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COMMISSION DECISION

on a Multi-annual Indicative Planning Document (MIPD) 2008-2010 for Kosovo under UNSCR 1244/99

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)¹, and in particular Article 14 (2) (a) thereof,

Whereas:

- (1) Regulation (EC) No 1085/2006 creates a coherent framework for Community assistance for candidate countries and potential candidate countries. Article 6 (1) of that Regulation requires that the assistance shall be provided on the basis of multi-annual indicative planning documents established by country in close consultation with the national authorities.
- (2) In accordance with Article 6 (3) of Regulation (EC) No 1085/2006 assistance for countries listed in Annex II to that Regulation shall be based on the European Partnerships and cover the priorities and overall strategy resulting from a regular analysis of the situation in the country and on which preparation for further integration into the European Union must concentrate.
- (3) Kosovo under UNSCR 1244/99 is listed in Annex II to Regulation (EC) No 1085/2006.
- (4) The Council established on 18 February 2008 a European Partnership with Serbia including Kosovo².
- (5) This Decision is in accordance with the opinion of the IPA Committee set up under Article 14 of Regulation (EC) No 1085/2006³,

¹ OJ L 210, 31.7.2006, p.82

² Council Decision of 18 February 2008 on the principles, priorities and conditions contained in the European Partnership with Serbia including Kosovo as defined by United Nations Security Council Resolution 1244 of 10 June 1999 (OJ L80, 19.3.2008, p.46–70)

³ Recalling the Council Conclusions of 18 February 2008, Member States declare that the adoption of the MIPD 2008-2010 for Kosovo under UNSCR 1244/99 does not prejudice the position of each individual Member State on the status of Kosovo, which will be decided in accordance with their national practice and international law.

HAS DECIDED AS FOLLOWS:

Sole article

The Multi-annual Indicative Planning Document (MIPD) for the years 2008-2010 for Kosovo under UNSCR 1244/99 attached to the present Decision is hereby adopted.

Done at Brussels,

For the Commission
Member of the Commission

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Instrument for Pre-Accession Assistance (IPA)

MULTI-ANNUAL INDICATIVE PLANNING DOCUMENT
(MIPD)

2008-2010

KOSOVO (under UNSCR 1244/99)

Executive Summary

Along with the rest of the region, Kosovo is embracing the European agenda, underpinned by the EU policy for the Western Balkans, the Stabilisation and Association Process (SAP). The Commission's Enlargement Strategy Communication of November 2007 confirmed that Kosovo merited particular attention, with the EU and Member States needing to take the lead in the international community in line with the EU's crucial role in a post-status Kosovo. A report on the negotiations on Kosovo's future status under the auspices of an EU, US and Russia Troika was presented to the Secretary General of the United Nations on 10 December 2007. On 4 February 2008, the EU decided to deploy a rule of law mission (EULEX)⁴ and to appoint an EU Special Representative for Kosovo (EUSR)⁵. On 17 February 2008, the Kosovo Assembly adopted a resolution which declared Kosovo to be independent. At its meeting of 18 February, the Council took note that the resolution committed Kosovo to the principles of democracy and equality of all its citizens, the protection of the Serb and other minorities, the protection of the cultural and religious heritage and international supervision. The Council welcomed the continued presence of the international community based on UN Security Council Resolution 1244/99. The Council noted that Member States would decide on their relations with Kosovo in accordance with national practice and international law⁶. The Council asked the Commission to use community instruments to promote economic and political development and to propose to the broader region concrete measures in order to advance in the European perspective direction.

Future EC assistance should support institution building efforts, and assist economic and political development through a clear European perspective, in line with the European perspective of the region. Therefore, the major challenges for Kosovo that should be addressed by the Multi-Annual Indicative Planning Document (MIPD) are:

Political Criteria: Within the framework of the Political Criteria, EU assistance (mainly through Common Foreign and Security Policy and the Instrument for Stability, but also with IPA) should accompany the implementation of a status settlement, and complement a comprehensive EU intervention in Kosovo, including supporting the objectives of an international civilian office and the European Security and Defence Policy (ESDP) mission. EC assistance under this heading should focus in particular on support to the development of civil society, the protection of the Serb and other minorities and the rule of law in Kosovo. The Commission commissioned a comprehensive sector paper on the Rule of Law, including a needs assessment and cost estimate.

Economic Criteria: EC assistance should also be used in support of developing Kosovo's economy and improving the socio-economic environment of all communities in a sustainable way. This should require measures that can catalyse IFI and private sector investment, taking due account of the limitations the status issue imposes on such investment. At the same time, more efforts should be devoted to help the authorities develop a reform agenda that promotes fiscal sustainability, good governance of public expenditure, sound financial management and

⁴ Council Joint Action 2008/124/CFSP of 4 February 2008 on the European Union Rule of Law Mission in Kosovo.

⁵ Council Joint Action 2008/123/CFSP of 4 February 2008 appointing a European Union Special Representative in Kosovo

⁶ In this respect, the adoption of this MIPD by the Member States in the context of the IPA Committee does not prejudice the position of each individual Member State on the status of Kosovo.

knowledge society. Relevant macro-economic analyses and sector strategies to underpin these actions are currently under development or revision, notably as concerns transport, energy and education.

The European agenda: In addition to the above, EC assistance should continue to support Kosovo's European vocation and its integration into the Western Balkans region as a whole. Guided by European Partnership priorities, a gradual approximation to EC legislation in specific sectors, increased attention to the rule of law in the wider sense, and preparations for Kosovo's participation in Community programmes should be some salient features.

The indicative funding available for the period 2008 – 2010 amounts to €258.1 million for Component I (Transition Assistance and Institution Building) and Component II (Cross-Border Co-operation). The allocation for 2007-2009 was €199.1 million. The considerable increase in 2008-2010 is due to the additional allocation of €60 million to the IPA Component I in 2008 to accompany the expected challenges resulting from status resolution. Although both Components have separate allocations in the Multi-Annual Financial Framework (MIF), complementarity and synergy between actions programmed under the two Components shall be ensured.

IPA allocations for Kosovo 2008 – 2010 (in €million) earmarked in the MIF.

Component	2008	2009	2010	2008-2010
<i>Transitional Assistance and Institution Building</i>	122	63.3	64.5	249.8
<i>Cross-Border Cooperation</i> ⁷	2.7	2.8	2.8	8.3
Total	124.7	66.1	67.3	258.1

Section 1

Assessment of Strategic Priorities and Objectives

1.1 INTRODUCTION

The MIPD 2008 - 2010 is the key strategic planning document for assistance to Kosovo under the Instrument for Pre-Accession Assistance⁸ (IPA). It follows the MIF, which indicatively allocates funds per beneficiary and per component and identifies the major areas of intervention and main planning priorities for the subsequent development of annual assistance

⁷ Conditions are not in place for IPA Component II to support joint cross-border programmes between Kosovo and neighbouring countries. 2008 Component II funds will be transferred to Component I.

