MAXIMISING SYNERGIES BETWEEN THE 2030 AGENDA AND KOSOVO'S EUROPEAN AGENDA

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Foreword

The COVID-19 pandemic has been a wake-up call for the world as well as for Kosovo. As global leaders faced increasingly daunting challenges, the crisis revealed the urgency for sustained investments in the equality and equity of health, education and social protection services. Even more importantly, the pandemic demonstrated that joint resolve is paramount for strengthened responses to crises that cannot be addressed by individual governments, institutions or organisations acting alone.

The European Union and the United Nations are the world's leading proponents of a multilateral governance system and natural partners in the efforts to shape a safer and better world for all. This global commitment is mirrored in the Kosovo context where both organisations operate and has been accentuated by the soaring pandemic. In our joint fight against the virus and its consequences, and in our joint efforts to support the government of Kosovo in effectively responding to the challenge, the existing partnership between our two organisations has solidified further. In 2020, the EU was the largest partner of the United Nations Kosovo Team in the fight against COVID-19 in the service of the people of Kosovo, reflecting a global trend of enhanced cooperation between the EU, its member states and the UN system. We individually and jointly champion common causes related to the promotion of human rights and the rule of law, advancing the Women, Peace and Security agenda, supporting youth empowerment, and fostering dialogue and building confidence.

Importantly, the European Union and its member states have been instrumental in shaping the 2030 Agenda for Sustainable Development and have committed to being frontrunners in its global implementation, including by setting the stage for a sustainable and green recovery in line with the Paris Agreement and the European Green Deal. The 2030 Agenda, through its principles of universality, human rights, and Leaving No One Behind, provides a shared vision towards sustainable development for all, which aims to simultaneously address social, environmental, and economic challenges and to provide inter-generational equity. In Kosovo, the 2030 Agenda provides an important complement to the EU enlargement-related reform agenda, both important drivers towards development and long-term prosperity and stability. For Kosovo, accession to the European Union has been a strategic priority and continuous drive for reform for well over a decade.

The alignment of Kosovo's legal, policy and administrative frameworks with EU criteria has in parallel offered the opportunity to incorporate 2030 Agenda and SDG priorities, including into the forthcoming 2030 National Development Strategy.

We are pleased to present this report, which is the result of a participatory exercise that identifies areas of strategic policy support and entry points for enhanced coordination and cooperation to accelerate progress on mutually reinforcing paths of EU enlargement-related reforms and sustainable development. Taking advantage of two synergetic agendas, the report highlights key points of convergence and areas of greatest impact for our joint cooperation with the government, institutions and people of Kosovo to accelerate needed reforms and progress towards the path of inclusive socio-economic progress, cohesion and long-term stability.



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Executive Summary

The United Nations 2030 Agenda for Sustainable Development and the European Union (EU) Reform Agenda are both aimed at supporting development reforms and long-term prosperity, presenting important areas of complementarity and synergy. As a result, there is an opportunity to capitalise on the areas of complementarity and synergy that underlie these mutual efforts in Kosovo^{1*}. The issue of sustainable development features heavily in EU strategic frameworks and policies: the 2030 Agenda is integrated systematically into the EU's foreign policy, and sustainable development is a prevailing objective of the EU in Kosovo. Given this shared commitment to the SDGs, there is potential to collaborate more closely in Kosovo and expand on existing initiatives with the aim to facilitate Kosovo's progress towards SDG achievement and further its development and progress on its European path.

This report illustrates how Kosovo's development trajectory is directly intertwined with progress towards its EU aspirations. A comparison between the **chapters of the EU acquis and the SDGs reveals over 60 per cent alignment**. The framework for EU enlargement could help contribute to improved outcomes with respect to the SDGs and Kosovo development objectives. At the same time, if cross-sectoral intersections between the SGDs and the EU Reform Agenda are developed, Kosovo development outcomes would be further supported.

There is a strong case for more integration of 2030 Agenda objectives in the ongoing recovery efforts and EU enlargement process in order to support economic and health system recovery jointly, but also take measures to enhance human capital, build stronger institutions and strengthen the rule of law. Central and institutional stakeholders can play an important role by integrating the 2030 Agenda principles and SDGs into their development plans and other strategic documents, reviewing existing institutional structures to reflect the above-mentioned linkages, build awareness across society, and engage in dialogue to accelerate progress towards Kosovo's development agenda.

With nearly a decade remaining for achievement of the 2030 Agenda and its 17 SDGs, this paper has been inspired by possibilities for a **more complementary**, **coherent, catalytic and mutually reinforcing progress towards the SDGs and EU reform**.

This report contains a list of 10 recommendations to Kosovo and EU institutions as well as other stakeholders, to help accelerate SDG achievement by boosting synergies with EU accession requirements through measures that:

- I) utilise evidence and data to drive action;
- II) strengthen the role of central institutions, local government and other stakeholders to ensure long-term coordination and planning at all levels;
- **III)** enhance EU-SDG policy coherence across central decision-making processes; and
- IV) build and share knowledge.

¹ References to Kosovo should be understood in the context of United Nations Security Council resolution 1244 (1999).

This designation is without prejudice to positions on status, and is in line with UNSC 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

Abbreviations

List of Acronyms

CSO	Civil Society Organization
EC	European Commission
ERA	European Reform Agenda
ERP	Economic Reform Programme
EU	European Union
EUR	Euro
GAWP	Government Annual Work Plan
GCS	Government Co-ordination Secretariat
GDP	Gross Domestic Product
IPA	Instrument for Pre-Accession Assistance
LNOB	Leave No One Behind
MoE	Ministry of Education
MoF	Ministry of Finance
MTEF	Mid-term Expenditure Framework
NDS	National Development Strategy
NPISAA	National Programme for Implementation of the SAA
REA	Regional Economic Area
RIA	Rapid Integrated Assessment
RS	Republika Srpska
SAA	Stabilisation and Association Agreement
SAC	Stabilisation and Association Council
SAP	Stabilisation and Association Process
SDG	Sustainable Development Goal
SPO	Strategic Planning Office
UN	United Nations
UNKT	United Nations Kosovo Team
UNSDCF	United Nations Sustainable Development Cooperation Framework
WB	Western Balkans

1. Introduction

At the United Nations Sustainable Development Summit 2015, world leaders adopted the **2030 Agenda for Sustainable Development** (2030 Agenda) alongside 17 Sustainable Development Goals (SDGs) as its monitoring framework. The 2030 Agenda is a commitment to eradicate poverty and achieve sustainable development by 2030 worldwide, providing a global vision towards sustainable development for all.

It encompasses three key principles: universality; integration; and Leave No One Behind (LNOB). Through these principles, the 2030 Agenda applies to all countries aiming to support sustainable development through policies and programming that simultaneously address social, environmental, and economic challenges and are attentive to intra- and inter-generational equity.

To realise the 2030 Agenda – to end poverty, fight inequality and injustice, and tackle climate change – **17 SDGs and 169 related targets** were established. Together, the SDGs and targets represent peoplecentred, rights-based commitments that have the potential to be transformative in helping end poverty and protect the planet on a global scale.

In 2016, a **global indicator framework for the SDGs** was established and is central to implementation of the 2030 Agenda. Comprised of 241 indicators to monitor global progress towards the SDGs, this system provides a follow-up and review mechanism for all countries to assess the impact of their actions,

track progress and ensure long-term accountability.

 The 2030 Agenda calls on governments to integrate the SDGs agenda into national targets and policies.

The SDG nationalisation process is central to the 2030 Agenda and the 17 SDGs, enabling countries to adapt the SDG targets to their socioeconomic contexts, capacities and development challenges. National governments then formulate development plans and national policies that reflect these goals, targets and indicators and operationalise them at the national level.

