs</td>
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<td>MPA</td>
<td>Ministry of Public Administration</td>
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<td>MLGA</td>
<td>Ministry of Local Government Administration</td>
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<td>MESP</td>
<td>Ministry of Environment and Spatial Planning</td>
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<td>MH</td>
<td>Ministry of Health</td>
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<td>MoD</td>
<td>Ministry of the Diaspora</td>
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<td>MCC</td>
<td>Ministry of Communities and Return</td>
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<td>MESHT</td>
<td>Ministry of Education, Science and Technology</td>
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<tr>
<td>MCRS</td>
<td>Ministry of Culture, Youth and Sport</td>
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<td>MJ</td>
<td>Ministry of Justice</td>
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<td>MKSF</td>
<td>Ministry of the Kosovo Security Force</td>
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<td>MAFRD</td>
<td>Ministry of Agriculture, Forestry and Rural Development</td>
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<td>MLSW</td>
<td>Ministry of Labour and Social Welfare</td>
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<tr>
<td>SAA</td>
<td>Stabilization and Association Agreement</td>
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<td>PE</td>
<td>Private Enterprise</td>
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<td>SME</td>
<td>Small and medium sized enterprise</td>
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<td>WTO</td>
<td>World Trade Organization</td>
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<td>WHO</td>
<td>World Health Organization</td>
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<td>NGO</td>
<td>Non-Governmental Organization</td>
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<td>UCCK</td>
<td>University Clinical Centre of Kosovo</td>
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<td>RAPEX</td>
<td>Rapid Alert System for non-food products</td>
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<tr>
<td>Acronym</td>
<td>Full Name</td>
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<tr>
<td>KT</td>
<td>Kosovo Telecom</td>
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<td>CAB</td>
<td>Conformity Assessment Bodies</td>
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<tr>
<td>UNICEF</td>
<td>United Nations Fund for Children</td>
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<td>USAID</td>
<td>United States Agency for International Development</td>
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INTRODUCTION

The Declaration of Medium-Term Policy Priorities defines the framework for the policies and projects which the Government of the Republic of Kosovo plans to implement during the future medium-term period 2014-2016. This document will be the key mechanism which will guide the Government in planning the Kosovo budget and orienting other budgetary resources for the forthcoming three year period. The Medium-Term Expenditure Framework 2014-2016 is the key document that connects government policies and priorities to the country’s budgetary plan.

The Declaration of Medium-Term Policy Priorities (SMPP) 2014-2016 sets out existing and new policies in key areas of the country’s development, which are related to the Government’s fiscal, economic and social objectives. This planning document was drafted by the Office of Strategic Planning under the supervision of the Steering Group for Strategic Planning and in cooperation with other ministries and institutions in the respective fields, which assisted with proposals and information about existing policies and their priorities for the period 2014-2016. The SMPP provides a clear and progressive basis for the development of the Government’s business to reach objectives set forth in the program approved in 2011.

The implementation of policy priorities set out in the SMPP for the period 2014-2016 will be conducted with budgetary resources which are covered by tax and non-tax revenues presented in the Macro-Fiscal Framework 2014-2016. The start of the implementation of the fiscal regulation, which from 2014 onwards limits Kosovo’s budgetary deficit to 2% of GDP, as well as the limited growth of total revenues in line with economic growth, requires increased prudence about including new policies within the budget framework. The budget framework includes contracted and negotiated loans with IFIs and as such is included within the presented budget ceilings.

The SMPP is a document which defines medium-term policies and sets government priorities for the medium-term period 2014-2016, and not just for 2014. The document intends to define policies that require financing from different sources, including donors, other development partners or other mixed forms of financing (PPP), which have not yet been identified or which will start within the next three years.

The SMPP also sets out policies and projects which are supported by donors and other alternative budgetary sources, like private sector financing or combined forms of financing. Policies which cannot be covered by the current forecasted budgetary framework will be an orientation for other alternative financial resources and those that are as yet unplanned.

The execution of policies set out in the Declaration on Medium-Term Policy Priorities of the Government will create conditions for the necessary reform of particular sectors, through which economic, social and institutional preconditions will be met in order to bring closer the Republic of Kosovo with the European Union, NATO and other international mechanisms.

The Declaration on Medium-Term Policy Priorities is comprised of general priorities and sectoral and sub-sectoral specific policies. The SMPP contains an annex which presents sectoral and sub-sectoral policies and projects in a table, identifying the responsible institutions.
I. GENERAL PRIORITIES

The Declaration on Medium-Term Priorities of the Government for the period 2014-2016 is summarized in these four key areas:

1. Sustainable economic growth and development;
2. Good governance and strengthening rule of law;
3. Developing human capital;
4. Improving social welfare and health.

The key priority of this Government continues to be the sustainable economic, social and institutional development of the Republic of Kosovo. The Government according to its priorities will continue to finance these sectors, within the budgetary framework for 2014-2016: public infrastructure, energy, agriculture, order and security reform, more efficient use of financial resources in education, and public administration reform as well as health and social welfare.

The financing of medium-term priorities set out in this document is expected to be done by the Kosovo Budget within the macro-fiscal framework which ensures macro-fiscal stability. In addition, it is foreseen that support will be provided for the achievement of these priorities by development partners in various ways.

The Kosovo Government has continued investing in implementation of projects that make possible the improvement of public infrastructure and will continue to treat that as a priority in the medium-term period. Priority will be given to the completion of Highway 7, continuing construction of Highway 6 (Lipjan-Hani i Elezit segment) for the next medium-term period and to continue works on expanding the national roads.

Budgetary sustainability and macro-financial stability will be the main principle and will prevail over any priority in the establishment of policies and projects. Thus, for new policies it is required to apply the principle of reprioritization within sectors and budgetary organizations during the process of budgetary planning or to find alternative sources of funding.

In order to achieve sustainable economic development, the Government of the Republic of Kosovo will focus on creating a favourable climate for domestic and foreign private investment to promote economic and industrial revitalization. The Government will also pay special attention and create attractive opportunities for investment by the Diaspora.

The agricultural sector is of special importance for improving the trade balance, reducing unemployment, improving safety of food products, protecting the environment and improving the quality of life in general. Therefore, the Government will continue to support the agricultural sector. Supporting the agricultural sector will be done by different sources of funding, including the budget, donors, credit, etc.

To support rising employment existing policies will continue that relate to the reform and modernization of public employment services, putting the focus on building physical and
methodological capacities, expanding active labour market measures, concentrating on promoting the employment of young people, people with disabilities, and women. In accordance with the IMF Letter of Good Intent a regulatory mechanism will be established by which a minimum wage will be set, in line with the relevant factors for setting a minimum wage, and the Labour Law will be reviewed in regard to aspects of women’s employment.

The Government’s other priorities include reliable and sustainable supply of high quality energy, through a competitive market integrated in a regional system and based on international standards, creating a favourable legal and regulatory environment. This will result in the reduction of subsidies for the import of electricity by continually improving KEC’s performance. In addition, it is expected to work on promotion of the sustainable use and processing of mineral resources.

**Good governance as a key priority will be achieved through** public administration reform and creating a non-political, professional, merit-based and well-managed civil service, concentrating on the modernization of the public administration, and implementation of the legislative package related to public administration reform, with particular emphasis on implementing legislation that was approved for the civil service and civil servant salaries. We will also continue to support the improvement of working conditions by increasing the space for public administration.

**Justice, order and security** will be the Government’s priority for the future medium-term period. The Security Sector policies will be based on a new Security Strategy. The Kosovo Government will continue to build the capacities of the order and security institutions by supplying the Kosovo Police with the necessary technical means and technological equipment for the exchange of information, and by continuing the initiated reforms, strengthening the capacities of the Kosovo Police, especially in areas related to fighting organized crime and corruption. The justice system will continue to enforce new legislation approved within the planned budgetary parameters and supported by external assistance.

Also, the government will continue with policies that ensure a simple tax system and allow for protection of financial stability in the public sector and further development of the private sector. The next Government priority will be raising the quality of services using information and communication technology capacities that will allow for building and developing a system in order to increase the efficient and effective collection of revenues by the TAK and Customs, as well as developing and improving mechanisms for the prevention, detection and investigation of cases of money laundering, corruption, fraud and conflict of interest, with the purpose of helping to prevent the informal economy in Kosovo and to formalize it.

Policies planned under this strategic priority **for human capital development aim to improve the quality of human resources** in order to better adapt to the demands of the labour market. Responsible for this field are: the Ministry of Education, Science and Technology, the Ministry of Labour and Social Welfare and other relevant institutions. The priority of these institutions is to ensure a quality education, which is all-inclusive and equal for all students during compulsory education as well as encouraging life-long learning. Particular focus will be given to higher education, as well as the qualitative and professional development of teachers in accordance with
the Curriculum Framework of Kosovo. The application of these policies will be done by re-prioritizing education policies within current budgetary parameters.