⁸ Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)

programmes. The MIPD covers, on a rolling basis, three years (2008-2010) of the planning period 2007-2013. The present MIPD builds on the MIPD 2007-9 and previous EC assistance (mainly the CARDS programme 1998-2006 plus IPA 2007), which addressed the most pressing reconstruction needs in Kosovo and has increasingly been focused on institution building in recent years. While the European Partnership priorities, based on the 2007 progress report, remain unchanged and only minor adjustments to the strategic objectives should therefore be proposed, important international and domestic political developments relating to Kosovo's status cannot be ignored for the MIPD to retain its relevance. This is particularly true for 2008.

Significant developments have taken place since 1999, including the establishment of the United Nations Interim Administration Mission in Kosovo, local and Kosovo wide elections and the establishment of, and the increasing transfer of responsibilities to, Kosovo's provisional institution of self-government realising the UNSCR 1244/99 prescribed aim of meaningful self-administration.

The political process to determine Kosovo's future status was launched in November 2005. Under the auspices of the UN Envoy Mr Martti Ahtisaari, talks between Pristina and Belgrade took place with particular focus on decentralisation, community rights, religious and cultural heritage and economic issues. In March 2007 Mr Ahtisaari presented a Comprehensive Proposal for the Kosovo Status Settlement. Following inconclusive discussions at the UN Security Council and a further negotiation effort led by an EU-US-Russia troika, the talks came to an end in December 2007. In its final report, the troika found that the parties had been unable to reach an agreement on the final status of Kosovo as neither party had been willing to cede its position on the fundamental question of sovereignty over Kosovo.

The international community has committed itself to guaranteeing that Kosovo will be a stable, democratic and multi ethnic society based on the rule of law and safe for all its communities. The European Union has pledged to play a bigger role in Kosovo, in line with the European Council conclusions of 14 December 2007.

On 17 February the Kosovo Assembly adopted a resolution which declared Kosovo to be independent. At its meeting of 18 February, the Council took note that the resolution committed Kosovo to the principles of democracy and equality of all its citizens, to the protection of the Serb and other minorities and of the cultural and religious heritage, as well as to international supervision.

The Council noted that Member States would decide on their relations with Kosovo, in accordance with national practice and international law. It stressed that Kosovo constitutes a *sui generis* case which does not call into question the principles of sovereignty and territorial integrity, the UN Charter and Security Council resolutions, or the Helsinki Final Act. It also welcomed the continued presence of the international community, based on UN Security Council Resolution 1244/99. The Council reiterated the EU's readiness to play a leading role in strengthening stability in the region.

Kosovo is embracing the European agenda and is determined to move closer to Europe. Almost all instruments under the Stabilisation and Association Process (SAP) are open to Kosovo. The **European Partnership**⁹ lists priorities to be addressed by Kosovo's authorities in the short and medium term.

⁹ Council Decision 2008/213/EC of 18 February 2008 on the principles, priorities and conditions contained in the European Partnership with Serbia including Kosovo as defined by United Nations

The SAP Tracking Mechanism - established by the Commission with the local and international authorities - provides a high level forum for policy and technical dialogue, complemented by technical sectoral workshops. The Commission's annual progress report has – as in the rest of the region – become an important monitoring tool to assess Kosovo's progress on an annual basis. EC assistance is an integral part of fostering Kosovo's participation in the SAP.

The MIPD has been widely consulted during its preparation. The United Nations Interim Administration Mission in Kosovo (UNMIK) and the Provisional Institutions for Self Government (PISG) were consulted as well as the international and local authorities. Comments received have been taken into account. In addition, meetings were held in Pristina, to which all Member States present were invited, and during which its priorities were presented so as to ensure complementarity with Member States' bilateral assistance plans and to avoid any duplication. Kosovo-based local and international civil society organisations were given a draft of this MIPD and an opportunity to comment on its content. Co-ordination meetings with international financing institutions and other stakeholders were also held. Finally, co-ordination between the World Bank's Washington headquarters and Brussels office takes place regularly and benefits further from the presence of the EC/WB Joint Office in Brussels. The Commission is organizing a Donors' Conference later in 2008 with the aim to help Kosovo implement its institution building plans, to promote socio-economic development for all communities and to ensure increased efficiency and effectiveness of donors' assistance to Kosovo.

1.2 OVERVIEW OF PAST AND ON-GOING ASSISTANCE (EU AND OTHER ASSISTANCE) INCLUDING LESSONS LEARNED

1.2.1 Overview of past and on-going pre-accession assistance

Community assistance to Kosovo has been provided since 1998 under a variety of instruments including regular technical assistance, humanitarian aid, exceptional financial support and financing to Pillar IV of UNMIK. Since 2000, the CARDS programme has been the main financial instrument for Kosovo, with programmes mainly implemented by the European Agency for Reconstruction.

To date, European Union assistance - including EU Member States' assistance - amounts to € 2.7 billion. Out of this figure, EC assistance accounts for over €1.9 billion. In addition, in 2006-2007 Joint Actions for the EU Planning Team Kosovo Mission provided for almost €80 million and for the International Civilian Office Planning Team more than €5 million. The financing of the rule of law mission (EULEX) and an international civilian office is on-going.

EC support to Kosovo in 1999-2007 (in € million)

CARDS and IPA support	1,249
Support to UNMIK Pillar IV	136
Exceptional financial assistance (including budgetary support)	117
Humanitarian assistance (for the period 1999-2002)	443

Security Council Resolution 1244 of 10 June 1999 and repealing Decision 2006/56/EC(OJ L 80, 19.3.2008, P. 46-70)

Total	1,945
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More detailed data on 2000-2006 CARDS and 2007 IPA support by sector is included in Annex 2.

In the post-conflict phase, an urgent physical infrastructure and stabilisation programme was initiated. This included the reconstruction of over 16,000 houses; the rehabilitation of water and sanitation systems; the irrigation of over 10,000 hectares of farm land; the repair of over 400 km of road and 16 bridges; the completion of municipal infrastructure projects; and the construction of six regional landfills to EU standards and Kosovo's first waste-water treatment plant. However, there is still a significant need for infrastructure support in Kosovo.