Kosovo institutions have confirmed their commitment to the 2030 Agenda by incorporating the SDGs into Kosovo's development framework

Although not a signatory to the 2030 Agenda and the SDGs at the United Nations General Assembly in 2015, Kosovo has joined global efforts to achieve them and confirmed this commitment by integrating the SDGs into its development framework. The 10-year timeframe of the next **National Development Strategy (NDS) 2021–**2030 coincides with the Decade of Action, providing an opportunity to facilitate implementation of the SDGs and the 2030 Agenda through shared targets. As such, a development agenda that supports reforms required under the European Union (EU) enlargement-related process, including direct references to the goals and objectives of the 2030 Agenda, has been prioritised.



Figure 1: Sustainable Development Goals

Europe's vision and priorities for Kosovo are fully consistent with the 2030 Agenda

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In the past two decades, Kosovo's institution-building and development efforts have been clearly oriented towards **EU integration**. As integration is a key incentive for development and reform in Kosovo, EU enlargement process has been overwhelmingly endorsed by political and non-political actors and provides a primary framework for progress in Kosovo.

The EU Stabilisation and Association Agreement (SAA), which entered into force in April 2016, provides a framework for political dialogue that includes cooperation in various sectors and policy areas (justice and home affairs, education, employment, environment, economy, internal market, regional cooperation, among others). While the 2030 Agenda is a long-term development framework focused on the SDGs and related targets, the EU enlargement-related reform process focuses on the pre-accession (accession negotiations process) and postaccession obligations for EU membership.

As throughout the world, Kosovo is confronted by the challenge of furthering development while minimising the related environmental impact.

The 2030 Agenda is a global blueprint for sustainable development and likewise reflects key EU priorities for sustainable development.

There are clear complementarities and synergies between SDGs and the EU agenda for sustainable development for all countries under the EU enlargement policy

A more synergetic approach that identifies areas of convergence within both agendas could prove beneficial for planning, implementation and reporting purposes, contributing to an optimisation of resources and the potential for a joint impetus to both processes.

This report offers strategic insights into the **institutional and operational framing of the SDGs in Kosovo** and an analysis of common priorities and objectives vis-à-vis the EU enlargement process. It explores the long-term challenges towards sustainable development and SDG achievement and compares key objectives and targets of the EU enlargement agenda to the SDGs. It further offers recommendations to institutional stakeholders and development partners.



2. Methodology

This report offers an analysis of the SDGs, 2030 Agenda and key documents related to EU enlargement agenda with respect to:

- the level of similarity and complementarity between these agendas; and
- opportunities for synergies between UN, EU and Kosovo efforts in order to accelerate achievement of the SDGs alongside the objectives of strengthening Kosovo's European perspective and rapprochement with the EU

It also identifies the institutional structures supporting both agendas and explores the potential to leverage data and analytics, multi-stakeholder platforms, civil society organizations (CSOs) and media engagement as part of joint efforts to achieve the SDGs and bring Kosovo closer to the EU. For the purpose of this study, the following documents relating to the EU enlargement process were analysed: the SAA; the European Reform Agenda (ERA I and ERA II); the Economic Reform Programme (ERP); the European Commission (EC) Kosovo 2019 Report and Kosovo 2020 Report; and the Instruments for Pre-Accession Assistance (IPA II and IPA III)². Key documents related to Kosovo-EU relations were analysed with respect to SDG targets and indicators and complemented by 29 semi-structured interviews with key Kosovo stakeholders. Additional documents analysed as part of the desk analysis included the European Investment Plan adopted in October 2020 and the Green Agenda for Western Balkans, with particular focus on the principles of sustainable development, green growth and digitalization enshrined also in the EU Green Deal and Digital Agenda.

3. Kosovo's Context and Development Challenges

Small,² landlocked and young, with over half of its 1.8 million residents under 29 years of age, Kosovo has the **youngest population in Europe**. Kosovo's economy was projected to grow by 4.2 per cent in 2020, positioning it as one of the **fastest-growing economies in the Western Balkans**³. However, due to the **COVID-19 pandemic**, which has posed serious social and economic challenges to the population, the economy is estimated to have contracted by 6 per cent in 2020⁴, although it is expected to recover in 2021⁵. With policies anchored in its overarching political objective of joining the EU, Kosovo's growth model generally is led by high public investments, service exports, and consumption, mainly supported by remittances.

Despite its economic strides, Kosovo continues to face challenges that impede its ability to realise its full economic potential. These challenges include high migration rates due to a lack of formal jobs – particularly for women

and youth, as well as infrastructure bottlenecks, gender gaps in access to economic opportunities, and limited administrative capacity and rule of law, which allow for unfair competition, limited contract enforcement, and informal governing structures.

To achieve both full economic potential and long-term sustainable development, it is necessary to address these challenges as well as other long-standing obstacles to social development.

Although the **EU-facilitated Belgrade-Pristina Dialogue** has helped address divisive issues, political polarisation and mistrust between communities, particularly the K-Albanian and K-Serb communities, has stifled further progress. Additional efforts are needed to foster reconciliation and the normalisation of relations.

² An overview of the strategic documents detailing the status of the EU-Kosovo relationship is provided in Annex 1.

³ World Bank (2019). The World Bank in Kosovo: Country Snapshot – An overview of the World Bank's work in Kosovo, available at: <u>http://pubdocs.</u> worldbank.org/en/945741571341607027/Kosovo-Snapshot-Oct2019.pdf

^{4 2021} IMF Article IV, available at https://www.imf.org/en/News/Articles/2021/02/17/pr2144-kosovo-imf-executive-board-concludes-2020-article-iv-consultation#:~:text=Kosovo%20has%20been%20hit%20hard,measures%20and%20international%20travel%20restrictions

⁵ World Bank (2020). Western Balkans Regular Economic Report No. 18, Fall 2020: An Uncertain Recovery. World Bank, Washington, DC, https://openknowledge.worldbank.org/handle/10986/34644 License: CC BY 3.0 IGO

Similarly, Kosovo remains the **third poorest in Europe**⁶ based on GDP per capita. Before the pandemic, 70 per cent of Kosovo's working-age population was unemployed, with large differences across gender. Issues related to poverty and socioeconomic conditions need to be addressed to foster further progress.

At the same time, it is important that steps to strengthen the economy or foster development be balanced by environmental measures. Currently, Kosovo relies on energy from coal which contributes to environmental hazards, particularly air pollution. Although the National Strategy and Action Plan for Climate Change 2019–2028 have been approved, key institutions and policies also need to be strengthened to ensure Kosovo can tap into its natural resources in a sustainable manner and in line with international standards.As highlighted by the UNKT Socio-Economic Response Plan to COVID-197, the COVID-19 pandemic has exacerbated existing social and economic inequalities and disproportionately impacted poor and vulnerable groups. Young people and children from poor households, minority communities and people with disabilities, do not enjoy equal access to vital health and education services. Initiatives aimed at improving inclusion and eliminating discrimination among vulnerable groups need to be expanded, especially in education and employment. Kosovo's development model needs to include formal jobs for more of its people, particularly women and youth,

as well as measures to reverse the trend of outward migration of the young, highly skilled, and well-educated.

At the same time, measures are needed to: strengthen governance and rule of law; create an enabling environment for private sector development; improve infrastructure; improve education to children and youth; facilitate access to economic opportunities for women; offer effective social programmes; and promote environmental sustainability.

The COVID-19 pandemic has highlighted the needs for greater cooperation, integration and sustainable development in Kosovo.