The priority areas through which the Government of the Republic of Kosovo intends to strengthen social cohesion and civic participation in an equal manner in the country’s public life are: social policies (social schemes, pensions, support for war invalids, martyr families and other war categories). In the medium-term plan, the Law on War Veterans of the Kosovo Liberation Army and the Law on former Political Prisoners will be implemented. Meanwhile, the implementation of health reforms is expected to ensure the improvement of health services.
II. SECTORAL PRIORITIES

1. ECONOMIC GROWTH

1.1 Trade, promoting investment and industry

The Action Plan for the implementation of the Economic Vision 2011-2014 has served as the key strategic framework for the development of private sector policies during the last medium-term period. Over the last few years, to improve the business environment in Kosovo, a series of political, legislative and administrative reforms have been undertaken. Such improvements have related mainly to simplifying the registration procedure for businesses, by eliminating requirements for licenses/work permits.

Achievements in this field have been considerable and are reflected in Kosovo’s ranking in the World Bank Doing Business Index 2013. For this purpose, through actions undertaken as a part of the policies implemented up to now, Kosovo in terms of doing business has achieved the following results:

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<th>Service</th>
<th>Rank</th>
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<tr>
<td>Investment protection</td>
<td>76</td>
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<tr>
<td>Business start-up</td>
<td>44</td>
</tr>
<tr>
<td>Construction permits</td>
<td>33</td>
</tr>
<tr>
<td>Trade</td>
<td>9</td>
</tr>
<tr>
<td>Energy</td>
<td>6</td>
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Promoting investment and export potential is one of the priorities of this sector and of the Government, and a series of conferences and business exhibitions have been organized regarding investment protection. According to last report of the Central Bank, FDI for the first and second quarter of 2012 was 86.20 million.

During 2011, two (2) agreements on investment protection were signed, and in 2012 another two agreements were signed, too. In the meanwhile, a number of agreements have been initiated and currently agreements with Albania, Montenegro, Macedonia and Croatia are close to being concluded. In addition, agreements have been initiated with Great Britain, Norway, and the United Arab Emirates and with a considerable number of other states. It is worth mentioning that the signing of agreements with EU countries was interrupted because of the entrance into force of the Lisbon Treaty. As part of its promotion of local tourism the Government is working on the Brezovica Complex.
Improving quality creates the basis for competition in the region and beyond. The quality infrastructure consists of 19 bodies certified for conformity assessment, and priority will be given to their growth and monitoring/control those existing ones. The development of capital projects such as the Business Park in Drenas with its accompanying infrastructure, construction and industry laboratories, exhibition centre, in general has progressed according to the foreseen dynamic.

The key priorities for the development of this sector are:

**Creating a favourable climate for domestic and foreign private investment**

For the promotion of economic and industrial revitalization in the medium-term period, the Government will continue to implement the reforms that have been launched to improve the business environment and to further improve the World Bank Doing Business ranking. Furthermore, the Government aims to complete the Business Park, continuing to work on business incubators and construction of economic zones. Supporting SMEs remains a key priority which is assisted by development partners and assistance in this regard is also expected in the future. On the other hand, the need of SMEs for access to funds has become a medium-term priority, and the realization of this will begin with the creation of mechanisms to guarantee loans in accordance with the debt strategy. There will be 3 and 5 strategic sectors identified by the end of 2013, and the advantage will be given to production and export, which will provide Kosovo with the basis for creating a comparative advantage, in order for Kosovo to be globally competitive.

Donor support includes two projects funded by the European Commission (by the IPA 2011 and IPA 2013), with a total shared value of 4m. Euro focused on supporting SMEs and promoting industrial property.

**Promoting investment and export**

Informational and promotional activities will continue for promoting investments, including the promotion of tourist potential and tourist products, as well as improving cooperation with other relevant states in the field of investment promotion. The Government will place special attention on attracting investment from the Kosovar Diaspora.

During the future medium-term period, a Kosovo quality brand “Kosovo Quality” will be designed, which aims to identify high quality products.

**Further development of quality infrastructure**

Activities to advance the Laboratory of Metrology will continue and by the end of 2015 the work will be done on increasing metrology supervision focusing on the metrology of gold, energy and oil. A specific objective for the period 2012 to 2015 is increasing the number of Kosovo Assessment Bodies (KAB) by 70% up to 2015. In addition, work will start on improving accreditation as well as increasing the number of transposed standards and work will also be done on their implementation.

**Safety of non-food industrial products**

This priority is expected to be realized by raising consumer awareness on effective use of a system to address complaints that is planned to be established during 2013 and by the creation of
a database in line with RAPEX for information exchange. These will create a basis for monitoring the market.

**Review of trading policies**

An important priority in order to improve the country's trade balance is the trade policy review expected to be completed by 2014 that will include the establishment of such a package, which is scalable and stimulates those that have exporting potential. By the end of 2015 the liberalization of the larger part of the market for industrial products with the EU and Turkey is planned and we will consider the possibility of concluding free trade agreements with other countries.

Also, during this period using a quantitative model the identification of priority sectors with exporting capacity is planned to be done. Additionally, the identification of 3 to 5 potential markets where Kosovar companies would be able to put their products on the market is expected to be completed.

Another objective under this priority is to address by 2015 all WTO membership requirements, which will follow-up the membership application expected to be completed during 2013.

In general, the realization of this priority will be supported, besides funds from the Kosovo budget, by Pre-Accession Instrument programs.

**1.2 Development of the Agricultural Sector**

The agricultural sector plays an important role in providing employment opportunities and consequently for income generation for residents of rural areas. As one of the most important priorities of the Government during these years, agriculture has been supported to a considerable extent by the Government with the purpose of creating an adequate rural and agricultural environment. This support is provided by direct support to farmers, agro-processing industries, irrigation infrastructure and local rural groups. In addition, work has been done in this area on harmonizing national policies the European Union's Common Agricultural Policy.

Based on the medium-term assessment of the Agriculture and Rural Development Plan 2007-13, the investment and support provided up to now is estimated to have generated 2,175 permanent new jobs and supported about 10,000 existing jobs.

Some characteristics of agriculture in Kosovo are: low production, small and non-specialized farms, lack of advisory services, etc, which directly affect competitive capacities with regard to imported products.

As a result, the Kosovo Government, through the MAFRD, for 2014-2016 has set out the following priorities:
**Increasing competitive capacities of farmers**
This priority will be done by increasing agricultural production and by farmers meeting better food quality standards. For this purpose, support for this priority is planned to continue with:

- restructuring agricultural farms,
- Restructuring the agro-processing industry
- creating markets and depots for the collection, protection and classification of agricultural products
- Intensifying measures for the rehabilitation of the irrigation system.
- Direct payments in agriculture.

The formalization of this sector will be influenced by rural development program and direct payments.

In addition, in order to achieve this priority is foreseen greater support from development partners, like: the EC through the IPA 2013, DANIDA, the World Bank, and USAID, the support of which concentrates on increasing production capacities in agriculture through grants for farmers and agro-processing enterprises, as well as building human, systemic and technological capacities of the MAFRD.

**Improving counselling services**
The training and transfer of knowledge to farmers and agro-processers are goals which are intended to be achieved through this priority, so providing training services in order to increase the skills of farmers will continue during this period with the support from development partners like the EC under IPA 2013 program.

**Sustainable use of forests and agricultural land**
The ongoing measures listed below are intended for the realization of this priority:

- Forestation of bare areas
- Creating a cadastral register of vines and the wine industry
- Continuing consolidation of services and voluntary regulation of land and the establishment of vineyards and the wine industry

MAFRD also foresees new initiatives that complement efforts toward reaching this priority. Such measures that have not been undertaken before are: maintenance of forests and protection from illegal cutting, fires, erosion, and the application of silvicultural measures in new forests.

**Development of rural communities**

This priority is planned to be realized by using local action groups. The goal is to diversify farm activities. In addition to funding from the Kosovo budget, in order to achieve this priority assistance is foreseen from projects supported by development partners, such as the Government of Germany and Government of Austria.
New policies for this priority are: development of rural tourism, creating traditional brands for agricultural products and supporting craft workshops.

**Improving food safety and food quality**

Increasing food safety continues to remain a key priority of the Kosovo Government, which is expected to be achieved through continuous measures aimed at increasing food quality. In this regard, the approximation of legislation with EU regulations and those deriving from the hygiene package remains a main goal. In addition, it is planned to raise quality and strengthen phytosanitary and veterinary controls on border crossing points and within the territory of Kosovo. Support from development partners, mainly from the EU is anticipated for these measures, through capacity building projects, funded by the IPA 2010. In addition, as part of the IPA 2011, IPA 2012 and IPA 2013 a recycling plant will be built, worth of 5 million Euro.

### 1.3 Creating opportunities for employment

One of the main challenges for Kosovar society is the high level of unemployment. Increasing employment is closely linked to developing sectors which directly affect the country’s economic development. But, development of these sectors and overall economic growth has not been sufficient to alleviate the level of unemployment in Kosovo. Employment in Kosovo in general is concentrated in trade (17%), education (13%), public administration (10%), and construction (8%), while about 10% of employees work in production (EC Progress Report 2010).