Major investments supported the rehabilitation of Kosovo's dilapidated energy sector. EC funds have supported emergency electricity imports and the large-scale over-haul of the Kosovo B power plant, the coalmines, transmission systems, distribution networks, and district heating plants. EC assistance also targeted management and capacity building in energy sector and assisting Kosovo's participation in the Energy Community Treaty. However, the outstanding investment needs are currently under review but would be much larger, as would be the need to support sound corporate management to ensure the viability and sustainability of the sector.

EC assistance has gradually evolved to reflect and support Kosovo's participation in the Stabilisation and Association Process, to fulfil European Partnership priorities and in support of the implementation of the UN Standards for Kosovo. In partnership with the government, UNMIK, EU Member States, IFIs and other donors, on-going assistance focuses on the strengthening of the rule of law, building the technical skills and capacity of the PISG to formulate and implement coherent policy reforms, strategies and EU-compatible legislation and to fulfil their expanding mandates. Economic development and creating sustainable jobs for Kosovo's communities and supporting the return and durable integration of minorities have been other priority areas for support.

Kosovo has also benefited from the CARDS regional programme to support actions of common interest for the Western Balkan region, for example in the fields of infrastructure, institution building, higher education (e.g. Tempus) and cross-border cooperation. However, Kosovo's possibilities and capacities to fully participate in regional programmes were limited hitherto.

The IPA Annual Programme for 2007 aimed to provide assistance to strengthen administrative capacity at all levels, enhance the rule of law, human rights and good governance, improve socio-economic conditions for all communities, and develop regional cooperation. To the extent possible, status-related uncertainties have been reflected in the programme.

1.2.2 Relevant IFI, multilateral and bilateral assistance

A number of EU Member States, IFI's, other organisations and bilateral donors are active in Kosovo. It should be noted, however, that IFI involvement in Kosovo is limited for reasons to do with the Kosovo status issue. An outline of the current main actors by area of intervention is listed below. Close coordination and division of tasks with other donors should be ensured during the IPA programming phase.

- *Institution building* (incl. public administration reform, public finance, local government): DFID/UK, Sida/Sweden, Germany, Council of Europe, OSCE, UNDP, IMF, USAID.
- *Rule of law and the security sector*: DFID/UK, France, Germany, OSCE, IOM, OHCHR, UNICEF, USAID, US Department of Justice.
- *Returns and minorities*: Germany, Italy, Spain, the Netherlands, Sweden, Council of Europe, UNHCR, UNDP, IOM, USAID, Norway.
- *Economic development* (including rural development and job creation): Sida/Sweden, KfW/Germany, GTZ/Germany, DFID/UK, EIB, EBRD, IMF, the World Bank, FAO, UNDP, USAID, Norway, Switzerland.
- *Infrastructure sectors* (incl. energy, environment, and transport): the Netherlands, KfW/Germany, GTZ/Germany, DFID/UK, EBRD, World Bank, UN Habitat USAID.
- *Social sectors* (including health, education, civil society): DFID/UK, Sida/Sweden; Germany, Austria, Finland, World Bank, Soros Foundation.
- *Cross-border cooperation*: OSCE, East- West Institute, Sida/Sweden, DFID/UK

A Donors Coordination Centre has been established under the Prime Minister's Office in Kosovo. Regular coordination meetings with EU Member States present in Kosovo are called and chaired by the EC Liaison Office (ECLO), which has taken over the role of the European Agency for Reconstruction (EAR).

The main bi-lateral cooperation partners of the EC are USAID, Germany, Switzerland, Norway, Sweden/Sida, the Netherlands and UK/DFID. Germany is supporting the development of infrastructure (especially energy and water supplies), promotion of the economy and employment, advising the PISG on the restructuring of administrative structures in the education and vocational training area and the improvement of the general economic climate. UK/DFID supports the development of social services in municipalities and civil society activities. It has also provided technical assistance in the area of cross-border cooperation and advised Kosovo's authorities on planning. Sweden/Sida is financing the "Study of the Education Sector in Kosovo" initiative, which should lead to further intervention in the sector by all relevant donors, including the EC.

UNDP projects in support of local development and the return of Roma to the northern part of Kosovo complement relevant projects under IPA 2007 covering the whole territory of Kosovo. The Commission works with the World Bank and in close cooperation with the US, and IMF to prepare a donors' conference to take place later in 2008. The World Bank has supported activities in education and health sectors.

In early November 2007, the donor and IFI community active in Kosovo were alerted to the MIPD revision process and asked to provide initial comments to the EC. In December 2007, in the frame of the IFI days and donor co-ordination days, the Commission consulted IFIs and other donors on our strategic priorities and held discussions on how to continue cooperation in the light of the Enlargement Strategy for 2007-2008. As indicated earlier, the Commission should organize a Donors' Conference later in 2008 with the aim to ensure increased efficiency and effectiveness of donors' assistance to Kosovo.

1.2.3 Lessons learned

Experience as summarised in the recent DG ELARG evaluation reports, more specifically in the evaluation report for Public Administration Reform, suggests that IPA assistance needs to consider the following **lessons learned**:

- EC assistance must be **directly linked to Kosovo's development and action plans set within a clear European perspective, in line with the European perspective of the region**, e.g. the Action Plan for the implementation of the European Partnership priorities and Kosovo's Medium-Term Expenditure Framework, including relevant sectoral strategies and plans when available.
- A precondition for efficient assistance is **co-ordination**, requiring increased efforts of Kosovo's institutions to articulate a link between their development needs and EC assistance, efficient donor consultation and improved co-operation within the PISG, under the auspices of Kosovo's IPA coordinator. Kosovo's Action Plan for the implementation of the European Partnership should specify the sub-sectors where IPA assistance can be used and how it would match with financing from other donors and Kosovo's budget. Given Kosovo's European perspective, in line with the European perspective of the region, the Donors' Conference referred to earlier should also aim to strengthen donor co-ordination.
- Increased **local ownership** of EC assistance to Kosovo is essential for its effective targeting and for achieving the agreed results in line with EU standards. Therefore, the **planning** and **project preparation** capacity of Kosovo's authorities has to be improved.
- As Kosovo moves closer to Europe and *acquis* approximation becomes increasingly important, the **administrative and financial implications of *acquis* approximation** to the Kosovo administration must be considered. The administration's **absorption capacity** must be taken into account when designing programmes in order to allow maximum benefit of assistance provided, including its capacity to develop internal evaluation mechanisms for institutional capacity assessment.
- Proper **monitoring** of programmes and projects, both by the beneficiaries and the Commission is a key requirement in order to guarantee the desired results or adapt the activities to the rapidly developing environment.