While the COVID-19 pandemic has exacerbated challenges, it also presents an **opportunity to foster a resilient recovery** that tackles long-standing structural weaknesses by improving the institutional environment and service delivery for all, prioritising the most vulnerable, and investing in human capital to create a **more inclusive and sustainable growth model** in Kosovo. Greater integration of the 2030 Agenda objectives into ongoing recovery efforts and the EU agenda will help support economic and health system recovery, enhance human capital, develop robust social protection mechanisms, and build stronger institutions.



⁶ See: World Bank International Comparison Program, World Development Indicators database: <u>https://data.worldbank.org/indicator/NY.GDP.PCAP.</u> <u>PP.CD?end=2018&name_desc=false&start=1990&type=shaded&view=chart</u>

⁷ Available at: <u>https://reliefweb.int/sites/reliefweb.int/files/resources/KSO_Socioeconomic-Response-Plan_2020.pdf</u>

⁸ World Bank (2020). Western Balkans Regular Economic Report No. 18, Fall 2020: An Uncertain Recovery. World Bank, Washington, DC, https:// openknowledge.worldbank.org/handle/10986/34644 License: CC BY 3.0 IGO.

⁹ KAS (2020). Labour Force Survey in Kosovo 2019. Kosovo: 2 April 2020, available at: https://ask.rks-gov.net/media/5412/labour-force-survey-2019.pdf.

¹⁰ KAS and World Bank Group (2019). Consumption Poverty in Kosovo, May 2019; https://ask.rks-gov.net/media/4901/poverty-statistics-2012-2017.pdf.

¹¹ See above.

4. 2030 Agenda and Implementation of the Sustainable Development Goals

4.1. 2030 Agenda and United Nations Cooperation with Kosovo

In 2015, on the 70th anniversary of the United Nations, Kosovo institutions, alongside the international community and civil society, joined the 2030 Agenda. **Over 9000 residents of Kosovo** participated in the consultations for the post-2015 Development Agenda.

In 2018, Kosovo's Assembly adopted a **parliamentary resolution endorsing the SDGs, the Assembly Council for Sustainable Development** was established, and Kosovo institutions began aligning key strategic documents with the SDGs. SDG compliance with the NDS 2016–2021 has been assessed and an assessment of compliance with sectoral strategies is ongoing. SDG focal points have been appointed in Kosovo institutions (Strategic Planning Office [SPO], Ministry of Education [MoE], Ministry of Finance [MoF]) and Terms of Reference for the Inter-ministerial SDG Coordination Group are in place.

The United Nations Sustainable Development Cooperation (UNSDCF) 2021-2025 Framework formulates how the United Nations supports these efforts and assists Kosovo to address key priorities, in line with the 2030 Agenda and Kosovo's vision to join the EU. The UNSDCF entered into force in January 2021 and represents the five-year strategic framework of cooperation between Kosovo and the United Nations system. This is directly aligned with Kosovo's strategic development priorities and underscores the joint commitment towards achieving both key Kosovo and UNSDCF priorities areas, as embodied in the structure of its Joint Steering Committee co-chaired by the UN Development Coordinator and Kosovo Prime Minister.

Designed to optimise the collective knowledge and resources of United Nations entities under the Delivering as One approach, the UNSDCF presents a jointly agreed plan to support Kosovo in **four strategic priority areas** – 1) accountable governance, 2) inclusive and non-discriminatory social policies and services, 3) resilient, sustainable and inclusive economic development, and 4) social cohesion – informed by **one cross-cutting theme** (increased rights-holders' participation, empowerment,

and civic engagement). This plan aligns with the 2018 **United Nations development system reform** to foster coordination among United Nations entities across the humanitarian, development and peace nexus, and to capitalise on their respective comparative advantages to better deliver on the 2030 Agenda.

Within this framework, the United Nations Kosovo Team (UNKT) has been actively supporting Kosovo institutions to integrate the SDGs into their strategic planning process. In addition to the activities mentioned above, the UNKT has engaged extensively with civil society, media, the private sector and other partners to promote sustainable development and the SDGs in Kosovo. Among others, memoranda of understanding have been signed with the Ministry of Foreign Affairs, EU integration section (formerly Ministry of European Integration), the Kosovo Chamber of Commerce, the Corporate and Social Responsibility Network and the Millennium Challenge Corporation. At the same time, the UNKT remains engaged with key Kosovo institutions on the development of the forthcoming NDS 2021-2030 and the National Programme for Implementation of the SAA (NPISAA) by providing targeted advice to mainstream SDG and Agenda 2030 principles across Kosovo strategic documents. Other activities have included SDG data mapping and a Rapid Integrated Assessment (RIA), measuring the degree of alignment between the policies, strategies and other documents aimed at supporting Kosovo's development and the SDG targets. Recent assessment results show 51 per cent alignment.

4.2. Kosovo's National Development Strategy 2016–2021

The NDS 2016–2021 aims to define the priorities and measures Kosovo needs to implement to ensure **higher** annual economic growth rates in parallel with social cohesion and inclusion.

The NDS takes into account Kosovo's dialogue with the EU on economic governance as well as The EU enlargement process; however, it entered into force prior to the adoption of the 2030 Agenda. The NDS aims to contribute to policy planning and monitoring as well as long-term development objectives and is focused on **four thematic pillars**: human capital; rule of law and good governance; development of competitive industries; and development of infrastructure. Although the primary focus of the NDS is growth, its implementation helps advance European perspective by prioritising requisite reforms. Thus, NDS implementation is harmonised with NPISAA and further adoption of the EU acquis needed.

The NDS aligns planning and monitoring mechanisms with implementation of the mid-term expenditure framework (MTEF) and the Government Annual Work Plans (GAWP), building on the ongoing dialogue with the EU and other requirements for EU enlargement related reforms defined by the SAA. As part of this process, Kosovo prepared the seventh ERP for the period 2021-2023 in January 2021, which defines a series of policy actions, in line with the forthcoming NDS 2021-2030, for implementation to help Kosovo cope with competitive pressures at both regional and international levels. As the NDS entered into force prior to the adoption of the 2030 Agenda by Kosovo institutions, the assessment of its SDG alignment was initiated retrospectively.

As Kosovo does not yet have a long-term strategy aligned with the 2030 Agenda timeframe, preparation of the NDS 2021–2030 offers an opportunity to define a longterm vision for sustainable development in Kosovo and to mainstream the SDGs and related indicators alongside a clear action plan.

The NDS 2021—2030 should serve as the guiding framework for Kosovo on economic growth and social inclusion as well as human capital development and environmental sustainability.

4.3. Policy planning and monitoring in Kosovo

Including SDGs in the strategic planning framework is
 the best way to mainstream the 2030 Agenda along with the EU-related reform process.

Success in implementing the SDGs depends on the method of their integration into the overall strategic planning framework. Despite recent progress, there is scope to further strengthen Kosovo's current policy and financial planning systems and ensure a more integrated and seamless structure. The political and financial planning environment still includes separate systems with distinct calendars, timeframes, methodologies, terminology, priorities and monitoring and reporting requirements. Work is underway to harmonise planning and monitoring frameworks, as procedural and structural improvements are still needed. For instance, the EU is supporting Kosovo institutions to establish the National Strategic Management Framework, which shall provide a platform for better linkages between the strategic policies and budgetary processes, resulting in more focused implementation of reforms for the set objectives. The next table shows the current planning and monitoring framework.

The Integrated Planning Strategy (2017-2021) aims to improve the planning system by avoiding fragmentations and overlaps between key policy and financial planning processes. A clear policy intervention logic, subordination of strategic goals and objectives across all Integrated Planning System documents¹² and linkages with MTEF and annual budgets are needed. While the European integration agenda constitutes an important element in the entire policy planning cycle, whereas the specific nature of this process is taken into account, the IPS aims for integration and harmonisation, including with other strategic planning and coordination processes. The NDS and SAA framework (NPISAA and ERA) represent separate processes with different planning documents and institutional structures prevailing over all planning, implementation and monitoring processes. The NDS has a narrower scope than the SAA framework, and the SAA framework is structured around periodic, iterative planning and monitoring, which render it more dynamic and fluid (as planning occurs annually and monitoring and reporting is conducted quarterly). The current NDS has a more static structure.

