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COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

COUNCIL DECISION

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 and repealing Decision 2006/56/EC

(presented by the Commission)

EXPLANATORY MEMORANDUM

The Thessaloniki European Council of 19 and 20 June 2003 endorsed the "Thessaloniki Agenda for the Western Balkans", which introduced the partnerships as a means of realising the European perspective of the Western Balkan countries.

On 30 January 2006 the Council adopted the revised European Partnership for Serbia and Montenegro, including Kosovo under UNSCR 1244, based on the Commission's proposal presented on 9 November 2005. The partnerships contain short-term and medium-term priorities. The countries are expected to fulfil the short-term priorities in one to two years.

Therefore the Commission considers it appropriate to present a proposal for an updated partnership for Serbia including Kosovo under UNSCR 1244. Following its independence in June 2006, a new European Partnership for Montenegro was drafted in 2006 and adopted by the Council in January 2007¹.

This renewed partnership for Serbia including Kosovo under UNSCR1244 is based on the provisions of Council Regulation (EC) No 533/2004 of 22 March 2004 and takes into account the new developments as described in the 2007 Progress Reports. It lists short- and medium-term priorities for preparations for further integration with the European Union.

In order to respond to the European Partnership, the competent authorities in Serbia as well as Kosovo under UNSCR 1244 should develop a plan with a timetable and specified measures the respective authorities intend to take to this end. The Commission will monitor progress in implementing the priorities regularly.

The European Partnership priorities form the basis for programming the financial assistance of the Community, which will continue to be provided under relevant financial instruments, in particular Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing the Instrument for Pre-Accession Assistance (IPA).

The proposed Council Decision has no financial implications. In view of the above, the Commission invites the Council to adopt the attached proposal for a Council Decision.

¹ OJ L Council decision on the principles, priorities and conditions contained in the European Partnership with Montenegro, No 49/2007 (OJ L 20, 27.01.2007, p.16)

Proposal for a

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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 and repealing Decision 2006/56/EC

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 533/2004 of 22 March 2004 on the establishment of partnerships in the framework of the stabilisation and association process², as amended, and in particular Article 2 thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) The Thessaloniki European Council of 19 and 20 June 2003 endorsed the introduction of the European Partnerships as a means to materialise the European perspective of the Western Balkan countries.
- (2) Regulation (EC) No 533/2004 provides that the Council is to decide on the principles, priorities and conditions to be contained in the partnerships, as well as any subsequent adjustments. It states also that the follow-up to the European Partnerships will be ensured through the mechanisms established under the stabilisation and association process, notably by the annual progress reports.
- (3) On 30 January 2006 the Council adopted the second European Partnership with Serbia including Kosovo under UNSCR 1244³.
- (4) The Commission's Paper on enlargement strategy and main challenges 2006–2007 indicated that the partnerships would be updated at the end of 2007.
- (5) On 12 June 2006 the Council adopted Regulation (EC) No 1085/2006 establishing an Instrument for Pre-accession Assistance (IPA)⁴, which renews the framework for financial assistance to pre-accession countries.

² OJ L 86, 24.3.2004, p. 1. Regulation as last amended by Regulation (EC) No 269/2006 (OJ L 47, 17.2.2006, p. 7).

³ Council Decision 2006/56/EC of 30 January 2006 on the principles, priorities and conditions contained in the European Partnership with Serbia and Montenegro including Kosovo as defined by the United Nations Security Council Resolution 1244 of 10 June 1999 and repealing Decision 2004/520/EC (OJ L 35, 7.2.2006, p. 32).

⁴ OJ L 210, 31.7.2006, p. 82.