Efforts to increase the level of employment are related with the performance of the majority of Government departments and cannot be concentrated just in one institution, although the Ministry of Labour and Social Welfare bears the key responsibility for developing employment policies, where its priorities are:

**Increasing the level of employment**

To support employment growth existing policies will continue in regard to reforming and modernizing public employment services, focusing on building physical and methodological capacities, as well as creating a National Employment Service, implementing an SIMP system, extending active labour market measures focusing on stimulating youth employment, and employment of persons with disabilities, women, the long-term unemployed and communities. In addition, the Law on the Organization and Functioning of Employment Public Services will start to be implemented, building physical capacities in Regional Centres for Vocational Education and Training (RCVET) and supplying training cabinets with modern tools and equipment, strengthening public-private partnership, buying training services through a training fund and contracting training services for people with disability, ensuring quality of training – accreditation and reaccreditation of VET Centres and training program, as well as training of trainers with new methodologies according to the Kosovo Curriculum Framework, supplying RCVET with vehicles and buses for the centre in Prishtina.

New policies here include creating a vocational and education training directorate within the National Employment Service, stimulating social entrepreneurs as a tool to reduce
unemployment. In addition, in accordance with the IMF Letter of Good Intent the current level of minimum wage will be retained and the Law on Labour will be re-examined, with regard to aspects of women’s employment.

1.4 Transport

Developing the transport infrastructure is one of the key policies chosen by the Government to contribute generally to the economic growth and development of the country, by increasing the inclusion of private capital in the economy.

Parallel with improving infrastructure, it is necessary to increase road traffic security and this is now one of the strategic objectives of this sector. To realize this objective, the Ministry of Infrastructure has undertaken a series of activities and measures which are:

- Construction of many underground passageways and pavements,
- Improving horizontal and vertical signalisation,
- Implementing legal and sub-legal acts.

These activities have reduced the number of accidents in comparison with last year. Also, an important role in increasing security has been played by evaluation criteria for drivers, along with the development of relevant infrastructure. The railway network comprises 334 km of railways infrastructure. The larger part of the railway network is in a good condition. However, this sector needs new investment, especially in maintaining and modernizing the existing network. Freight transport is increased over the last few years and is expected to be increased further.

Kosovo has its Prishtina International Airport which operates with combined civilian and military services. The quality and quantity of services at the airport has increased considerably.

As part of the basic regional and international network, its objective is the extension and continuous increase of capacity of the airport, which is currently operating by granted concession (Limak-Lyon).

The key priorities for developing this sector are:

**Improving, developing and maintaining transport infrastructure**

In general, all measures for achieving this priority lead toward the goal of integrating the transport network in the Pan-European corridor, according to international standards. In this regard, our focus is on the road network where key measures for the medium term period are as follows:

- Completing Highway 7

Road transport has been and remains one of the key priorities of the Government. In this sector in 2012 the following developments took place:

- Opening to traffic of 60.4 kilometers of the Morinë-Merdare highway,
  - 25 km of the highway that belong to segments 7, 8 and 9 – will be finished by the end of 2013
- The asphalting of 32 km of regional roads
- 85 km of local roads
Continuing construction on Highway 6 – the Lipjan-Hani i Elezit Segment, for the future medium-term period.


Also, the Ministry of Infrastructure will concentrate on improving summer and winter maintenance on the national roads. In addition to the above, it is also planned to expand other measures for other modes of transport, such as railway transport through new policies for the rehabilitation of the railway line between Leshak-Hani i Elezit and the “shuttle” train linking Prishtina and the Airport.

Due to budgetary implications for the implementation of transport infrastructure projects efforts will be made to find alternative funding options, noting here the loan from the Islamic Bank for the M2 highway.

**Improving the quality of transport services and traffic safety**

The measures for this priority are expected to result in increasing traffic safety. Among others, these measures include the creation of a favourable and safe regulatory environment which will increase the quality of services in the field of transport, and the development of infrastructure requires the intensification of key activities such as road network signalisation, and enforcing traffic regulations. Also, it is planned to continue subsidizing land transport passengers depending on budgetary options for the implementation of such a policy.

New policies planned to support this priority are: the construction of a safe driving range, the construction of a driver testing facility, and the creation of a database for driving licenses, supplying the inspectorate with modern inspection equipment, securing railway crossings by installing signalisation,

**Cooperation with international organizations**

All the measures for realizing this priority lead toward the goal of Kosovo’s membership in international transport organizations. The reaching of agreements are foreseen in the fields of road transport, railway transport, membership of international railway organizations, and membership in ICAO ADR, ITF, ERTR, INTERBUS.

### 1.5 Energy, mines, telecommunications and public enterprises

One of the key priorities of the Kosovo Government will continue to be policies which contribute to economic development. To this end, work has been done to improve transmission and distribution capacities, the power supply, increasing the efficient use of mineral resources, increasing internet coverage which is currently 38% and mobile phone which covers 75% of settlements. Further commitment on improving the current situation is necessary.

Some activities to be continued:

- Concluding the privatization of KEC Distribution and Supply Network (KEDS)
- Transferring assets from KEC to the Calik-Limak operator
- Considerable investment in the Kosova A power plant
With regard to the energy sector and new capacities to produce energy from lignite, work has continued on building a new power plant, ‘Kosova e Re’. Meanwhile, there is added interest from private investors in RES projects, mostly in small hydro-power plants and wind energy, for which the Energy Regulatory Office has issued relevant authorizations. Investments in production, mining, ash landfills, wastelands, expansion and replacement of static electro-filters, hydraulic ash transport, industrial water treatment, removal of phenol and phenol waters, are some of the measures being taken to improve the environmental situation.

The project to dispose of over 20 thousand tons of dangerous material situated in the former object of the gasification plant is being implemented and it will continue throughout 2014-2016 as well as the environmental regulation of these spaces. All these projects total around 50 million Euros of investment only in the environmental sector.

The mining sector is developing according to the Mining Strategy for 2012-2025 and its implementation program for the period 2012-2014. In addition, feasibility studies have been done for the coal basin of Dukagjin and Drenica. For the purpose of protecting natural resources from uncontrolled exploitation and from pollution and environmental degradation, and allocating them for the country’s economic prosperity, a total of 11 areas were declared as a zone of special interest, which will be treated in the future as zones where rights to exploration or use will be granted through competitive procedures.

Regarding the amount of energy covering forecasted total needs, 28% of gross energy is imported in Kosovo. Petroleum derivatives, electricity and a quantity of coal are mostly imported.

With regard to PTK, after completing all procedures during 2013 the process of privatization will be finalized. According to a Government and Assembly Decision, the postal business is legally and practically separated from the telecommunications business.

*The priorities for developing this sector are:*

**Ensuring sustainable and high quality supply of energy**

Realization of this priority requires increasing participation in the competitive market integrated in the regional system and this means achieving international standards. These two goals which are set out in the strategic and planning framework for the energy sector include the planning of various actions to be implemented with the support of development partners, like the EU through IPA and KfW programs. This will result in reducing subsidies for the import of electricity parallel with continuing improvement of KEC’s performance. *Existing policies* according to the strategic and planning framework for the energy sector include various activities such as:

- Implementing the Kosova e Re power plant project, in the period 2013 -2015.
- Continuing activities for the construction of the “Zhur” hydro-power plant in the period 2013-2015;
- Continuing activities for decommissioning the “Kosova A” power plant during the period 2013-2015
• Modernizing the transmission system infrastructure, including all changes to existing sub-stations and incorporating new sub-stations in SCADA/EMS in the Dispatch Centre and Emergency Dispatch Centre;
• Promotional campaigns for the RES and EE;
• Measuring and evaluating the potential of geothermal energy in Kosovo;
• Compulsory energy audit of public buildings and other enterprises;
• Measuring and evaluating the potential of wind energy.

New policies are planned to include some of these fields: secondary regulation of the Kosovo-Albania project and a number of projects which intend to improve energy supply.

**Stimulating the sustainable use and processing of mineral resources**

Realization of this priority is foreseen in the strategic document developed and approved for this sector. Certainly, the first step is creating a favourable legal and regulatory environment which will create the basis for creating favourable conditions for the use and commercialization of mineral resources and the attraction of investment; building human and institutional capacities in the mining sector, creating a laboratory of the Kosovo Geological Institute and building its capacities; the options and ways of re-cultivating landfills and used mines, and also work will be done on enhancing production capacities at Trepça, and continuing works at the New Mine of lignite at Sibovci.

Besides this, the Ministry of Economic Development, to support this priority, foresees new actions relating to the digitalization of data in the mining sector; opening up mineral zones of special interest for exploration, interpretation of aerial geophysical data to designate potential zones for geological investigation in Kosovo, the seismic micro-zoning of Peja and Mitrovica and building production capacities in Trepça.