Success in SDG implementation depends on the method of integration in the overall strategic planning framework. As of 2020, the new Government Annual Work Plan offers an opportunity to centre the SDGs within the planning, prioritising and monitoring processes.

Discussions and plans on the **NDS 2021–2030** point to the integration of the key principles of the 2030 Agenda and the SDGs within its overall mission, specific objectives and impact indicators. More importantly, preliminary drafts show linkages between the **NDS objectives and the European Integration Agenda, the SDGs and the EU Green Deal**¹³.

Ongoing discussions on the roadmap of the NDS 2021-2030 indicate that implementation and monitoring of the new NDS will be achieved through sectoral strategies and action plans with fixed budget codes to ensure better linkages with the Kosovo's budget as well as EU accession requirements and the 2030 Agenda. To ensure delivery against these objectives, a robust methodology is needed to track progress on implementation and results against EU and SDG targets, as well as statistical capacity-building for IT support and data collection.

¹² Particularly the NDS, ERP, NPISAA, MTEF and sectoral strategies, each of which is summarised in the table above.

¹³ For further information, see: European Commission, A European Green Deal, available at: <u>https://ec.europa.eu/info/strategy/priorities-2019-2024/</u> european-green-deal_en (accessed 20 March 2021).

Maximising Synergies Between the 2030 Agenda and Kosovo's European Agenda

No	Document Name	Timeframe	Planning tools	Monitoring System	Reporting results	Responsible Unit
1	National Development Strategy (NDS)	2016–2021	NDS guide (34 measures)	 Biannual monitoring of activities (through GAWP system) Annual monitoring of results 	6-month report (GAWP reporting system) Annual report	SPO in cooperation with the Government Co-ordination Secretariat (GCS)
2	Economic Reform Programme (ERP)	2021–2023	Structural measures (two- year timeline). Latest ERP is published on MoF and EC websites	Semi-annual monitoring process	Annual report	SPO (in cooperation with the MoF)
3	European Reform Agenda (ERA)	2016–2017 (second phase was adopted in 2020)	Action Plan for the Implementation of Key Priorities	Semi-annual reporting	Semi- annual report	Office of European Integration
4	National Programme for Implementation of the SAA (NPISAA)	2017–2021; 2021-2025 (to be approved in the coming months)	Short-term measures (one- year plan) for NPISAA 2017- 2021	Quarterly reporting	Quarterly reports	Office of European Integration
5	Sector Strategies	Varied timeframes	Mid-term Action - Plans	Mixed reporting	Annual reports	Ministries
6	Mid-term Expenditure Framework (MTEF)	2021–2023	Annual budget	Quarterly reporting	Quarterly reporting	MoF
7	Government Annual Work Plan	2021	Matrix of GAWP	Quarterly reporting	Quarterly reporting	GCS

SDG ACHIEVEMENT AND MAINSTREAMING IN THE WESTERN BALKANS

Albania, Bosnia and Herzegovina, Kosovo, North Macedonia and Serbia share a common past and the goal of becoming EU Member States. As candidates and potential candidates for EU accession, they have undergone recent economic transformation, demonstrating potential as well as opportunities for growth. Differences in their economic and social trajectories have influenced the range and scope of development challenges each faces and the degree of integration with EU policy that each has achieved.

At the regional level, activities in support of SDG implementation and monitoring have commenced, although these have been more comprehensive in some locations (Albania and Montenegro). Planning activities also have been initiated throughout the region, while activities supporting implementation and monitoring efforts are still in an early phase of development in some locations

(Bosnia and Herzegovina). Institutional channels in support of SDG implementation also vary based on the structure of the strategic and policy planning processes, specific budgeting and reporting lines to track progress, and the capacity on respective legal and administrative frameworks. All EU candidates and potential candidates have assigned or established a body responsible for overseeing progress related to SDG implementation and monitoring. Generally, the designated bodies already hold coordination roles, are led by a high-level government official or designated ministry department/unit, and engage representatives of relevant ministries and government agencies.

The following table summarises progress on SDG achievement and mainstreaming in the region

	Status of the implementation of the SDGs and the 2030 Agenda
Albania	• The Albanian Government has committed to implement the 2030 Agenda in the context of NSDI II 2016–2020 and in line with the country's EU integration process.
	• The commitment to the 2030 Agenda has been supported by the establishment of the Inter- Ministerial Committee on the SDGs, headed by the Deputy Prime Minister of Albania and including key government institutions and other stakeholders.
Bosnia and Herzegovina (BiH)	• Progress on the 2030 Agenda and SDGs has been achieved with support from the international community, such as Switzerland and Sweden, to bring together SDG and EU accession requirements.
	• In the BiH Federation, the Directorate for Economic Planning was appointed by the BiH Council of Ministers to spearhead the SDG process in March 2017. In Republika Srpska (RS), the Ministry of Economic Relations and Regional Cooperation was nominated by the RS Government to lead SDG mainstreaming in RS in September 2017.
Kosovo	• Kosovo authorities have committed to implement the 2030 Agenda in the context of the forthcoming NSD 2021–2030 and in line with Kosovo's EU reform process.
	• Progress has been achieved through establishment of the Council for Sustainable Development within the Assembly of Kosovo.
Montenegro	 Montenegro has adopted an official government strategy (the National Strategy of Sustainable Development until 2030) to nationalise the 2030 Agenda and the SDGs.
	• Progress has been achieved through the development of action plans and an Implementation Strategy to monitor progress on the SDG targets in the national strategy.
North Macedonia	• North Macedonia's existing policy framework includes several references to the SDGs while the Rapid Integrated Assessment conducted in 2019 assessed 83 per cent alignment of national priorities/targets with the 2030 Agenda.
	• The National Council for Sustainable Development has identified SDG1, SDG4, SDG8, SDG13 and SDG16 as priority goals for the period 2018–2020.
Serbia	• The Government of Serbia has established an Inter-Departmental Working Group for the SDGs, which includes line ministries and representatives of other governmental bodies in charge of ensuring mainstreaming, implementation and monitoring of SDGs.
	• The prioritisation and nationalisation of SDGs in Serbia includes plans to integrate the development agenda and the reporting process into existing institutional frameworks (i.e. European Semester Light), applying the same reporting principles and standards established in EU Member States.

5. Alignment of the Sustainable Development Goals and Synergies with Kosovo's European Agenda

The framework of Kosovo-EU relations consists of several strategic documents and framework agreements. In 1999, the EU proposed the establishment of the **Stabilisation and Association Process (SAP)** for the Western Balkans, as a framework for their EU enlargement related reform path. Officially launched in 2000 at the Zagreb summit, this perspective was reaffirmed at the Thessaloniki European Council in June 2003. **Kosovo has been part of the SAP framework** since the Thessaloniki Summit and is a **potential candidate for membership in the EU**.

In 2011, the Commission, via the Progress Report, recommended initiation of the Feasibility Study for the SAA. SAA negotiations were concluded in 2014, and the SAA was signed in 2015 and **entered into force 01 April 2016**. As such, Kosovo and EU relations advanced from political to contractual. The EU accession process has served as an important anchor for democratisation, rule of law and market economy reforms in Kosovo. While only the SAA is contractual, other SAP instruments applicable to Kosovo are of equal significance and, together with the SAA, constitute the broader framework of EU enlargement related reforms.¹⁴

The EU enlargement programme in Kosovo paves the way for stronger regional and stronger regional integration and progress in Kosovo's European perspective and rapprochement with the EU, which comprises political, legal, economic, environmental and social dimensions and criteria.