- (6) It is therefore appropriate to adopt a revised European Partnership which updates the current partnership in order to identify renewed priorities for further work, on the basis of the findings of the 2007 Progress Reports on the preparations by Serbia as well as Kosovo under UNSCR 1244 for further integration with the European Union.
- (7) In order to prepare for further integration with the European Union, the competent authorities in Serbia as well as Kosovo under UNSCR 1244 should develop a plan with a timetable and specific measures to address the priorities of this European Partnership.
- (8) Decision 2006/56/EC should therefore be repealed,

HAS DECIDED AS FOLLOWS:

Article 1

The principles, priorities and conditions in the European Partnership with Serbia including Kosovo under UNSCR 1244 are set out in Annexes 2 and 3.

Article 2

The implementation of the European Partnership shall be examined through the mechanisms established under the stabilisation and association process, notably the annual progress reports presented by the Commission.

Article 3

Decision 2006/56/EC shall be repealed.

Article 4

This Decision shall take effect on the third day following its publication in the *Official Journal* of the European Union.

Done at Brussels,

For the Council
The President

ANNEX 1: SERBIA - INCLUDING KOSOVO UNDER UNSCR 1244 - EUROPEAN PARTNERSHIP 2007

1. INTRODUCTION

The European Council endorsed the introduction of the European Partnerships as a means to realise the European perspective of the Western Balkan countries. The proposed revised partnership updates the second one, on the basis of the findings of the 2007 Commission Progress Reports on Serbia and on Kosovo under UNSCR 1244. It identifies new and remaining priorities for action. The new priorities are adapted to the country's specific needs and stage of preparation and will be updated as necessary. The authorities are expected to develop a plan including a timetable and specific measures intended to address the European Partnership priorities. The partnership also provides guidance for financial assistance to the country.

2. PRINCIPLES

The stabilisation and association process remains the framework for the European course of the Western Balkan countries, all the way to their future accession. The priorities identified relate to the capacity to meet the criteria defined by the Copenhagen European Council of 1993 and the conditions set by the stabilisation and association process, notably the conditions defined by the Council in its conclusions of 29 April 1997 and 21 and 22 June 1999, the final declaration of the Zagreb Summit of 24 November 2000 and the Thessaloniki Agenda.

3. PRIORITIES

The priorities listed in this European Partnership have been selected on the basis that it is realistic to expect that they can be completed or taken substantially forward over the next few years. A distinction is made between short-term priorities, which are expected to be accomplished within one to two years, and medium-term priorities, which are expected to be accomplished within three to four years. The priorities concern both legislation and its implementation.

In view of the need to set priorities, clearly there are other tasks for to be completed which may become priorities in any future partnership, also taking into account future progress made by Serbia and Kosovo under UNSCR1244.

Among the short-term priorities, the key ones have been identified and grouped together at the beginning of the lists. The order of these key priorities does not imply a ranking in their importance.

The priorities are listed in Annexes 2 and 3.

4. PROGRAMMING

Community assistance under the stabilisation and association process to the Western Balkan countries will be provided under the existing financial instruments, in particular by Council Regulation (EC) No 1085/2006 (IPA) and, for programmes adopted before 2007, Council Regulation No 2666/2000 of 5 December 2000 (CARDS regulation)⁶. The financing agreements serve as legal basis for the implementation of the concrete programmes. Accordingly, this Decision will have no financial implications.

Serbia including Kosovo under UNSCR 1244 can also have access to funding from multi-country and horizontal programmes.

5. CONDITIONALITY

Assistance to the Western Balkan countries is conditional on progress on satisfying the Copenhagen criteria and on meeting the specific priorities of this European Partnership. Failure to respect these conditions could lead the Council to take appropriate measures on the basis of Article 21 of Council Regulation (EC) No 1085/2006 or, in the case of pre-2007 programmes, on the basis of Article 5 of Regulation (EC) No 2666/2000. The assistance is also subject to the conditions defined by the Council in its conclusions of 29 April 1997, in particular as regards the recipients' undertaking to carry out democratic, economic and institutional reforms. Specific conditions are also included in individual annual programmes. The financing decisions will be followed by a financing agreement signed with the relevant authorities.