**Reforming and restructuring the PEs and increasing public service standards for citizens.**

During this period, work is planned for monitoring the full functionality of the new enterprise Post of Kosovo and implementing the privatization contract for PTK. It is of particular importance to improve water supply, increasing accumulating and production capacities for water supply through investment in the regional water system supported by development partners and the Government, supporting regional public companies to build technical capacities providing services through direct investment by the MED. The goal of the Government is to continually reduce subsidies for public enterprises while at the same time improving their performance.

**Stimulating the sustainable use and processing of frequency resources**

In order to achieve this priority are foreseen policies and actions that derive from the respective strategy for transferring the terrestrial television network from analogue to digital technology. The objective is to complete this transfer by the end of 2015.
2. GOOD GOVERNANCE

2.1 Public Administration

The Public Administration has continued its work to ensure the improvement of its performance at the service of the interests of citizens, as a continuous goal, and with the purpose of meeting European integration criteria. The Ministry of Public Administration, which is responsible for the coordination and management of public administration reform, intends through Public Administration Reform Strategy to ensure the more effective implementation of reforms, and building a decentralized system of EU funds. During the last medium-term period, the MPA undertook a series of actions for reform implementation and it has approved all sub-legal acts deriving from civil service legislation on Salaries of Civil Servants and State Administration, public finance management, fighting corruption, ensuring transparency and providing efficient services to citizens. In general, in recent years, work has been done to complete the strategic and legislative framework for a functional administration. Besides legislative amendments, now is required to focus the reforms on enforcing legislation and substantial reforms, and improving working conditions in the administration.

The priorities for the field of public administration are:

Creating a new apolitical, professional, merit-based and well-managed civil service

The goal of this priority is to increase the quality of services provided to citizens. To achieve this goal, the Ministry is implementing the Public Administration Reform, where the re-organization of ministries will continue, and their subordinate bodies, and the finalization of the job classification and implementation of a new system of salaries and grades. Further, technological capacity building is another policy pursued towards achieving this system through actions such as the development of information management system of human resources and capacity building in the Kosovo Civil Service according to the strategic and legal framework for public administration reform.

Establishing and managing infrastructure for accommodation of institutions

Good working conditions are another aspect of improving services and to this purpose the work is being done on a number of projects that will contribute to improve accommodation of institutions and the construction of new buildings which will make better working conditions in education, social welfare, security, and justice (for institutional needs).\(^1\)

\(^1\) Rilindja complex and renovation of Annexes B,C and D; building KIA accompanying buildings; building MKSF buildings; Palace of Justice; Protocol Centre in Blinajë; Building Correctional Centres (high security prisons) in Prishtina; building of prosecutorial buildings, PSK, DPDV in Gjilan; building prosecutorial buildings, PSK, VAAD in Ferizaj; building a detention centre in Gjilan; building a detention centre in Prishtina; renovating the former buildings of the MFS; new government complex, in Hajvali in Prishtina’s suburbs; renovating government buildings; building IKAP building; constructing Ombudsperson building; starting works on building a TAK- Customs building in Prishtina; renovation of the MFA building; KIA building construction; building shelter for victims of trafficking; Building objects for the PSK prosecution, DPDV Peja; construction and design of the two faculties in Mitrovica; accommodation of IRK-s; management of government buildings; drafting Technical Standards; property evaluation of the RILINDJA complex
Increasing the quality of services by using information and communication technology (ICT) capacities.

The main objective for the incoming period remains the establishment of an Information Society Agency. In addition, policies will continue that relate to further developing the e-Government platform. To this purpose, a series of activities are foreseen that relate to: the government telephone system (VOIP); electronic archiving of state documents, expanding the government network to all Kosovo municipalities, interoperability, operational network centres, projects for data security; building IT resources and advancing services, wireless project, etc.

2.2 Local Administration Policies

Drafting legislation, policies and supervising the functioning of local administration is done by the Ministry of Local Government Administration. Strategic documents have been drafted for this purpose, and work has been done on building human capacities and institutional development to successfully exercise their own and delegated competences. Administrative mechanisms have been developed for monitoring law enforcement, accountability and the evaluation of the quality of services provided by municipalities. Support to municipalities has continued for cross-border and inter-municipal cooperation, as well as financial support for the implementation of capital projects which directly affect local economic development in municipalities of the Republic of Kosovo. Work at the central level of government, for the local level, during the future medium-term period will be based on the Local Government Strategy 2013-2016 which is being drafted.

MLGA priorities at the local level are:

During the future medium-term period it is planned that the MLGA will focus on a functional review of the organization and functioning of local government, the inventory of municipal acts and the harmonization of the laws in force, building and developing municipal capacities, evaluating the performance of services provided by municipalities, financial support of capital financial projects for improving services and building the municipal infrastructure that affects local economic development by stimulating municipal and cross-border cooperation, developing policies to stimulate their own source revenue collection, monitoring municipal law enforcement, developing and supporting municipal capacities, as well as promoting local economic development. In addition, there are plans for the development and implementation of projects for local and regional socio-economic development, reviewing and implementing programs of cross-border cooperation (allocations 2010-2012 IPA I), drafting and implementing cross-border cooperation programs (allocations 2014-2016 IPA II), and drafting projects to advance electronic processes in municipalities based on the e-Government Strategy 2009-2015.

A new policy will be the analysis of the organization and functioning of local government, the functionalization of mechanisms for the direct participation of citizens in decision-making processes, and the functionalization of the use of ICT for the monitoring of administration activities in following municipalities: Gracanica, Kllokot, Ranillug, Partesh, MNO, Leposavic, Zveçan and Zubin Potok (installing respective ICT programs).
2.3 Anti-Corruption policies

One of the priorities of the Kosovo Government institutions is fighting corruption and corrupting practices. The Government has created a strategic framework and necessary legislation and it has established the necessary institutional structure to implement anti-corruption policies.

The Anti-Corruption Strategy was approved by the Assembly in February 2013. The Anti-Corruption Agency is the institution responsible for implementing strategy especially on raising awareness and information about anti-corruption policies, addressing reported cases, asset declaration, and preventing conflicts of interest. The Anti-Corruption Agency and other institutions will develop policies against corruption according to the Anti-Corruption Strategy and Plan.

2.4 Human Rights

Human rights as universal rights, the rights of particular groups and especially the rights of minorities receive special treatment in the Constitution of the Republic of Kosovo. Kosovo’s legislation in general has been drafted in the spirit of protecting human rights and it reflects the provisions of international law on human rights. Also, the institutional framework that ensures the reflection of Human Rights in state policies and in the implementation of this legislation is quite advanced in Kosovo. However, implementing this legislation remains a challenge for Kosovo’s institutions. In addition, the strategic framework for this field is very fragmented and requires a comprehensive and coordinated approach.

Reviewing the current structure on Human Rights at the central and local level of government will be done and it will be in harmony with the assessment that derives from the joint project of the European Union and Council of Europe on improving the protection of Human Rights in Kosovo, which started during 2012. The policy of advancing and protecting Human Rights is part of the European Integration and affects all institutions in Kosovo.

2.5 Strategic planning and public financial management

The Office of the Prime Minister, respectively the Office of Strategic Planning is responsible for the development of strategic planning system, coordination of drafting priorities and coordinating the development of strategic documents. The establishment of the Steering Group for Strategic Planning and Policy and European Integration Coordination Departments is almost completed the institutional structure at the central and ministerial level. Next steps in this direction are ensuring coherence between strategic documents, establishing a general framework for strategic development capacity building for coordination of planning process and focusing on monitoring of the implementation.

The Ministry of Finance is responsible for the management of public finances. The Ministry of Finance analyzes and provides forecast of macro-economic development, preparation of key budgetary documents, and economic and fiscal policies of the Kosovo Government. The
Ministry of Finance is continually reviewing the macro-fiscal framework in accordance with economic developments and in line with the IMF program which serves as the basis for medium-term expenditure planning and the annual budget.

The Ministry of Finance is currently working on the preparation of the Medium Term Expenditure Framework 2014-2016 as a key document linking the Government's strategic priorities and annual budget for planning and resource allocation and for three year planning of the Kosovo budget. Also, the Tax Administration of Kosovo and Kosovo Customs are conducting activities to meet priorities identified in the Strategic Development Plan 2010-2015, the Compliance Strategy 2012-2015 (TAK), and respectively the Customs Strategic Plan 2013-2015, in order to achieve the objectives identified to ensure the realization of macroeconomic and fiscal forecasts.

In general, the International Monetary Fund in 2012 issued a positive assessment on the macroeconomic performance of Kosovo, which is regarded as a successful implementation of the SMP program. The positive assessment of the SMP program has enabled the negotiation of a new Stand-By Arrangement (SBA) with this institution. As a result, the Government of Kosovo has re-established the new SBA program, which is being implemented.

*The policies related to strategic planning and public finance management are:*

**Advancing a coordinated system of strategic planning:**

The Government during the next medium-term period will continue to advance the strategic planning system and to strengthen inter-institutional coordination.