In November 2020, Kosovo institutions re-affirmed their commitments towards advancing regional cooperation in the Western Balkans to boost socioeconomic recovery and convergence with the EU at the **Summit in Sofia**. While the Multiannual Plan for the Regional Economic Area (REA) was endorsed at this summit, it coincided with a stronger focus on a green, low-carbon, and circular economy, as embodied in the **Green Agenda for Western Balkans** and the economic and wider benefits of the EU's Economic and Investment Plan for the Western Balkans, issued in October 2020 with the EU's annual Enlargement Strategy¹⁵ and Country Reports¹⁶. This also follows the Western Balkans Joint Action Plan, agreed in 2018, which aims to support the systematic strengthening of regional cooperation and EU support to tackle security challenges.

5.1. Key Areas of Convergence

The EU has committed to integrate the SDGs into its internal and foreign policy. The EC's policy guidelines include the SDGs in all proposals, policies and strategies, and **all 17 SDGs feature in one or more of the six headline ambitions** announced in the **EC President's Political Guidelines, including the EU Green Deal**. Sustainable development is mainstreamed in EU policies and legislation, via the Sustainable Development Strategy, 2020 Strategy, and Better Regulation Agenda, and it is reflected in sectoral policies (e.g. 7th Environment Action Programme).

In addition, the EU is reporting on progress towards SDG achievement by EU Member States as well as towards select SDG indicators for EU candidates. Specifically, the EU SDG indicator set is used to monitor progress towards the SDGs in an EU context and routinely reviewed for inclusion of new data sources and to take into account alignment with new EU policy priorities. The data is used to inform the annual publication on progress of EU Member States towards SDG achievement and best practices with respect to the EC priorities¹⁷, generate online dashboards and platforms to measure progress towards target achievement, and contribute to other data visualisation and dissemination tools. In addition to EUROSTAT and EU publications, information on SDG tracking is similarly collected by CSOs and European think tanks for a variety of indicators and through "open data" and data visualisation platforms.

¹⁴ A summary of key documents and status of Kosovo-EU relations is provided in Annex 1.

¹⁵ The most recent version (February 2018) is available at: https://ec.europa.eu/info/news/strategy-western-balkans-2018-feb-06_en.

¹⁶ The most recent EU Kosovo report (2020) is available at: <u>https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/kosovo_report_2020.</u> pdf.

¹⁷ The latest report "Sustainable development in the European Union — Monitoring report on progress towards the SDGs in an EU context — 2020 edition; Monitoring report on progress towards the SDGs in an EU context — 2020 edition" was released in December 2020.

The EU's commitment to SDG integration is not yet equally reflected in the EU enlargement policy or ongoing framework agreements with candidates. While all enlargement countries have adopted the 2030 Agenda and, to varying degrees, advanced in localising the SDGs, there is scope to better integrate the 2030 Agenda into ongoing negotiations on EU accession and, in particular, to more prominently reflect the SDGs across the IPA planning framework documents. This would include the Country Strategy Paper, Sectorial Planning Documents and Action Programmes. A comparison between the **chapters of the EU acquis** and the SDGs in Kosovo shows over 60 per cent alignment (as shown in the table below). However, an analysis of the alignment of each EU strategic document with the SDGs reveals lower figures. The EU Kosovo Report (2019) presents the highest level of alignment (63.91 per cent) between EU priority areas and SDG targets, while analyses of others presented the following alignment rates: ERP (47.54 per cent); SAA (21.05 per cent); and IPA 2014–2020 (14.73 per cent).

There are opportunities to expand ongoing efforts to implement the 2030 Agenda in existing EU frameworks and engagements covering the enlargement countries — including Kosovo

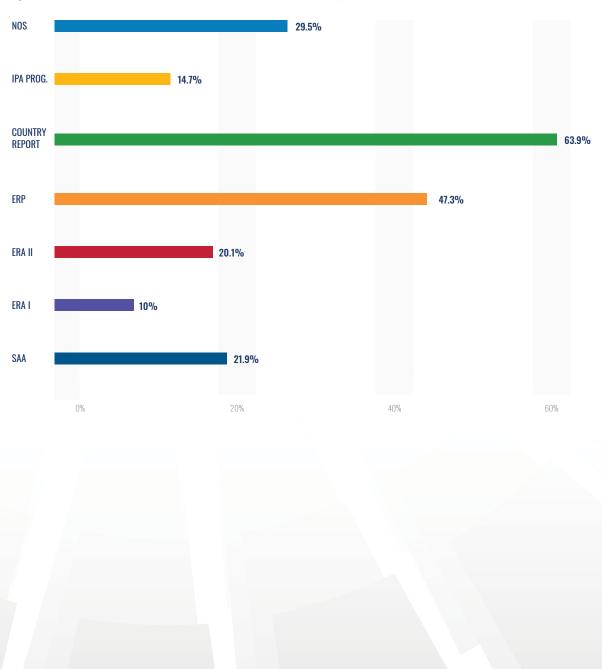


Figure 1: EU enlargement framework and National Development Strategy convergence with SDG targets

Figure 2: Kosovo's 2030 agenda and EU agenda: areas of commonality

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1 FREE MOVEMENT OF GOODS																	
 2 FREEDOM OF MOVEMENT FOR WORKERS 3 RIGHT OF ESTABLISHMENT AND FREEDOM TO PROVIDE SERVICE: 4 FREE MOVEMENT OF CAPITAL 	S	•						Ē		Ξ		Ξ					1
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12 FOOD SAFETY, VETERINARY AND PHYTOSANITARY POLIC 13 FISHERIES	Y																
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25 SCIENCE AND RESEARCH																	
26 EDUCATION AND CULTURE																	_
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28 CONSUMER AND HEALTH Protection 29 Customs Union															-		
30 EXTERNAL RELATIONS																	
31 FOREIGN SECURITY AND Defence Policy 32 Financial Control															1	•	
33 FINANCIAL AND BUDGETARY Provisions 34 institutions								-									2
35 OTHER ISSUES																	

5.2. A Platform for Greater Cooperation

Although both the SDGs and the SAA fall under the responsibility of institutions at the central level, the engagement and cooperation of municipalities and local governments are needed for SDG achievement. The SDG localisation process in Kosovo has emphasised how local governments and other local stakeholders can contribute to the achievement of the SDGs and how the SDGs can provide a framework for local development policies. This has entailed the use of multi-stakeholder engagement, in particular through local governments, CSOs and other local stakeholders as well as SDG adaptation, implementation and monitoring at the local level.

As the analysis shows, the focus on SDG localisation has already contributed to building "local champions" among a pool of Kosovo municipalities. The focus on local governments supporting sustainable development is not just at the core of the SDGs territorial approach; it is recognised under the EU pillars of decentralised cooperation and regional territorial development.

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There is a high potential for the Enlargement agenda agenda to leverage the results already achieved by the SDG localisation approach to further progress on the next steps of the process.

There is need for a more profound rethinking of existing measures to integrate the EU and 2030 Agenda principles and disseminate them across stakeholders and wider society. The strong support that the people of Kosovo have shown for EU integration remains highly encouraging, especially in light of the challenges that have accompanied this process from the early transition after 2008 to the more recent outbreak of the COVID-19 pandemic. This mirrors the strong commitment and enthusiasm that the people of Kosovo have shown in the **post-2015 United Nations consultations**, which have highlighted firm support for the 2030 Agenda.

Desk research and interviews conducted with the private sector, media and CSO representatives reveal limited awareness and understanding of the **linkages between implementing EU accession criteria and achieving SDGs**, particularly at the **local level**. While EU integration is frequently a topic in the **media**, details on the 2030 Agenda are not generally included. Nonetheless, the media has a crucial role in advocating for SDG achievement and EU enlargement related reform progress, particularly promoting social cohesion, civic awareness and engagement.