Section 2

Pre-accession Assistance Strategy for the Period 2008-2010

2.1 INTRODUCTION

In drafting this MIPD, Kosovo's general strengths, weaknesses, opportunities and threats have been considered.

EC assistance should be drawing on Kosovo's *strengths*: its young population, with its motivation linked to Kosovo's future status and integration into the region. The basic

regulatory framework for the establishment of a market economy is in place, privatisation has progressed and a Kosovo Development Strategy and Plan is being prepared. Among the *weaknesses* that must be considered: the need to fully provide all communities with the same opportunities, deficits in the respect for the rule of law, the lack of institutional capacity, high unemployment and low wages.

Kosovo must seize the *opportunities* such as natural resources with a high potential for domestic and foreign direct investment, its young population and the willingness of the European Union and the international donor community to provide financial assistance as well as facilitating regional and cross border co-operation in the context of its European perspective. However, difficult relations with Belgrade and neighbouring countries, corruption and organised crime are *threats* to the realisation of the aims of EC assistance, which need to be taken seriously.

Kosovo authorities are proceeding with an assessment of EU compatible sector reforms and financing needs with the preparation of a Medium-Term Expenditure Framework (MTEF), which should include a long-term vision, a macroeconomic framework 2008-2014, sector policies, priority projects and an action plan. This package of documents should be used by authorities as a base for further planning and programming.

2.2 STRATEGIC OBJECTIVES AND CHOICES FOR IPA ASSISTANCE OVER THE PERIOD 2008-2010

2.2.1 Strategic Objectives for IPA Assistance over the Period 2008-2010

Over the period, a further and much more substantial transfer of competences to the provisional institutions should occur. This may entail the creation of institutions that currently do not exist and setting up new administrative structures, or enhancing existing ones. A 2005 assessment of Kosovo's administrative capacity found that the foundations for a sound system of public administration had been established. However, serious weaknesses remain and Kosovo has yet to build up an administration that can match the requirements that will come with increased responsibilities. At the same time, institution building challenges in the wider context require urgent attention, including the rule of law, a competent public administration, the fight against corruption, etc.

Despite general improvements in economic regulatory frameworks, the economy's structural performance remains difficult. The World Bank's 2005 poverty assessment found that poverty remains widespread and strong growth will be needed to alleviate poverty in Kosovo. Macroeconomic stability has yet to be achieved, mainly due to the fragile fiscal policy and performance and Kosovo's unsustainable external position. The informal economy is large and unemployment remains high, also due to excessive labour costs. These costs dampen private sector development and export competitiveness.

Developing and implementing sector policies in line with European standards and requirements is a demanding effort that requires a committed and strong administration. Kosovo's current capacities need to be further enhanced to develop and implement those policies. Kosovo is also striving to ensure that it will be able to fulfil the requirements of the Stabilisation and Association Process, and realise its European vocation, alongside the rest of the Western Balkans.

As a reflection of the above, the key objectives of pre-accession assistance form the three overarching sub-components of this MIPD:

- EC assistance should accompany the realisation of political requirements and be used to support Kosovo to develop into a stable, modern, democratic and multi-ethnic society.
- EC assistance should enhance Kosovo's socio-economic development, including regional development in a sustainable way.
- EC assistance should support and accompany Kosovo's European vocation as a regionally integrated part of the whole Western Balkans region, to engage in good neighbourly relations, and to continue to participate in regional cooperation, including cross-border cooperation, in consistency with the principles of EU policy towards the region.

In view of the fast-changing environment in Kosovo with its evolving and newly developing needs, a reserve in the annual programme should be included to target unforeseen expenditure, in relation to needs arising from institution-building issues and unforeseeable needs.

All IPA activities programmed for Kosovo will be closely co-ordinated with other EC/EU sponsored activities, multi-beneficiary programmes including TAIEX, the EIDHR, the Stability Instrument and Macro-Financial Assistance, Tempus, Erasmus Mundus and Youth in action. Kosovo MIPD will finance the following activities programmed under the Multi-Beneficiary MIPD 2007-2009: Nuclear Safety and Tempus¹⁰. Activities to be financed under Components I and II should generate additionality, complementarity and have catalytic effects in particular in relation to socio-economic development. The same applies to any actions to be financed under IPA's forthcoming facilities to finance the promotion of dialogue and civil society development, and infrastructure investment.

The Commission's Liaison Office in Kosovo is staffed and fully operational as of early 2008 so as to carry out its responsibilities under centralised programme management (notably tendering and contracting) in line with the relevant articles of the Financial Regulation and Implementation Rules. The Office will also ensure the proper management of CARDS projects transferred from the European Agency for Reconstruction.

There are certain key issues which shall be reflected as horizontal objectives in all activities programmed under IPA. The major **cross cutting issues** to be tackled in Kosovo are (see Annex 4 for more detail):

- Civil society
- Environment
- Equal opportunities and non discrimination of women, minority and vulnerable groups
- Good governance

¹⁰ Erasmus Mundus and Youth in action will be financed on the regional budget line.

2.2.2 Strategic Choices for IPA Assistance over the Period 2008-2010

For 2008 – 2010, the strategic choices are reflected in the following three Axes:

Axis 1: Political Criteria

The authorities of Kosovo should be assisted by the international presence (International Civilian Representative, EU rule of law mission EULEX, International Military Presence) which has corrective, monitoring and mentoring functions. Donors will be called upon to help set up administrative structures and build local capacities. While UNMIK and Kosovo's PISG have made good progress in setting up an administrative system, starting almost from scratch in 1999, it is recognised that due to its specific history, Kosovo needs to further develop in order to establish a multi-ethnic, democratic society firmly anchored in the rule of law. EC assistance should focus on achieving this aim.

As a result, the focus under this Axis should be on the fulfilment of the EU's political criteria and consolidation of Kosovo's institutional, administrative and judicial set-up, including the fight against corruption, the protection of the Serb and other minorities and the promotion of civil society activities.

Axis 2: Economic Criteria

Sustainable stability can only be achieved if Kosovo's economy develops and offers opportunities to all communities. Support to economic growth should be another key objective for EC assistance. Major infrastructure investment needs persist, which need to be matched with enhanced corporate governance of public utilities to ensure the sound and efficient administration of taxpayers' moneys. Investment should go hand-in-hand with a rigorous reform agenda that ensures fiscal discipline and macro-economic stability.

The focus under this Axis should be on wider socio-economic issues, including fiscal and financial management, auditing and accounting procedures, improvement of the investment climate, trade opportunities, and development of the energy, environment, transport, agriculture and rural development, education and employment sectors.