- Drafting a Kosovo Development Strategy
- Advancing strategic planning mechanisms
- Capacity building for strategic planning in the Government
- Building a system for monitoring the implementation and evaluation of strategies.

Advancing the strategic planning system will be realized with the support of the European Commission under the IPA 2013 budgetary framework of 2 million Euros.

**Advancing public finance management and maintaining the macro-fiscal sustainability**

The Government during the future medium-term period 2014-2016 will focus on the following key policies dealing with the management of public finance and macro-fiscal stability:

- The implementation of the fiscal regulation in order to maintain the budget deficit at the level of 2% of GDP
- Generation of internal budget savings
- Maintaining a sustainable level of public debt
- Maintaining a simple tax system with a gradual shift from the collection of revenue at the border to revenue collection within the country.
3. RULE OF LAW AND SECURITY

3.1 Justice

The Ministry of Justice is responsible for development of justice policies and legislation. It operates under the existing strategic and planning framework for building genuine legal architecture and the creation of higher standards for the functioning of the justice system in Kosovo. It has played a key role in coordinating activities with other institutions and other branches of government, to strengthen the rule of law in the country.

In addition, it is also working hard to increase the performance of the judiciary and implementation of new legislation in force; implementation of the new Law on Courts, the Law on the Kosovo Judicial Council and the Law on the Special Chamber of the Supreme Court. The Kosovo Judicial Council has completed and is in the process of implementing the restructuring of the courts in accordance with the law on the courts and its implementation through its sub-legal acts. The appointment of the judges to the Supreme Court, Special Chamber, Court of Appeal, and the Basic Courts and their branches, has been accomplished. The KJC is currently implementing a national strategy for old cases collected and the timely resolution of all cases registered in the Kosovo courts. The structuring of all civil servants of the judicial administration has been done in accordance with the Law on the Courts. Investment has continued in the legal infrastructure with the Basic Court building constructed in Gjilan, and the construction of a Basic Court in Ferizaj-Shtërpace branch is ongoing.

Starting from this year, the Ministry of Justice will begin to implement some projects acquired through the IPA Program 2011, 2012 and 2013. These projects will help the ministry enormously in meeting its objectives envisaged by the Strategic Development Plan by 2016, and will bring the ministry closer to European standards.

The projects expected to begin later this year and which will be completed by the end of 2016 are: building and strengthening capacities in the Agency for the Management of Seized or Confiscated Assets, the strengthening of capacities in the Department of International Legal Cooperation in the Ministry of Justice; the improvement of the application of criminal sanctions, capacity building in CSK and KPS; strengthening and modernizing forensic services at the Department of Forensic Medicine including operations for missing persons in Kosovo. Improving and harmonizing legislation and eliminating the incompatibility of laws; supporting property issues and the drafting of the Civil Code; supporting the reform of Justice for Children in Kosovo.

The priorities in which the Government plays a role, regarding policy making and legislation, and support of labour reforms in the justice sector are:
Creating and promoting a legal and institutional framework for the rule of law and order in accordance with the priorities that emerge from the process of European integration

Work will continue on completing the legal framework, facilitating the work of the judiciary through the functioning of a notary system, advocacy, mediation, bankruptcy administrators and private bailiffs, fighting and preventing crime and the eventual abuse with income generated from crime activities, through the administration of seized property or confiscation which generates huge profits, improving the harmonization of legislation and eliminating the collision of laws.

As a new policies are the support to the property issues and the creation of a State Advocacy.

The European Commission will support this priority through a number of projects included in the framework of the IPA programs for 2011, 2012 and 2013. The value of these projects amounts to about 5 million Euro. This section will be further supported in the framework of programs in the New EU Instrument of Pre-Accession (IPA 2).

Further advancement of the system of international legal assistance and cooperation

Existing policies are: the establishment of safer conditions for staff and provision of adequate equipment for reliable storage of dossiers, and sensitive cases, professional capacity building of staff in the MJ and of judges and prosecutors, and the completion of the legal framework regarding the field of international legal cooperation.

This priority will be supported by the EU with projects for the capacity building of judicial staff and international legal cooperation. The projects are conducted as technical assistance and valued at over 3 million Euro.

Ensuring preconditions and efficient administration of the criminal sanction enforcement system

We will continue building new infrastructural capacities in the Correction and Probation Service of Kosovo, and reconstruction of existing ones, enhancing professional capacities of correction and probation staff and undertaking measures for the re-socialization of prisoners, the establishment of special institutions for the execution of educational measures for juveniles in accordance with the Code of Juvenile Justice, institutional capacity building in the KPS in the area of the supervision of convicted persons with ASM and those who are on parole.

A new project will be putting into function a High Security Prison and two new detention centres (in Prishtina and Gjilan) and the application of an electronic surveillance system for those convicted as well as the functioning of a facility for juveniles with educational measures. Whereas, in forensics, in addition to capacity building, is also necessary to establish DNA laboratory in order to address the civil cases.

The correction and probation service will be supported by the EU through support for the Kosovo Correction Service, improving infrastructure and professional assistance and supporting the forensics. The value of the project amounts to 10 million Euro.
The policies which are foreseen to be applied by the judicial system in order to allow for better functioning are as follows:

The development of a transparent judicial system by ensuring fully functioning of judicial reform in accordance with applicable laws

Implementation of judicial reform will continue in accordance with the Law on the Courts and the Law on the Judicial Council, training of judges and administrative staff of courts and the KJC.

It will also be supported through the IPA 2010 project for the support of the Kosovo Judicial Council and Prosecutorial Council in total of 2.2 mill. Euro, which will last until September 2014

Creating and improving the physical infrastructure of the courts in order to meet the needs arising from the reform

The construction will continue of basic courts in Ferizaj, Peja, Vushtrri, and Novo Brdo, etc., and an inventory will be provided for the palace of justice.

It is anticipated that the building of basic courts in Gjakova, Prizren and Mitrovica will be included in the budgetary framework. (These are in the MPA budget)

The development of the electronic system for managing cases and the communication and training of users of the electronic system will continue, reviewing the strategy for managing old cases, making the unit for investigation and analysis functional and capacity building for legal assistances and judicial internships

3.2 Strengthening the implementation of the law

Although some progress has been made recently, the rule of law is regarded as one of the challenges facing the Government of Kosovo. The Ministry of Internal Affairs has, as a leading government institution responsible for maintaining law and order, completed the process of restructuring and consolidation, expanding basic capacities for rule of law and public safety sectors. The Kosovo Police continues to receive competences from KFOR regarding: integrated border management, maintenance and control of the border, and securing cultural and religious monuments and

The MIA will continue working on:
- Meeting criteria for visa liberalization (reintegration and repatriation of Kosovo citizens);
- Supplying citizens with personal-biometric documents;
- Clarifying the functioning between executive central planning agencies, monitoring, coordination and operational functioning between executive agencies.
buildings.

The forensic laboratory operating within the Kosovo Police in 2011 provided many various forensic services in around 1,000 experiments. To implement the law in force the Ministry of Internal Affairs has worked continually to increase efficient and successful management of emergency situations. As a result, the MIA is working intensively on the systematization of all regional and municipal emergency units under the structure of the MIA.

*The key priorities for internal affairs are:*

**Fighting and preventing crime and protecting the life of citizens and their property**

Capacities and skills are of great importance in the realization of this priority, thus we will continue with the policy of capacity building in these areas:

- Fighting money laundering;
- Investigating the narcotics;
- Fighting corruption, organized crime and terrorism;
- Extending the intelligence system at all levels;
- Building necessary capacities for legal surveillance of telecommunications;
- Road traffic safety;
- Security of critical buildings/infrastructure.

*It is planned that new policies will focus on:*

- Integrated system of police data,
- Combating cyber crime,
- Membership of INTERPOL and SELEC,
- Capacity building for the higher education certification in the important areas for security;
- Police equipment for special needs, special equipment, special vehicles;
- Creation of digital radio communication system;
- Observation and investigation of serious crimes and approaches to combating cyber crime;

The project is supported by the IPA 2010 for the implementation of the security based on intelligent recognition in total of 1.1 million Euro.

**Supervision, control and border management**

In addition to existing policies on activities of borderline control, control of movement and residence of foreigners, combating and preventing cross-border criminal activities, enhancing police cooperation with neighbouring countries, the work will also continue on the creation of joint cross-border points with neighbouring countries and integrated border management, strategic cooperation with FRONTEX, the twinning project for integrated border management and the fight against drug trafficking with a duration of 30 months (2012-2015).
The project is supported by the IPA 2011 for Integrated Border Management and the fight against drug trafficking amounted to 2 million Euro and it will last until August 2015.

*Manging migration and asylum issues*

The application of a visa regime will continue to be applied for third countries, and new projects include the construction and functioning of the Centre for Foreigners, MARRI membership, and the initiation of readmission agreements with countries of origin of the asylum seekers.