5.3. Cross-sectoral Synergies

In the previous section, an analysis of EU-SDG complementarities was presented along with the degree of their alignment across SDG clusters and EU priority areas, based on the following:

(I) SDG, SAA, NDS; and

(II) SDG, SAA, ERA I, ERA II

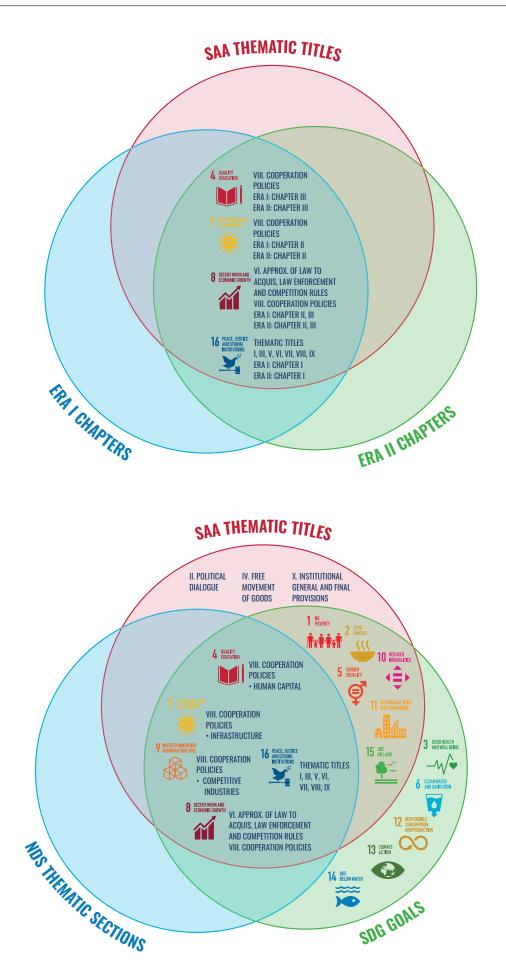
A comparison between the SDGs and EU strategic documents (namely ERA I and ERA II) shows the highest level of alignment with SDGs 4, 7, 8 and 16 and, respectively, EU pillars on better education (SDG 4), sustainable economic growth (SDG 7), job creation and economic growth (SDG 8) and institutional statebuilding (SDG 16). Alignment is lowest in: SDG 1 (poverty eradication); 14 (life below water); and 15 (biodiversity and environmental degradation).

The alignment among Kosovo development priorities, SAA provisions and SDG targets is most significant in: quality education; affordable and clean energy (green growth); decent work and economic growth (job creation and macroeconomic growth); industry, innovation and infrastructure; peace, justice and strong institutions; and partnerships (private sector development).

The two figures above clearly show **strong linkages between the SDGs and EU areas of focus**, whereby the SDGs could be linked to EU priority areas (job creation, climate and environmental action, and social protection across different demographics) in Kosovo. At the same time, they also show that shared objectives can be achieved best by combining a mix of target areas and SDG clusters in order to take advantage of cross-cutting synergies and complementarities.

> There is a strong alignment between EU priority areas and SDGs across all three dimensions of sustainability: economic; social; and environmental.

For example, developing inclusive green development that supports more sustainable consumption practices would require the simultaneous fulfilment of SDG 8 (decent work and economic growth), SDG 5 (gender equality), SDG 11 (sustainable cities and communities), SDG 12 (responsible consumption and production) and possibly SDG 13 (climate action).



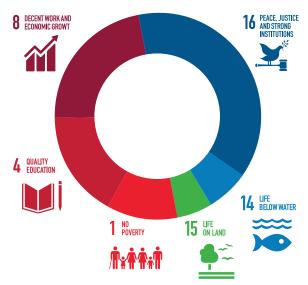
The integration of the 2030 Agenda and SDG achievement in Kosovo requires identification of lingages to align EU priority areas and SDGs and leverage the cross-cutting nature of SDGs and EU priority areas.

It is clear that three areas – a more resilient economic growth, strengthened institutions and good governance, and greater action on environmentrelated issues, particularly investments in greening the economy – are critical to both reform agendas and that emphasis on employment and women's empowerment is also shared. These priorities directly reflect SDG 8 (decent work and economic growth), SDG 5 (gender equality) and SDG 13 (climate action). Further, as the SDGs and EU priority areas are interrelated and mutually reinforcing, other SDGs (10: reduced inequalities; 4: quality education; and 1: no poverty) also impact the priority areas.

Lastly, the analysis also highlights areas where the 2030 Agenda benefits from a comparative advantage in driving progress towards sustainable development in Kosovo. These include SDG 1 (no poverty) and SDG 3 (good health and well-being), with the latter even more relevant due to the COVID-19 pandemic.

Although SDG 1 is overall represented in EU strategic documents as part of EU broader objectives to "end poverty in all its dimensions", it remains a core objective as well as an explicit target of the 2030 Agenda and its SDGs.

Figure 3: The three most/least featured SDG goals in the Strategic Documents



6. Ten Ways to Accelerate Achievement of the Sustainable Development Goals through the European Union Enlargement Agenda

Despite progress, Kosovo continues to face challenges that impede its ability to realise its economic potential. The analysis presented in this report shows that Kosovo's development is directly intertwined with its path towards the EU and the 2030 Agenda. In particular, the analysis shows strong cross-sectoral overlaps between the SGDs and the EU reform agenda that, if capitalised on, could contribute to more rapid and successful development outcomes in Kosovo.

The EU accession framework provides a vehicle for improved outcomes, especially with the SDGs and broader development objectives. This is largely reinforced by the institutional stakeholders that have committed to integrate the 2030 Agenda principles and SDGs into their broader development plans and other strategic documents. With nearly a decade remaining for SDG achievement, the possibilities for a more complementary, coherent, and catalytic action in driving progress towards the SDGs and EU reform should be explored.

The following tables present 10 recommendations and actions that each group of stakeholders in Kosovo may adopt and operationalise in their respective areas of operation in order to move towards achievement of the SDGs in Kosovo.

6.1. Partnerships and Coordination

Recommendation #1: Explore synergies in EU and other statistical and data/online platforms reporting on progress towards EU integration and SDGs

Ongoing European and other exercises on SDG measurement and tracking should be expanded to include Kosovo. As a result, Kosovo would be able to increase its evidence base to identify, measure and report on joint progress towards the 2030 Agenda and the SDGs, particularly with respect to priorities set by the EC.

Recommendation #2: Leverage coordination mechanisms among Kosovo institutions, EU representatives and the United Nations system, to promote a more integrated cooperation approach

This should include exploring opportunities to engage with key representatives of the entities in charge of the SDG localisation process, particularly the Council for Sustainable Development, in order to: i) discuss synergies and complementarities between the two reform agendas; ii) identify ongoing/planned activities that support the two processes; and iii) improve coordination drawing on the linkages and multiplier effects of the two processes. Opportunities around Kosovo's legislative framework and legislative bodies (e.g. Kosovo Assembly committees) should also be explored.

Recommendation #3: Increase engagement with local government representatives and focal points as the driving force advancing the two agendas at the community level

Efforts should focus on the role of local government representatives and SDG focal points at the municipality/ local level pushing for the EU and SDG agendas at different levels (regional, local, etc). The engagement of people at different levels committed to the same objectives provides a

two-directional approach to achievement of the SDGs vis-àvis EU priorities through bottom-up action, showing how the SDGs intersect with the EU agenda and Kosovo framework to support local development policy.