Axis 3: European Standards

Kosovo's authorities have made the European agenda their lead agenda. The Thessaloniki agenda applies as much to Kosovo as it does to the rest of the region. In order to realise these ambitions, Kosovo authorities are in the process of strengthening EU integration structures, including those which enable cross-border cooperation of neighbouring communities. Good neighbourly relations between communities with different cultural, ethnic or religious backgrounds are the key for stability and peace. Borders and boundaries should not act as an impediment to the development of good neighbourly relations which are for the benefit of all the people in the region. At the same time, they should also be well secured to constitute an obstacle for cross-border organised crime activities.

The focus under this Axis should therefore be on capacity building and the approximation of legislation and flanking measures in the context of European standards as identified in the European Partnership. These include internal market issues, freedom, security and justice issues, food safety, veterinary and phytosanitary domains, statistics, media and electronic communication and the preparation for the participation in regional initiatives and Community programmes.

Component I

Transition Assistance and Institution Building

1. OBJECTIVES AND CHOICES

Axis 1: Political Criteria

Kosovo's institutions are in the final stages of preparing a comprehensive capacity building strategy and action plan. It should provide a results-focused means of developing the PISG and to identify priority areas for co-ordinated donor involvement. Kosovo's institutions are also preparing a public administration reform strategy plan. However, Kosovo's governance structures still require institution building and infrastructure support at all levels, which should acquire additional importance in light of their responsibilities to ensure the multi-ethnic society with respect of the rule of law.

Another important challenge for the Kosovo institutions will be to effectively implement and enforce a coherent and inter-connected body of EU compatible legislation, whilst fully taking into account the budgetary and resource implications on the government expenditure. The issue of decentralisation and strengthening local governance will require particular attention as a development aim to enhance the delivery of services to the population at large. The preparation of a housing and population census should be pursued to provide much needed statistical data in support of decentralisation issues and public and economic policy development.

Meanwhile, the rule of law has yet to firmly take hold in Kosovo, both in the public mind and in the newly created structures, such as the Ministries of Justice and Interior. The judiciary remains weak and struggles to deal with important backlogs, while operating under difficult conditions. In December 2005, UNMIK established the ministry of justice, the ministry of internal affairs and the Kosovo judicial council and set out the framework and guiding principles of the Kosovo police service. Within the framework of preparations for the Donors' Conference, the Commission has commissioned a comprehensive sector paper on the Rule Law, including a needs assessment and cost estimate.

The strategic framework on communities and returns launched in July 2005 identifies three priority areas: the promotion of safety and freedom of movement; the creation of sustainable conditions for returns; and the enhancement of institutional support for returns. In June 2006, the Republic of Serbia, UNMIK and the PISG signed a protocol on returns, reiterating the parties' commitment to a sustainable returns process. The challenge is now to ensure that the conditions and representation in public institutions of all minority communities living in Kosovo provide assurances for the return of IDP-s and refugees to take place.

Civil society in general has yet to find a way of more meaningfully contributing to, and be heard in, the questions and issues important to the wider public.

On the basis the above, the following priorities, which were first set for the MIPD 2007-9, have been maintained for Axis 1:

- Supporting **the implementation of the status settlement** and related requirements and institution building needs should be reflected in future IPA programming.
- Improving **the performance of Kosovo’s public administration** should be a priority of EC assistance, so as to create an effective public administration at all levels, which is able to design and implement a coherent and interconnected body of legislation and to provide public services in a transparent and accountable manner.
- Advancing **the reform of local self-government** as part of the decentralisation process, including the improvement of managerial competencies, service delivery and dialogue with citizens, as well as support to municipal, inter-municipal and cross-border projects and implementation of the poverty reduction measures at local level.
- Consolidating **the rule of law** by strengthening the wider judicial system and supporting police reform and the fight against corruption, in close cooperation with the ESDP mission to ensure a coordinated and mutually reinforcing approach.
- Promoting **human rights and the protection of the Serb and other minorities**, IDP and refugee return, and the creation of a climate of inter-ethnic tolerance in order to foster sustainable returns and protect the Serb and other minorities already living in Kosovo, including the conditions for growth and sustainable development of all communities as well as the preservation of and access to cultural and religious heritage of non majority communities.
- Contributing to the consolidation of **civil society** and public media sector through mainstreaming civil society issues in all programmes and complementing support from other EC assistance instruments (i.e. EIDHR) with a clear message that solid social dialogue constitutes a condition for an effective partnership and good governance.

Axis 2: Economic Criteria

After a period of relatively high growth fuelled by the post crisis construction boom and donor money influx, Kosovo’s economy went through a period of stagnating development and negative growth rates. However, in recent years, growth has picked up, almost exclusively fuelled by the private sector. Nevertheless, unemployment stands at around 40% with limited absorption capacity of job seekers by the labour market. Employment prospects for the young are particularly bleak; 37,000 school leavers enter the job market every year and face major difficulties to find employment.

There is not yet an effective and coordinated strategy in Kosovo to alleviate poverty although approximately 37% of the population live in poverty, with some 15% in extreme poverty. Direct economic development support to vulnerable groups such as women, youth and minorities and mainstreaming their participation in existing PISG and donor initiatives is needed.

Kosovo's education system is over-stretched and under resourced. Significant policy-making and capital investment deficits are apparent. The challenge will be to enhance the quality of the educational system and ensure that qualifications provided to the extremely young population of Kosovo correspond to labour market needs and contribute to the knowledge

society. An education strategy paper is currently under review within the framework of preparations for the Donors' Conference.

Minorities remain marginal to the services of employment administration. Kosovo Serb communities do not cooperate with PISG public authorities on policy and service delivery and parallel education arrangements continue to be a challenge.

The informal ("grey") sector of the economy is a serious problem in Kosovo and a crucial one to address in relation with its future economic and social development. Transforming informal activities into formal ones is a key objective concerning effectiveness of implementation of reforms as well as of the EU acquis and the impact of EU support.

Nevertheless, Kosovo has a few (limited) success stories: the adoption of the Euro has brought monetary stability, even a decrease in prices over a certain period in the past. Revenue collection to the Kosovo budget is healthy, contributing to a budgetary surplus, and the customs services is relatively efficient.

The ministry of trade and industry's *private sector development strategy* aims to reduce unemployment and improve the competitiveness of the Kosovo economy through a number of reform measures to attract local and foreign investment, stimulate the SME sector, to implement the Free trade Agreements and increase the export base.