*The effective coordination and proper implementation of the readmission and reintegration process*

The negotiation and drafting of bilateral readmission agreements, the decentralization of powers in the reintegration process and the implementation of the obligations arising from the liberalization roadmap, are expected to continue.

This will be supported by the IPA 2012 Project on Return and Reintegration - Phase IV with a cost of 6.2 million Euro and it lasts until September 2015.

*Managing emergency situations*

We will continue with existing policies as follows:

- Building operational capabilities,
- Completion of infrastructure with necessary tools and equipment and construction of facilities for FRU,
- Supporting operations of the management of situations in case of the disturbance of public order and public unrest,
- Continuing cooperation with the European Commission IPA Program for capacity building.

New policy is planned to focus on:

- Establishment of a national centre for emergency management,
- Developing a program of exercises and assessment of emergency preparedness in the fields of general public safety, and at the fire and rescue facility at Komoran.

3.3  Defence and Security

The Ministry of the Kosovo Security Force and the Security Force has continued their development and professionalization of full operational capabilities in order to exploit to the maximum their existing capacity in order to guarantee security for the lives and property of all citizens of the Republic of Kosovo. Supporting the central institutions of the Republic of Kosovo
and the community in general has been and remains one of the strategic objectives and priorities of the MKSF.

The MKSF has continued to make progress in the development of the KSF in the field of personnel management (education inside the country and abroad, recruitment, ranks, promotions, medals and decorations); capacity building for real operations; creating model companies, creating a centre of excellence for search and rescue, deepening bilateral partnerships and signing of memorandums of understanding with countries that we have not yet reached an agreement (strengthening the bilateral partnership with the U.S., EU and regional countries, and KFOR), initiatives and key events related to security; harmonizing its strategic plans and annual objectives for fulfilling its constitutional and legal mission, aspects of training for peacekeeping operations; raising and building the values, identity and visibility of the KSF; standardizing the KSF based on NATO standards (STANAG), evaluating and measuring capacity (in 2012 in full cooperation with NATO and KFOR, 2 rounds of capacity assessment were done, respectively RPP1 and RPP2).

The government is already doing a security sector review and medium term priorities in this sector will be based on strategic and planning documents that emerge from this review. However, given that the review is not yet completed, the current framework for defence and security planning will be based on the following priorities:

**Increase the functionality of the KSF**
Work will be done to increase the operational level of the KSF, particularly the structures designated for engagement in support of operations at home and abroad, the development of the security force with integrated and fully equipped logistics, complete with well-trained personnel, self-sustaining and interacting with NATO structures and the development of advanced education and training.

**Increasing the KSF’s credibility**
Policies and activities will be implemented to enhance the image of the KSF for dealing with emergencies and protecting the population, the economy, the environment and property, implementing the strategic framework in the field of defence and security and policies to increase transparency and accountability.

**Advancing the KSF to participate in operations abroad**
The establishment, development and professionalization of the force for response abroad in peace and humanitarian operations, ensuring lasting trust-based relations in the military field between countries in the region and beyond, membership of organizations and regional initiatives and participation in commitments, training, important security exercises in the region, NATO and beyond.

4. **EUROPEAN INTEGRATION, FOREIGN POLICY AND MEMBERSHIP OF INTERNATIONAL INSTITUTIONS**
4.1 European Integration

The European Integration process has been included in the agenda of the Government of Kosovo since 2003 when the establishment of institutional mechanisms for managing this process began. Kosovo's EU integration perspective and its access to accession instruments date from the beginning of the Stabilization and Association Process. Although it has not reached a bilateral agreement with the EU for political reasons, Kosovo has so far continued to meet the criteria of integration. The greatest progress in relations between Kosovo and the EU was marked by the issuing by the EC of a roadmap for visa liberalization for Kosovo citizens in 2012 and the opening up the possibility of Kosovo and the EU formally entering into contractual relationships through a Stabilization and Association Agreement.

The Ministry of European Integration leads the process of management, coordination and monitoring of the European integration process in Kosovo, while the main priorities during the next medium-term period for the Government will be negotiating an SAA and implementing criteria arising from this agreement.

The government has prioritized the creation of a strategic approach for the management of the integration process. Coordination of external assistance and its allocation in accordance with national priorities is one of the priorities of the Government and the Ministry of European Integration. It will also continue to work on advancing integration with other organizations and regional initiatives.

4.2 Foreign Policy

The Ministry of Foreign Affairs is responsible for foreign policy. It is one of the new ministries of the Government of the Republic of Kosovo established by a special law. Therefore the MFA is in the process of its consolidation as well as consolidating foreign relations. The MFA is taking measures by creating the necessary infrastructure for capacity building for the service within the Ministry and diplomatic and consular missions abroad. The MFA currently has a staff of 103 people working in the Ministry and 100 others in diplomatic and consular missions.

Ministry has currently twenty (21) missions under its subordination, which were established in 2008, as well as fifteen (15) consular offices.

The Republic of Kosovo is formally recognized by 98 member states of the United Nations (UN). Most countries of the EU and NATO, which Kosovo aims to join, as well as three of Kosovo’s four neighbours have recognized Kosovo as a sovereign state. In addition, the Republic of Kosovo has strengthened international subjectivity by signing a large number of international agreements (over 118 agreements) in recent years. A large number of initiatives regarding new agreements are already in the process of negotiation or about to be concluded. Kosovo is thus becoming an essential part of a network of multilateral and bilateral agreements and obligations, strengthening peace and stability in the Balkans.
In terms of bilateral relations, the need to enhance bilateral contractual relations in all fields has dominated, as well as increasing diplomatic relations established with countries that have recognized Kosovo. Particular emphasis is given to continually strengthening relationships with states of global and regional importance (Strategic Partners) that support the state of Kosovo. Maintaining and promoting strategic partnerships with countries of the International Steering Group (ISG), respectively Quint states, has secured a European perspective through contractual relations (the insurance of a Feasibility Study and visa liberalization roadmap were achieved).

With regard to the membership of the Republic of Kosovo in international organizations (except for current membership), a process that is closely linked to the international recognition of Kosovo, important steps have been taken in aligning application procedures and obtaining votes (lobbying) for membership in various economic and political organizations and specialized agencies, the results of which are expected to be seen during the time period specified in this plan.

Foreign policy priorities during the next medium-term are:

**Membership of the Republic of Kosovo in international organizations**

Besides establishing a strategic framework for membership of international organizations the priority is to advance political communication with relevant international organizations, coordination of activities with partner countries for membership in international organizations, meeting criteria and applying for membership in international organizations and specialized agencies, and inter-institutional coordination on international agreements/organizations.

**Consolidating and strengthening Kosovo’s international subjectivity and improving its image**

Lobbying activities will continue in order to increase the number of recognitions, building strategic partnerships with the United States and leading EU countries, establishing diplomatic relations with countries that have recognized Kosovo, increasing the number of international agreements, participating in and organizing summits, conferences, international forums, promoting Kosovo and strengthening its image through public diplomacy, and economic and digital strategy.

**Building a strategic partnership with the EU and NATO**

To achieve this priority, effort is required to establish contractual relations towards Euro-Atlantic integration. In this regard, during this period it is planned to continue with the policies of the coordination of activities in the negotiations for a Stabilization and Association Agreement, political lobbying of EU institutions and Member States, advancing the European agenda for Kosovo, diplomatic activities for entry into the Partnership for Peace with NATO, and Kosovo’s involvement in security mechanisms.

5. **Developing human capital**
5.1 Education

During the last as well as at the present period the education continues to be a high priority of the government. During the past few years the intensifying of educational reform has continued at all levels of education as foreseen in the Kosovo Education Strategic Plan 2011-2016. The University of Peja has been established and put in function, and work has begun on preparations for the opening of the Universities of Gjilan, Mitrovica and Gjakova, and preparation of the core curriculum for all three levels of pre-university education, the legal framework is completed, the external evaluation has been successfully completed for three levels of education, and there are 100 accredited training programs; 19,154 teachers have been trained in ECDL; progress has been made to the infrastructure for minorities in the field of human rights; the promotion of the need for professional education and lifelong learning has been consolidated; school facilities has been expanded, 7 school buildings have been completed with an area of about 42,580 m²; 27 objects are ongoing with an area of about 132,400 m²; the Faculty of Education –with a surface area of 6,350 m² has been finished, the library institute with an area of about 5,000 m²; dormitory VII with an area of approximately 6,200 m²; a model school is in process with an area of about 5,300 m²; during 2012, 7 new buildings have been supplied by inventory, as well as 5 new buildings that have not yet started to be used, 4 annexes and 16 new facilities built by municipalities. 

During the 2014-2016 period the Government has defined the following priorities:

Quality, inclusive and equal education for all students

Policies aimed at the realization of this priority include the establishment of the Agency for the Curriculum, Assessment and Standards (ACES) as an advisory body of MEST, developing and supporting a Preschool Education system that encourages improved access and networking of public and private initiatives, reducing the number of shifts in schools by building new elementary and secondary schools; developing and expanding upper secondary education; strengthening leadership capacity in educational institutions through the development of training programs for school principals; building capacity for internal and external assessment of school performance in order to increase the quality of work at school level; continuing the process of curriculum development at all school levels; implementing the action plan for the inclusion of children with special education needs in pre-university education.