6.2. Kosovo Institutions

Recommendation #4: Mainstream the SDG agenda throughout key strategic documents of Kosovo institutions, leveraging the opportunities arising from the National Development Strategy 2021–2030 and the SAA planning framework

Strategic documents related to SDG mainstreaming in Kosovo and plans and actions towards EU accession are crucial for robust monitoring and reporting on the implementation and results of the 2030 Agenda vis-à-vis Kosovo priorities and EU commitments. The forthcoming NDS 2021–2030 represents a promising tool to initiate a similar process to mainstream the 2030 Agenda and monitor SDG achievement vis-à-vis Kosovo priorities as well as EU targets. Proposed measures are outlined below.

a. Reflect the SDG principles in key strategic and policy planning frameworks on Kosovo development priorities and EU accession requirements **at the central level** in order to highlight synergies between the SDGs and these two processes, with respect to the following hierarchy of frameworks:

NDS 2021–2030;

- Government Programmes, Statements of Medium-Term Priorities and Government Annual Work Plans (GAWPs);
- NPISAA , ERP and the ERA II; and
- sectoral policy planning documents in policy areas covered by the SDGs.

b. Include SDG tracking in key planning processes at the **programme, project and intervention levels**, particularly those with strong linkages and contributions to the development and EU enlargement agenda.

Recommendation #5: Develop a "SDG tag" or scorecard system as part of the overall Kosovo, regional and local planning and funding processes

Although the SDGs and the 2030 Agenda are not reflected prominently in the EU accession process, it may be beneficial to strengthen their integration into both planning frameworks (e.g. IPA planning documents and Action Programmes) as well as Kosovo, regional and local planning documents. The use of a "SDG scorecard" or "SDG tag" would help: i) **support Kosovo policies, strategies, EU-funded** programmes and projects that also have **high alignment and complementarities with the SDGs**; and ii) promote mechanisms to **measure the impact** of EU-funded programmes and other projects Kosovo's European perspective and EU rapprochement that are also aligned with the SDGs. This would also help: i) better identify and systematise SDG values within the overall planning, programming and reporting process, with focus on the documentation and processes relating to EU-funded programmes and other strategic projects contributing to the EU accession agenda; ii) integrate SDG values as part of **communication and visibility actions** (particularly for EU-funded programmes and activities), with a view to supporting wide dissemination of the alignment and complementarities between EU integration agenda and the SDGs; and iii) identify overlaps and gaps relating to EU development outcomes in a given sector or project context vis-a-vis the 17 SDGs.

Recommendation #6: Enhance integration of 2030 Agenda principles and SDGs into the overall budget planning, implementation and monitoring processes

There is strong potential to strengthen the integration of SDG principles and the 2030 Agenda throughout the budgeting process, including budget planning, implementation, monitoring and review. Ongoing mechanisms to link budget planning and implementation processes already incorporate to some extent the SDGs, however there is scope to further strengthen the integration and harmonization of SDGs across all planning and budgeting processes, focusing on each phase

of the budget lifecycle (planning and definition, allocation, monitoring and review). This could be operationalised in practice by outlining specific SDGs in the MTEF sectoral descriptions to ensure better linkages with the Kosovo budget and establish robust tracking mechanisms for budgetary expenditure related to the SDGs.

Q Recommendation #7: Pilot sustainability assessments to review progress and gaps between SDG targets and EU policy indicators when conducting mid-term assessments of Kosovo policies and budget reviews

Sustainability impact assessments or rapid assessments provide an opportunity to gather information on the impact of a focus on the SDGs regionally and globally and integrate it into Kosovo and sectoral impact assessments and to better assess the impacts of institutional policies against EU accession requirements. In particular, the use of rapid assessments would allow Kosovo to: i) review how much money was spent from EU funds, which is aligned with both EU priority areas and criteria and the 2030 Agenda; and ii) measure the impact of EU funds spent by the institutions towards achieving SDGs targets in Kosovo. This could take the form of **online sustainability check tools** for new laws and policies to track alignment with the 17 SDGs as well as EU accession criteria.

6.3. Local Governments and Other Stakeholders

Recommendation #8: Leverage existing Kosovo-wide forums/platforms to take stock of achievements on sustainable development and EU integration

Integrating knowledge from different sources (independent experts, science, other ministries) can foster reflexivity and learning, as well as evidence-based policymaking (e.g. via impact assessments) on key synergies and gaps between the 2030 Agenda and EU enlargement related reform processes. At the same time, jointly promoting the 2030 Agenda/EU accession agenda through an integrated format would send a clear signal of the wider benefits of implementing the SDG agenda in an EU context, and support a more coordinated landscape. Proposed measures are outlined below.

 Leverage opportunities arising from Kosovo-wide flagship conferences and annual events, chaired by Kosovo institutions and/or in close collaboration with UNKT/United Nations agencies and the EU, to take stock of achievements on sustainable development and progress made on Kosovo's European path.

- Explore opportunies arising from open access platforms, to act as an important repository of key content and lessons shared by relevant actors, and serve as a forum for dialogue and discussion to promote knowledge-sharing and dissemination among technical experts and other interested groups.
- **Recommendation #9:** Increase awareness of the linkages between the 2030 Agenda and the EU integration process through tailored media and advocacy campaigns

Media and outreach campaigns are powerful tools to increase the understanding of common priorities and complementarities between the 2030 Agenda and EU integration process. They should leverage **digital platforms and social media** to encourage wider participation and active engagement and should include feedback mechanisms to monitor impact and integrate lessons. Proposed measures are outlined below.

to a diverse audience.

- Focus on concrete examples and the SDG and E U priority areas in Kosovo and how these improve citizens' lives and collective prosperity.
- Combine media activities with thematic events, clips and informative video to build a better informed public discourse that brings together experts, achievers and inspirational figures.
- Tailor media and other awareness-building activities
- Recommendation #10: Improve knowledge transfer and peer-support mechanisms to share and adopt lessons and best practices from countries in the EU enlargement region

Kosovo would benefit from the experiences and good practices of regional and EU Member States related to SDG localisation in the EU context. Most enlargement countries face **similar challenges and opportunities** and the SDG nationalisation process shares commonalities across the Western Balkan region (and beyond). These experiences and good practices should be explored. Proposed measures are outlined below.

- Build on knowledge exchange platforms and materials available to Kosovo institutions and civil servants to learn from peers' experiences and success stories.
- Offer online trainings and virtual exchanges as well as access to EU channels and lessons from enlargement countries (e.g. Western Balkans, Eastern Partnership countries) and EU Member States (e.g. Croatia, Sweden and Germany).

Focus should be on concrete applications, pilot studies and innovative ideas that can be replicated or adapted to Kosovo's context. This could be combined with periodic expert and other exchanges to share insights, progress and lessons learned.

7. Annex: European Union Enlargement Related Reform Agenda: Key Documents and Framework

7.1. The Stabilisation and Association Agreement and the National Programme for Implementation of the Stabilisation and Association Agreement

Entered into force on 01 April 2016, the Stabilisation and Association Agreement (SAA) constitutes the first contractual relationship between the European Union (EU) and Kosovo. It is a comprehensive agreement that provides a framework for the gradual creation of a single market between the EU and Kosovo, as well as for political dialogue and reform-driven policy dialogue on economic, trade-related and rule of law reforms, also covering cooperation in virtually all policy areas, including justice and home affairs, public administration reform, education, employment, energy, environment and a range of other policy areas. Three Stabilisation and Association Council (SAC) meetings, and four cycles of subcommittee meetings took place between 2016 and 2020. The institutional structure in charge of overseeing the application and implementation of the SAA is defined in Title X of the Agreement.

Kosovo has undertaken steps to implement provisions of the SAA within the 10-year period. Preparation of the **National Programme for Implementation of the Stabiliation and Association Agreement (NPISAA)** is a legal requirement of Article 74, point 3 of the SAA.