Kosovo's deficient basic infrastructure hampers its development, particularly in the energy sector where power cuts occur frequently. Unless fresh off-budget investment in the lignite mines that supply the power plants is granted, power supply should come to a halt in 2009. Opening the new lignite mine is critical to ensure a continuous power supply beyond 2009. The *Energy Strategy Paper 2005-2015* sets out a road-map for the further development of the sector and Kosovo's integration into the regional energy market. However, Kosovo's energy problems are not limited to infrastructure only: 1/3 of power produced is stolen; a further 1/3 is unpaid, resulting in a grossly-inflated power demand and the utility requiring budgetary transfers to survive. An update to the energy sector paper is currently under review within the framework of preparations for the Donors' Conference.

Investment in the transport sector from the consolidated budget does not suffice to guarantee maintenance of Kosovo's existing transport network, let alone building new networks. Major investment is necessary but projects need appropriate justification on economic and environmental grounds and good preparation. The government has approved an Environment Protection Strategy and Spatial Plan. The implementation of these strategies will also require support including for the research in the sector. An update to the transport sector paper is currently under review within the framework of preparations for the Donors' Conference.

Despite its potential, Kosovo's agriculture remains under-exploited and key challenges such as poor infrastructure, unresolved property rights, small farm size, lack of farm competitiveness, and poor access to commercial credit, inefficient quality control mechanisms, failure to prepare and enforce environmental and local development plans and low levels of education need to be tackled. A medium-term and integrated *agriculture and rural development plan for 2007-13* is being developed by the Ministry for Agriculture, Forestry and Rural Development. It follows EC Guidelines, and is aligning Kosovo with the current EU agriculture and rural development strategy.

Financial management at all levels of Kosovo's administration remains weak and the necessary structures of financial control still need improvement. Kosovo's administration has

to improve its revenue raising capacities to contribute to the Kosovo consolidated budget, particularly in relation to tax collection.

On the basis the above, the following priorities, which were set for the MIPD 2007-9, have been maintained for Axis 2:

- Enhancing Kosovo's **investment climate and support to small and medium sized enterprises** through a continued implementation of the European Charter for Small Enterprises, favourable legislative and policy framework, enhancing corporate governance and access to support and services, including investment and import/export promotion.
- Enhancing **sound financial management and control** at central and local level in order to ensure transparency, efficiency, sustainability and better control of public finances, including development of a modern public procurement framework and related legislation and institutions.
- Improving **budget and fiscal policy-making and management**, enhancing control and collection capacity of the tax and customs administration and contribute to prudent fiscal policies, including addressing the budgetary and resource implications of EU approximation measures to the budget.
- Improving **good governance of public utilities and develop infrastructures** in order to promote business related activities and enhance quality of public goods and services. The areas of energy, transport, environment, education and health, information technology etc. have to be developed as cornerstones of future economic growth.
- Undertaking a **functional review of the health system** in Kosovo and supporting the implementation of its recommendations to enhance service delivery and financing, and developing a gender-sensitive health strategy with a view to improve national preparedness to human health threats and develop systems for health monitoring and diseases surveillance.
- Improving **the quality of the education and training systems** in line with European standards and Kosovo's social, economic and population needs. Provide technical assistance and investment support for education, including vocational education and training. Training of scientists is also considered in order to improve Kosovo's research capacity.
- Developing **active labour market and social inclusion measures** in order to combat unemployment and adjust to changes in the economy, and continue mainstreaming of entrepreneurship education.
- Promoting **agriculture and rural development** through support to the rural economy and the livelihood of the rural population, in line with priority measures identified in Kosovo's Agriculture and Rural Development Plan 2007-13, gradually aligned with measures established for EU pre-accession assistance to agriculture and rural development.
- Supporting Kosovo's **implementation of Central European Free Trade Agreement (CEFTA)**.

Axis 3: European Standards

The European agenda has been declared the main agenda by Kosovo's authorities.

Kosovo is an integral part of the EU's policy framework for the Western Balkans, and can benefit from the Stabilisation and Association Process (SAP). Kosovo's administration engages in a regular dialogue with the Commission in the framework of the SAP Tracking Mechanism, the forum where the Commission and Kosovo authorities discuss and assess progress in relation to the European agenda. Kosovo is also benefiting from the regional initiatives that are launched under the SAP.

The office for European integration processes has been upgraded to an agency for European integration, an executive government agency under the direct responsibility of the Prime Minister. The new government has also appointed a Deputy Prime Minister in charge of European Integration. This further underlines the government's commitment to the EU.

Kosovo has made progress to approximate its legislation and policies with European standards. However, the effective implementation and enforcement of legislation passed has not always been ensured. More efforts are needed to create an administrative environment that will ensure further approximation to European standards.

Throughout the administration, the capacity to develop and implement sector strategies is weak and needs to be further strengthened.

Kosovo's institutions will have to further develop their capacity in relation to home affairs. While general policing capacities are relatively well developed, specific issues such as the fight against organised crime and terrorism, trafficking and border control need to be further strengthened.

While the agency for European integration is being strengthened, EU integration cells in ministries have to be created and/or strengthened, also in view of preparing for future participation into community programs and agencies.

European integration is a long-term perspective for Kosovo. As a result, the following priorities, which were set for the MIPD 2007-9, have been maintained for Axis 3:

- Supporting the development of sectoral strategies and policies compatible with **European standards** in order to build up a sustainable Kosovo with a clear European perspective, in line with the European perspective of the region. The priority sectors for support are internal market, statistics, financial sector regulation and public procurement; data protection and protection of intellectual property rights as well as food safety, veterinary and phytosanitary standards, transport, energy and environment. In order to facilitate compliance with these objectives, commensurate increase of support to research cooperation is envisaged.
- Enhancing Kosovo's capacities in areas related to **home affairs**, in particular in relation to policies related to civil registration, travel documents, visa, border control, asylum and migration, money laundering, drug trafficking, and the fight against organised crime and terrorism. Where relevant, this shall be done in close cooperation with the ESDP mission.

- Supporting preparations for the **establishment of agencies and institutions** required for the implementation and enforcement of European sectoral policies including mechanisms for the verification of EU compatibility of government policies and draft laws.
- Supporting Kosovo to participate in **regional initiatives**, including support to establish and/or enhance the necessary structures, legal basis and requirements (e.g. in the areas of safety, security and ATM) for Kosovo’s full participation in the Energy Community Treaty and the South East European Transport Observatory with particular focus on the development of a comprehensive energy and transport strategy, the European Common Aviation Area Agreement and adoption of the relevant single European sky acquis in the framework of the South Eastern Europe Functional Airspace Blocks Approach initiative.
- Preparing Kosovo to participate in **Community Programmes and Agencies**, including support to establish and/or enhance the necessary structures and contributing to the financing of Kosovo’s participation in the programmes and agencies.