New policies are expected to include the following areas: increasing the number of inspectors and building their professionalism, making functional and expanding the Agency for Vocational Education and Training and Adult Education, and increasing the number of staff.

Over the medium term period, support for this priority will be provided by USAID as technical assistance worth of 7 million Euro, with the focus on education at the municipal level.

Professional development of teachers
The Kosovo Curriculum Framework will be the foundation for the realization of this priority. In this context, it is planned to continue training teachers with new teaching and learning methodologies, development and implementation of a study program for teachers and employees, namely the promotion of teacher qualifications through in-service training, monitoring and evaluation of training programs as well as coordination of activities with national and international governmental and nongovernmental organizations.

Also, it is planned to increase efforts in this direction by supporting educational institutions like the Faculty of Education and the Pedagogical Institute of Kosovo in professional development of teachers, support for municipalities with specific grants for Professional Development of Teachers (PDT), and the Teacher Qualification Advancement program (TQA) - UP, which remains to be funded over the medium term with additional budget if available.

The European Commission will support this in the framework of the IPA 2011 program with technical assistance of 2 million Euros over the years 2014-2015.

**Increasing opportunities for Vocational Education and Training**

Achieving this priority requires the continuation of work on the development of curricula for Vocational Education and Training (VET) and the implementation of the National Qualification Framework. Also, work will be done to improve access, quality and relevance of VET so it is compatible with the demands of the labour market.

This priority will be supported by the IPA 2012, where one of the activities aims at aligning education with labour market demand. The amount of the project is 2.8 million Euros, over the implementation period 2013-2016. Implementation will include a delegation agreement with the Austrian Development Agency (ADA).

**Building an efficient and effective system of managing higher education quality**

Designing and implementing effective and sustainable policies and legislation is essential to promote equal access to higher education according to the standards and trends in the region and in European countries. In this regard, the implementation of the National Science Program will continue, the reaching of bilateral agreements and ensuring scholarships for students, increasing participation and ensuring equal access to higher education, harmonization study programs with labour market needs, establishing quality standards in teaching and scientific research, providing a functional environment for teaching, study and scientific research, promoting international cooperation and mobility of personal, academic staff and students.

Also, to achieve the goal of equal and easier access to higher education, the Kosovo Government plans to make functional the Universities of Peja, Gjakova, Gjilan and Mitrovica, as well as student dormitories.

**Supporting and promoting the learning process for all**

The effective integration of ICT in the education sector, and the creation of new approaches to teaching and learning are considered key policies for the realization of this priority. In this
context, work will continue on the creation of a legal and regulatory framework for e-learning and the creation and provision of an appropriate ICT infrastructure.

Creating and providing an appropriate ICT infrastructure supported by the IPA 2013 project “IT support for Education - Phase II” will be implemented during 2014-2016 at a cost of 1.8 million Euro. The implementation will be done in the form of contract services and supplies.

This area is partially supported by the ADA, through the project "Development of professional capacities of the Faculty of Education in Prizren and Mitrovica through ICT for the period 2011-2014.”

5.2 Culture, youth and sport

In the cultural field, the Ministry of Culture, Youth and Sport during 2012-2013, has continued to support its subordinate cultural institutions, capital investments, completing legal infrastructure, subsidizing independent culture, promoting our cultural scene in major cultural events in the world and building relationships of cooperation with various countries through the signing of cooperation agreements in the field of culture.

During this period the preservation, protection and promotion of cultural heritage values has continued through emergency intervention programs in cultural heritage objects, drafting of a feasibility study for natural and cultural tourism, appraisal and inventory of an Interim Cultural Heritage List for 2012, a guideline for Integrated Conservation, as well as the implementation of a Program for Preventive Measures for 2012.

In the context of strengthening the institutional mechanisms for youth participation in the decision-making process work continued on the establishment of a Local Youth Action Council, the consolidation of the Central Council for Youth Action, and support networking and cooperation in regional and European youth activities, capacity building for youth organizations, as well as subsidizing the activities of the Central Council of Youth Action, Local Youth Action Councils, youth centres and non-governmental youth organizations. Adoption of the Strategy and Action Plan for Youth is one of the important activities carried out in this period.

In the field of sports support continued for sports infrastructure investment such as: sports halls, school sport halls and regional football stadiums. The Kosovo Olympic Committee and sports federations were subsidized with regard to their internationalization and development of activities, and work was done to popularize sport, by supporting school sports. In the context of the development of copyright, an important achievement was the adoption of the Strategy against Piracy and Counterfeiting, the adoption of the Regulation on Dispute Mediation in the field of Copyright and Related Rights and the establishment of the Task Force against Piracy and Counterfeiting.

The priorities in culture, youth and sport are:

*Supporting public institutions of culture, independent culture and promoting cultural diplomacy*
Existing policy priorities that are forecasted to continue to achieve this objective are: subsidizing cultural institutions, supporting independent culture and promoting cultural diplomacy.

**Preservation, promotion and protection of cultural heritage**

Existing policy priorities that are forecasted to continue in order to achieve this goal are: the establishment of professional standards and training, undertaking initiatives and supporting promotional activities for cultural heritage, drafting management plans of cultural heritage assets within development plans, undertaking preventive measures / emergency interventions.

**Empowerment and integration of young people in decision-making processes and policy-making**

Existing policy priorities that are planned to continue to achieve this priority are: capacity building of youth organizations, youth action councils and youth centres; supporting the municipal youth sector, networking and international cooperation.

A new priority policy foreseen for the achievement of this priority is supporting youth entrepreneurship.

**Developing and enhancing quality sport, expansion and internationalization of sports and modernizing sports infrastructure**

An existing policy priority that is expected to continue in order to achieve this priority is investment in sports infrastructure.

**Strengthening the system of copyright and related rights**

Existing policy priorities forecasted to continue further in order to achieve this objective are: the implementation of the strategy against piracy and counterfeiting, the promotion of copyright and related rights, cooperation with local intellectual property institutions and associations for the collective management of rights, membership in the World Intellectual Property Organization and the signing of international agreements.

### 6. HEALTH AND SOCIAL WELFARE

#### 6.1 Health

The Ministry of Health has continued with preparation necessary for the reform of the health system which with the organizational features of a system that reflects the post-war emergency circumstances for a long time, has not been able to respond to the challenges of the time,
resulting among other things in a loss of trust in the public health system and the departure of young experts abroad.

The first steps of health system reform have resulted in the preparation of a legislative reform package in close coordination and fully in compliance with relevant international partners such as the World Bank and the International Monetary Fund, and using the consulting services of the Office of the European Commission in Kosovo, the WHO, the OSCE, the ICO, and the UNICEF. The reform is focused on three pillars:

- Reorganizing the health system;
- Ensuring the sustainable financing of the health sector, and
- Decentralization of the management of human and professional resources in health.

Main goal of the health system reform will be the improvement of the quality and volume of health services for citizens and it will take place in two phases:

- Structural and organizational reform of the health system that started with the approval of the Law on Health in the Assembly on December 13, 2012 and;
- Reform of the health sector financing system which will begin with the adoption of the Law on Health Insurance after prior agreement with the World Bank and International Monetary Fund.

In addition to the establishment of a Chamber of Health Professionals, by a special law which was adopted at the first hearing in the Kosovo Assembly, the main structures responsible for reform are:

- The Health Financing Agency as an independent body of the Ministry of Health (the forerunner of the Public Health Insurance Fund); and,
- The University Hospital and Clinical Centre of Kosovo, as a health institution of special public importance, with a high degree of managerial and professional autonomy, that will integrate clinical and hospital services in secondary and tertiary health care, which will initially be contracted by the Health Financing Agency in the Ministry of Health and then by public and private Health Insurance agencies, at home and abroad.

The strategic goal is international accreditation of the University Hospital and Clinical Centre of Kosovo and the contracting of its services by health insurance funds (Agencies) of states of the European Union and other Western countries for Kosovars living in these countries who are insured by them.

All these reform developments in the health sector reform encompass the need for a Health Sector Strategy 2014-2020 for which a working group has been established. This document will serve as a policy and professional guide for development of the health sector with the vision to improve the health status of the population in accordance with the mission of the Ministry of Health.

Policy priorities of the Government in the medium term 2014-2016 in the health sector include the following:

*Improving management of existing human and technological resources*
Existing policies will continue which include improving the system of continuing professional development, strengthening the capacity of emergency services in Kosovo; professional capacity development in health policy and management; implementation of the institutional development plan of the MH, assessment of future human resource needs and the establishment of an educational plan; strengthening the health inspectorate and pharmaceutical inspectorate with inspectors; improving hospital health care with new specialists; improving access to primary health care in rural areas with new doctors.