The NPISAA is the main document that steers SAA implementation. It establishes a comprehensive framework of medium-term reforms (2017–2021) for implementation of the SAA through approximation of the legislation with the EU acquis and its implementation and enforcement. It therefore contains short-term measures and medium-term priorities, namely legislative and implementing measures and priorities. All measures and priorities are divided into **three blocks**: Political Criteria, Economic Criteria and European Standards – Approximation of Kosovo's Legislation with the EU acquis. In addition to providing key political and economic reforms required under the SAA, it also provides concrete measures within the **33 chapters of the EU acquis**¹⁸ (except for chapter 34 and 35).

The NPISAA establishes a comprehensive framework of medium-term reforms (2017-2021) for SAA implementation and approximation of the Kosovo legislation with the EU acquis and its implementation and enforcement.

7.2. The European Reform Agenda

The European Reform Agenda (ERA) was launched by the Prime Minister of Kosovo and the Commissioner for European Neighbourhood Policy and Enlargement Negotiations in November 2016. The ERA does not replace existing strategies, i.e. NPISAA and NDS. While NPISAA is the umbrella framework, the ERA is a more focused document outlining key medium-term priority reforms and short-term measures for attention at the highest political level agreed between the European Commission (EC) and the Government of Kosovo that Kosovo has to implement to fulfil key obligations deriving from the SAA. The ERA is aligned with NPISAA, the ERP, which remains the key overarching policy document guiding macroeconomic and fiscal reforms, including recommendations to boost competitiveness and alleviate labour market pressure. In its first phase, the ERA was also largely aligned with the Government Annual Work Plans (GAWPs).

The ERA is more detailed document outlining medium-term priorities and short term measures that Kosovo needs to implement to achieve these priorities and progress on Kosovo's EU-related reform path and rapprochement with the EUa.

ERA II was launched in October 2020 and adopted by the Government in November. It contains **15 priorities** focusing on the following priority areas¹⁹: i) Good Governance and the Rule of Law; ii) Competitiveness, Investments and Sustainable Development; and iii)

19 See Republic of Kosovo (2020). No. 02/36, 19/10/2020, available at: <u>http://mei-ks.net/repository/docs/3_ERA%202%20Priorities%20Final%20</u> [adopted%20by%20Govt].pdf.

¹⁸ The EU acquis embodies the entirety of the common rules of the EU that potential/candidates for EU membership are expected to enact and enforce.

Employment, Education and Health. All priorities are sought to be **implemented by 2022**, through a two-year action plan expected to be adopted by the Government and the Assembly in early 2021. The new agenda of priority reforms maintains the three-pillar approach of the previous ERA, while also reflecting on the evolving context and priorities. In particular, in the context of the COVID-19 pandemic, ERA II includes priorities related to the **mitigation of the economic and social impacts of the crisis**, as well as renewed **attention on the health sector**.

The new structure adds focus on reform areas related to the EC's Economic and Investment Plan issued 06 October 2020 (e.g. the green transition). While there is a new focus on fundamental and human rights in the rule of law pillar, the following areas will remain: home affairs; electoral reform; energy; environment; and healthcare. A key emphasis of this second phase of the ERA is also on the implementation and enforcement of legislation and reforms set up under the first phase of ERA in order to ensure a noticeable difference for citizens, businesses and investors.

7.2.1. The Economic Reform Programme

The ERP aims to prepare Kosovo for future participation in the EU's economic policy coordination procedures of the integration agenda through better economic policy planning and a more stable macroeconomic environment.

The ERP is an economic dialogue between the Commission and the Western Balkans and Turkey. ERP is an annual publication that outlines medium-term fiscal, budgetary and other macroeconomic policies and reforms that need to be integrated into Kosovo strategies and priorities. The ERP consists of two main chapters (macroeconomic and fiscal framework and **structural reform priorities** for the next three years) and includes **macroeconomic projections** (GDP growth, inflation, trade balance and capital turnover) and budget plans based on the two pillars.

The structure and content of the ERP are pre-determined by the EC Guidance Note and aim to provide a menu of reforms and actions to boost competitiveness and macroeconomic stability in line with the EU's economic policy coordination procedures.

Based on this framework, the Minister of Finance acts as the Coordinator for ERP and is supported by the Department for Macroeconomic Policy and International Financial Cooperation within the Ministry of Finance (MoF) (macroeconomic and fiscal pillars), and the Strategic Planning Office (SPO) of the Prime Minister (second pillar on structural reforms agenda). Kosovo participates in the ERP exercise since 2015.

7.3. Kosovo report

The EC Kosovo Report is an instrument used to assess Kosovo's annual progress in meeting the European agenda requirements.

The EC Kosovo Report is an annual report that **tracks progress achieved in fulfilling the requirements of the EU enlargement related reform agenda** and sets out guidelines on reform priorities. The last Kosovo Report was released in October 2020.

7.4. Instruments for Pre-Accession Assistance

The Instrument for Pre-Accession Assistance (IPA) is the **main financial instrument** to provide EU support to the Western Balkan countries in implementing EU enlargement related reforms. Kosovo has received over EUR 650 million from IPA I (2007–2013). IPA II (2014– 2020) has an overall allocated budget of EUR 602.1 million over the seven-year period.

Main priority areas of IPA II (2014–2020) national programmes, based on the relative share of the total budget allocation, are: Democracy and Governance (23%); Rule of Law and Fundamental Rights (14%); Environment, Climate Action and Energy (30%); Competitiveness, Innovation. Agriculture and Rural development (20%) and Education, Employment and Social Policies (14%).

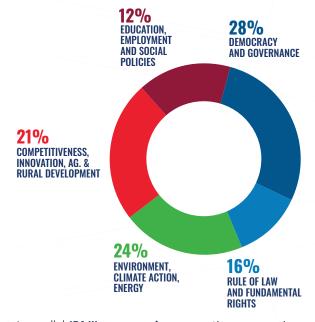
The total estimated cost of an IPA Annual Programme is around EUR 90 million

In light of the COVID-19 pandemic, a total of EUR 68 million has been approved in bilateral assistance for Kosovo to cover urgent health needs (EUR 5.0 million) and economic and social recovery (EUR 63 million), and EUR 455 million has been approved as part of a regional economic reactivation package. An additional EUR 100 million was approved by the EU in Macro-Financial Assistance for Kosovo²⁰.

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²⁰ For more information, please see the EU Kosovo factsheet, available at: https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/near_ factograph_kosovo.pdf.

Figure 4: Initial Allocation of IPA II funding in Kosovo by priority area (2014–2020)



In parallel, **IPA III programming** preparations are ongoing. Under the new multiannual financial framework EUR 14.5 billion are planned for pre-accession assistance while the programming has undergone changes, such as: i) programming by priority area; ii) no Kosovo-wide allocations defined upfront; and iii) thematic windows to reflect the objectives of the regulation and the introduction of the efficiency principle to avoid backlog based on action maturity. IPA III aims to:

- strengthen rule of law, democracy, respect for human rights, fundamental rights and international law, civil society and security and migration management, including border management;
- 2. reinforce the effectiveness of public administration and support structural reforms and good governance at all levels;
- **3.** shape the rules, standards, policies and practices of the beneficiaries listed in Annex I in alignment with those of the EU and reinforce reconciliation and good neighbourly relations, as well as people-to-people contacts and communication;
- **4.** strengthen economic and social development including through increased connectivity and regional development, agriculture and rural development, and social and employment policies, to reinforce environmental protection, increase resilience to climate change, accelerate the shift towards a low carbon economy and develop the digital economy and society; and
- 5. support territorial and cross-border cooperation.



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