2. EXPECTED RESULTS BY THE END OF THE COVERED PERIOD AND MEASURABLE INDICATORS

The following results are expected from activities to be supported under the above headings, per Axis

Axis1: Political Criteria

- Good governance confirmed by, among others, an increased number of corruption cases detected and successfully prosecuted, an increase in the quality of policy formulation/legislation drafted (as measured by a reduction in the time spent on its adoption, international expert opinion) and the effects of its implementation (as measured by legislation-specific benchmarks), at all levels;
- An increased percentage in parts of the acquis adopted and implemented to standard;
- A civil service reform strategy drafted and agreed at the political level, providing for transparent procedures on recruitment, transfer, appraisal, promotion, conduct and dismissal;
- Improved quality and availability of basic public services to all communities, as measured by a citizens' satisfaction survey;
- A population and housing census carried out in line with internationally accepted standards;
- An increased number of criminal cases detected, prosecuted and judged, including in the area of corruption, confirming a strengthened judicial system resulting from the further development of legal education and training, particularly for judges, prosecutors and administrative personnel, a reduced backlog of criminal cases pending resulting from a more efficient management of courts, prosecutor’s offices and judiciary processes;

- An increased number of property rights-related cases resolved in compliance with relevant internationally accepted laws and practices, improved access to property records held by the Kosovo Cadastral Agency and municipal cadastral offices as measured by relevant survey;
- Improved living conditions for minority communities and their non-discriminatory participation in society, as measured by birth/death-, housing-, schooling-, (un)employment etc. rates;
- Increased participation by civil society representatives in policy formulation and social consultation, establishment of an impartial public broadcaster servicing all communities in Kosovo.

Axis 2: Economic Criteria

- An increase in FDI and local investment resulting from import/export promotion measures, enhanced trade facilitation, a more favourable legislative and policy framework, and targeted support measures;
- First measures included in the European Charter for SMEs implemented;
- Internationally recognized accountancy and management standards adhered to and implemented, resulting in enhanced efficiency and transparency of public expenditure;
- An increase in volume and speed of collection of revenues confirming improved fiscal policy making and implementation ensuring budget sustainability;
- A reduction in the number of power cuts, an improvement in bill collection and reduced illegal connections, confirming improved energy supply through better management of the public utility company, administrative and technical obstacles to the development of a new lignite mine removed, as confirmed by increased demonstrable private sector interest in the development of a new power plant;
- An increased number of infrastructure projects ready for tendering, confirming improved capacity to strategically plan and deliver infrastructure development and maintenance, including compliance with EIA-related regulations;
- Main road and rail network stabilised and road safety improved, as measured by percentage of the main network repairs/upgrades carried out and number of fatalities/injuries reduced;
- A comprehensive strategy for the health sector drafted, agreed at the political level and implementation started;
- Improved quality of education and training systems, as measured by percentage of persons successfully completing courses and finding appropriate employment;
- Design of an integrated research policy has started with some improvements in national research capacity and research cooperation opportunities with the EU measured by participation of Kosovo's research institutions in EU cooperation projects;

- Active labour market and social inclusion measures drafted and agreed at the political level and included in the relevant Strategies and Plans, development of national monitoring and performance management systems started;
- Measures identified in Kosovo's Agriculture and Rural Development Plan 2007-13 reviewed for consistency with pre-accession assistance provisions and preparation for its implementation started.

Axis 3: European standards

- European Partnership Action Plan drafted and agreed at the political level as compass for delivery of the government's European agenda, Agency for European Integration recognized as lead agency to coordinate European approximation efforts;
- Fully integrated sectoral reform strategies drafted and agreed at the political level;
- A first set of measures to ensure alignment with internal market requirements taken, notably in the area of quality infrastructure, financial sector regulation, IPR and public procurement;
- Statistics for national accounts prepared in line with internationally recognized standards;
- Measures to ensure alignment with agreed part of EU veterinary and phytosanitary acquis taken and implemented;
- An increase in the number of cases of organised and financial crime detected prosecuted and judged, first steps towards the establishment of integrated border management systems taken, and relevant draft laws allowing for EU-compatible visa, asylum and migration policies drafted;
- An increase in the number of regional initiatives and in Community programmes and initiatives in which Kosovo participates, as confirmed by relevant FAs and MoUs signed;

3. FINANCIAL INDICATIONS

The following table gives an overview of the overall indicative weighting that should be given to the Axes outlined above.

The programmes for the planning period 2008-2010 have to pay important attention to the following:

- Supporting institution building of Kosovo authorities to ensure conformity with the respect of EU's political criteria.
- Economic development of Kosovo is vital to ensure social stability. Therefore, interventions under the socio-economic axe are relatively highly weighted.
- Financing opportunities are foreseen for fostering Kosovo's approximation to meet EU standards and further progress in the SAP.

Percentage range by Axe

Political Criteria <i>of which Civil Society</i>	27 – 40 2-5
Economic Criteria	45-60
European Standards	8-15

Component II

Cross-Border Co-operation

1. PROGRAMMES IN WHICH KOSOVO IS PARTICIPATING

Kosovo has not participated in any special cross-border programme to date due to its geographical location (no borders with Member States and its specific status under UNSCR 1244/99). However, establishing cross border co-operation is particularly important for the population of Kosovo and the wider region who previously relied on economic and personal cross-border links within the territory of the former Yugoslavia. Cross-border cooperation represents not only an opportunity for economic and social development but also provides for an important basis for reconciliation.

The aim of IPA assistance under Component II should be to develop local administrative and project management capacity in Kosovo's border regions and to identify a pipeline of local development projects. Development of cross-border cooperation is dependent on general capacity building activities of authorities responsible for regional policy.

As concerns existing arrangements, a protocol between Kosovo and the former Yugoslav Republic of Macedonia (FYROM) has been signed for co-operation in the fields of education, investment and tourism. Moreover there are also agreements with Albania (tourism) and Montenegro. Several municipalities in Kosovo are already engaging in cross border cooperation with their neighbours. Examples include *Gjilan/Gnjilane* with the municipalities of Preševo/Presheva and Bujanovac/Bujanoc in Serbia; *Dragash/Dragaš* with Tetovo/Tetova and Gostivar in FYROM; *Gjakova/Djakovica* with Tropoja and Bajram Curr in Albania; and *Peje/Pec* with Plave and Rozhaje in Montenegro. The OSCE also facilitates cross border cooperation.

Previous regional EC assistance for cross-border co-operation from which Kosovo has benefited to some extent has been targeting institution building for cross-border co-operation programmes (CBIB project). The first CBIB activity in Kosovo was implemented in October 2007. Further technical assistance from CARDS to Kosovo's institutions is foreseen for 2008-2009.