New policies planned are: building an emergency centre at University Clinical Centre of Kosovo, renovation of the orthopaedics and spinal surgery clinic (UCC).

**Developing a sustainable financing system for the health sector**

Among the existing policies that the Ministry of Health is implementing are: the establishment of a health financing agency as a predecessor of the health insurance fund and building its capacities.

New planned policies include the integration of the health information system agency with the health financing Agency and the Kosovar agency for medicinal products.

**Reducing the morbidity and mortality of the general population**

The implementation of existing policies will continue, including establishing a system for quality assurance and accreditation of all health institutions, continuous improvement of expanded immunization programs, improving the implementation of family medicine services in all municipalities, implementing a national program for the prevention and control of infectious diseases, improving oral health, especially for new generations; development and implementation of the national program of nutrition, improving health care in vulnerable communities, setting up of a health association, with four orders of health professionals.

Investment is planned in the development of several new policies such as: prevention, early detection and treatment of malignant diseases through the establishment and functioning of a national oncology service that will develop programs linked to health care institutions at the primary health care level.

### 6.2 Social welfare

The Ministry of Labour and Social Welfare continues to strengthen the legal framework in the field of employment and social policy, with the aim of providing professional services according to international best practices. The high level of unemployment has affected the high number of applicants for special social protection and social assistance in Kosovo.

The government has continually provided special protection to all citizens regardless of their ethnic, religious, gender, or racial differences, from children to the elderly without family care.
Besides the assistance provided so far, recently child allowance payments have begun for selected families on social assistance, while the value of contribution based pensions has risen by 40% from 01 January 2013. Also basic pensions and disability pensions from 01 January 2013 have risen by 33.3 per cent.

Work is being done to renew agreements according to international conventions for personal invalidity insurance, just like last year when ongoing negotiations started with the competent officials of Austria, Macedonia and Montenegro to reach agreement in this area.

During 2012, the right to pensions on the DFMWI scheme was achieved for a total of 13,232 people. Also as with previous years, the rehabilitation of the invalids, veterans and families of martyrs continued in rehabilitation institutions.

Policy priorities in the field of social services provided are:

**Increase social welfare by providing support to families in the community and work towards reducing poverty in Kosovo**

The implementation of amendments to the Law on the Social Assistance Scheme will continue as well as support for poor families and the establishment of other mechanisms for a better targeting of families living in poverty, and the development of active programs for employment and vocational training, for beneficiaries of category II of the social assistance scheme.

There will be implemented a scheme supporting families who have children with disabilities aged between 1-18 years and foster care for children without parental care and abandoned children.

An integrated IT system will be made functional, computerizing data by the digitization of applications and supporting documents, for each client requiring various social services.

A program will be implemented to support shelters for the protection of victims of domestic violence and protection of victims of trafficking.

Community-based housing will be built for persons with disabilities to adults and children.

Community-based housing will be built for elderly persons without family care.

Supporting and establishing day care centres for the provision of services for children with special needs.

Supporting and establishing day care centres for the provision of services for older persons without family care.

Providing services in the home-family for the category of persons with special needs, through contracts and cooperative agreements with NGOs.
Implementing pre and post-licensing training programs for social workers, civil society organizations and other relevant actors to ensure effectiveness in the delivery of social services.

In relation to the powers of municipalities the transfer of competencies is expected for the management of community services and day services for people with disabilities and the elderly.

This area will be supported by the IPA program 2012 - "Supporting social services" to the amount of 2 million Euros, which will be implemented in the years 2013-2016.

**Supporting invalids, families of martyrs, war veterans and other categories and their inclusion and integration**

This will be achieved through a three pillar pension system, which is fair, functional, and with sustainable financial resources, and which meets the requirements of the right to social security, for all categories of pensions.

In the medium term the Law on War Veterans of the Kosovo Liberation Army and the Law for Former Political Prisoners will be implemented.

An important policy in this section is the examination of the possibility of generating savings in existing schemes after the integration of the electronic database of MLSW and TAK.

### 6.3 Protecting the living environment

The quality of the environment in Kosovo is far away from the European Union's environmental standards. There are serious problems relating to water quality, waste management, air pollution, soil pollution and loss of biodiversity, poor management of industrial waste and unsustainable exploitation of natural resources. In addition, treatment and disposal of waste is a very important issue. Air pollution is an important issue which is present especially in large cities and industrial areas. Other environmental problems are caused by unplanned development, lack of spatial planning, including urban plans, lack of topographic maps and the need for expropriation.

The priorities and policies for the development of this sector are:

**Improving the environmental situation**

Priority projects that support existing policies for environmental protection are: the construction of a facility for the temporary storage of hazardous waste; cleaning the River Lepenc from asbestos waste; improving and expanding infrastructure for the collection and management of waste. These policies are supported by: the IPA Project 2013 – for waste management; the project from the WBIF round VII - that has to do with the strengthening of waste management, and the IPA project from the 2010 Program - about institutional support for MESP for building capacities for granting permits (Twinning).
**Water Resources Management**

Priority projects that support existing policies for water management are: the regulation of the Mirusha river bed in Gjilan; the sewage system and infrastructure improvement project for the Bistrica River in Prizren, the accumulation of water/lakes in the river Ibër in Mitrovica, works on the derivative channel for the protection of the Radoniq lake from eutrophication, a feasibility study of the protection of the Ibër channel, greening and rehabilitating a portion of the industrial park in Mitrovica (around the river).

**Strengthening spatial planning, housing, construction, land management and cadastral development**

To achieve this priority, existing priority policies which will be continued are: reconstructing the cadastral register, establishing a cadastral register of underground works and facilities, and drafting an urban regulatory plan for Kosovo’s municipalities.

**Expropriation of property for purposes of public interest and dislocation of Hade village**

8. Diaspora
The Republic of Kosovo has a large Diaspora of about 800 thousand to 1 million residents or 1/3 of the population living outside the country. But because of the lack of a register of the Diaspora, precise data is missing in terms of their number and extent. According to World Bank sources around 700 million Euros are annual remittances. The Ministry of the Diaspora is responsible for government policy on the Diaspora. The Ministry, besides activities related to the Diaspora, has so far worked to complete the legal framework, and currently is developing a strategic framework to focus its efforts during the next medium-term period.

To achieve its mission, the MoD plans to focus in the medium-term on:

Policies serving the Diaspora will continue toward constant development and capacity building, supporting the maintenance of identity, organizing additional education, stimulating Diaspora investment in the country, etc.

Projects and activities in this area in the medium term are: establishing a Diaspora registry, the continuing opening of Kosovo Cultural Centres in the Diaspora, and the opening of a museum section for Diaspora and Emigrants in Kosovo at the National Museum, etc.

9. Return and communities

The Ministry of Returns and Communities is responsible for policies and activities of the Government related to return and communities. Also, the Office of Communities within the Prime Minister's Cabinet has responsibilities in this area. The Ministry of Communities and Return has designed a Returns and Communities Strategy 2009-2013 which was adopted by the
Government, and policies to create conditions for return and reintegration in Kosovo of refugees and displaced persons, developed based on this strategy.

To realize this vision, the strategy focuses on three primary goals that are, in particular, a stable community, sustainable return and reintegration of displaced persons and economic reintegration of communities. It ensures that the orientation of the strategy’s policies is to secure the existence of conditions for sustainable return, and integration into Kosovo society.

The Government or MCR is currently drafting a Returns and Communities Strategy 2014-2018. Given that this strategy is in process, the medium-term government priorities in this area are as follows:

**Sustainable return of displaced persons from Kosovo**

The building of at least 60 houses each year will continue, for returnees and the development of infrastructure projects, facilitating the return of displaced minority families, building of houses and related infrastructure and the undertaking of socio-economic measures.

**The reintegration and stabilization of communities in Kosovo**

We will continue to support the sustainable development of communities, through the development of the small economy and family business, supplying construction material to families who do not have the financial means to rebuild their homes, with policies based on the stabilization, reintegration of communities and the sustainable economic development of minority communities, the allocation of aid packages (humanitarian assistance) upon the return of IDPs (food, furniture, tools, fuel and allocation of grants), support for projects which support return, reintegration and stabilization of communities and providing grants to NGOs.

Support will be provided by the IPA 2013 project for the Return and Reintegration of Minority Communities, amounting to 3.7 million Euros and it will last until June 2015.

Construction of at least 250 is being done as a part of the IPA project, “Return and Reintegration in Kosovo IV” (RRK IV) for involved municipalities (project implementation period from 2013 to 2015) - the total amount of 6 million Euro. (2 mil. MRC, 4 mil. IPA funds).

In the framework of the IPA 2013 project “Resettlement and reintegration of RAE families in Mitrovica (Initiative for Support to RAE, Phase II)” and “Resettlement Program Support for returnees from the former Yugoslav Republic of Macedonia and the Republic of Montenegro” - total 3.7 million Euro (0:37 mil. MRC, 3.3 mil. IPA funds).