In 2007-2008, the entire IPA allocation should be used under Component I: Transitional Assistance and Institution Building. Conditions in Kosovo are not in place for IPA Component II to support joint cross-border programmes between Kosovo and neighbouring countries. The possibility of joint cross-border programmes should be re-assessed in the course of IPA 2009 programming.

2. OBJECTIVES AND PRIORITIES, EXPECTED RESULTS BY THE END OF THE COVERED PERIOD AND MEASURABLE INDICATORS

The administrative capacity of Kosovo's institutions requires significant support in order to ensure that the conditions are ripe for the full participation of Kosovo authorities, non-profit organisations and businesses in cross-border co-operation. Bearing in mind that cross-border

co-operation can only be successful if the parties involved are willing to engage in it, EC financed activities should only be implemented if and when parties show a clear interest and commitment to engage in cross border cooperation activities. All Kosovo's border areas, i.e. those with FYROM, Montenegro and Albania, should be considered for IPA cross border assistance, which should focus on the following objectives:

- Addressing the institutional shortcomings (e.g. agencies for cross-border cooperation have to be created to coordinate the operators on the territory and assist them in project implementation);
- Developing the reference framework for CBC activities and developing the required CBC programming documents;
- Improving infrastructures in cross-border regions;
- Fostering reciprocal trust, cultural and socio-economic exchanges at local level;
- Supporting initiatives in the area of education.

It is expected that Kosovo's central and municipal institutions will become more acquainted and proficient in regional development planning in relation to cross border cooperation and in particular in relation to articulating joint cross border needs and developing joint cross border programming documents in cooperation with authorities across the border. In addition, the increased focus on cross border cooperation should increase the border population's awareness of the economic, social and stabilising benefits that cross-border co-operation activities can generate. The means by which this should be achieved should be highly visible and necessary cross-border infrastructure projects and co-operation activities between local organisations from both sides of the border ("people-to-people" activities).

3. INDICATIVE FINANCIAL ALLOCATION PER PROGRAMME

The following table gives an overview of the overall indicative weighting that should be given to the different intervention areas outlined above.

Percentage range by intervention area

Cross border cooperation capacity building ¹¹	30 – 50
Border region with the former Yugoslav Republic of Macedonia	15 – 20
Border region with Montenegro	15 - 20
Border region with Albania	15 - 20

¹¹ Including preparation for future participation in the relevant ERDF transnational programmes (e.g. the "South-European Space" programme, the successor of CADSES)

Annex 1

Indicative allocations to main areas of intervention for the period 2008-2010

INDICATIVE ALLOCATIONS TO MAIN AREAS OF INTERVENTION	
<i>Kosovo (UNSCR 1244)</i>	
Component I (Transition Assistance and Institution Building)	
Political Criteria	27 % - 40 %
of which Civil Society	2 % - 5 %
Economic Criteria	45% - 60 %
European Standards	8% - 15 %
Component II (Cross-Border Co-operation)	
Cross-border cooperation capacity building	30 % - 50 %
CBC with Albania	15 % - 20%
CBC with former Yugoslav Republic of Macedonia	15% - 20 %
CBC with Montenegro	15% - 20 %

Annex 2

Overview of EC assistance per year and per sector in €million

Sectors	<i>Cumulated EC assistance over the period 2000-2006</i>	IPA 2007	TOTAL
<i>Democratic Stabilisation</i>			
Protection of the Serb and other minorities & Returns	31,6	3,7	35,5
Civil Society & Media	9,8	0,0	9,8
<i>Good Governance & Institution Building</i>			
Justice & Home Affairs	32,1	3,3	35,4
Integrated Border Management	8,4	3,7	12,1
Public administration reform	57,1	11,9	69,0
Health	29,9	0,0	29,9
<i>Economic and Social Development</i>			
Enterprise Strategy & Enterprise Development	104,7	19,0	123,7
Rural Development	66,0	2,0	68,0
Energy	381,0	3,0	384,0
Environment	60,7	0,0	60,7
Vocational education & training, University Education	15,6	1,3	17,0
Tempus	6,0	2,8	8,8
Transport (incl Telecommunications)	40,6	8,0	48,6
Housing	113,2	0,0	113,2
Customs (CAFAO)	19,7	3,5	23,2
Others/GTAF/reserve	9,7	6,0	15,7
TOTAL	986,1	68,3	1054,4

Annex 3

Contracting and Disbursement Rates under ongoing Programmes

Status of assistance by programme on 31/12/2007					
<i>programme</i>	<i>apprpr.</i> <i>(in 1,000€)</i>	<i>contr.</i> <i>(in 1,000€)</i>	<i>contr. /</i> <i>apprpr.</i>	<i>paid</i> <i>(in 1,000€)</i>	<i>paid /</i> <i>apprpr.</i>
TOTAL	1.111.243	1.103.293	99%	1.024.318	92%
Prg year 2006	46.500	40.717	88%	14.947	32%
Prg year 2005	77.100	75.025	97%	41.431	54%
Prg year 2004	72.890	72.601	100%	57.625	79%
Prg year 2003	58.349	58.349	100%	53.808	92%
Prg year 2002	162.535	162.084	100%	161.795	100%
Prg year 2001	143.208	142.529	100%	142.529	100%
Prg year 2000	430.181	430.167	100%	430.167	100%
Prg year 1999	115.114	115.114	100%	115.024	100%
Prg year 1998	6.799	6.799	100%	6.799	100%

Annex 4

Cross Cutting Issues

The major cross cutting issues to be tackled in Kosovo are:

- **Civil society** (including employers' organisations, trade unions, professional organisations as well as non-governmental organisations, etc) plays a major role in transition societies. Ensuring those groups' concerns are taken into account in the European development agenda and enhancing their policy dialogue with the administration and Kosovo's institutions will be aspects mainstreamed within the assistance programmes.
- **Environmental considerations** will be duly reflected in all IPA financed activities, in addition to specific actions dedicated to environment, in particular as concerns environmental impact assessments. This is particularly relevant where there is potentially a high environmental impact, such as co-financing of investments, new legislation, etc.
- **Equal opportunities and non discrimination of women, minority and vulnerable groups** (including children, disabled and elderly people) will find considerations in all aspects of EC funded activities, particularly in relation to public services, legislative matters and socio-economic support programmes.
- **Good governance** will be fostered through the introduction of monitoring, evaluation and control mechanisms, through awareness campaigns involving wider public as a way to contribute to the fight against corruption and to enhance civic responsibility in respect of payment for public services.