6. MONITORING

Implementation of the European Partnership will be examined by the mechanisms established under the stabilisation and association process, notably the annual reports presented by the Commission.

⁶ OJ L 306, 7.12.2000, p. 1. Regulation as last amended by Regulation (EC) No 2112/2005 (OJ L 344, 27.12.2005, p. 23).

ANNEX 2: PRIORITIES FOR SERBIA

Short term priorities

Key priorities

- Ensure full compliance with the future obligations under the Stabilisation and Association Agreement (SAA) and the Interim Agreement (IA).
- Ensure full cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY).
- Engage constructively in the further negotiations to find a sustainable solution on the status of Kosovo together with the provisional institutions for self-government in Pristina.
- Ensure that the constitution and constitutional law are implemented in line with European standards.
- Continue efforts to implement the reform of the public administration, including the civil service pay system, to ensure transparent recruitment and promotion as well as professionalism and accountability, strengthen the European integration structures, improve coordination throughout the public administration and parliament and pay particular attention to policy coordination.
- Improve the functioning of the judiciary, guarantee its independence, professionalism and efficiency and ensure that the career development and recruitment of judges and prosecutors are based on technical and professional criteria and free from political influence.
- Step up the fight against corruption at all levels and develop a comprehensive public system of financial control to increase transparency and accountability in use of public finances.
- Finalise the process of privatisation or, when appropriate, liquidation of social-owned and state-owned enterprises.

Political criteria

Democracy and the rule of law

Constitution

- Align legislation and institutions with the new Constitution.

Parliament

- Complete the reform of the legal framework on elections (including the voters' register), bring it into line with the new constitutional requirements and ensure transparency and accountability of political party financing, including revision of the existing legislation to provide for sufficient monitoring and sanctions.

Public administration

- Establish a fully functioning ombudsman's office in line with legislative requirements and ensure proper follow-up to the recommendations made by the ombudsman.

Civilian oversight of security forces

- Ensure greater democratic oversight by tightening parliamentary control and establishing more transparent financial management.

Judicial system

- Ensure the full independence of the courts and prosecution system and strengthen the office of the prosecutor for war crimes.
- Implement the action plan on the judicial reform strategy.
- Adopt and implement legislation on mandatory initial and continuous training for judges, prosecutors and court support staff and strengthen the training centres.
- Rationalise the court system, modernise proceedings, introduce an effective court management system and establish administrative and appellate courts.
- Create an IT network for prosecutors at all levels, ensure enforcement of court decisions and further strengthen the capacity to try war crimes domestically in full compliance with international obligations to the ICTY.
- Strengthen the office of the prosecutor for war crimes.

Anti-corruption policy

- Implement the action plan on the anti-corruption strategy and establish an independent and effective anti-corruption agency.
- Ratify international conventions against corruption.
- Further clarify and enforce regulations related to the prevention of conflict of interests, in line with international standards.
- Develop and implement a transparent system of declaration of assets of public officials.

Human rights and protection of minorities

- Fulfil all obligations arising out of membership of the Council of Europe.
- Ensure compliance with the human rights provisions of the new constitution.
- Continue de-institutionalisation, community-based services and aid to dependent persons, including in the field of mental health.

Civil and political rights

- Take action in alleged cases of ill-treatment and strengthen the internal control services dealing with ill-treatment by law enforcement agents.
- Improve prison conditions, ensure appropriate monitoring of prison conditions for long-term inmates and for inmates convicted of organised crime and ensure further training of penitentiary staff and improvement of special needs facilities.

- Improve the functioning of the Broadcasting Council in line with international standards, ensure fair and transparent allocation of regional and local broadcasting frequencies to media operators,
- Fully implement the Law on free access to information and strengthen the office of the Commissioner for Free Access to Information to ensure enforcement of decisions/recommendations.
- Adopt legislation on associations and the legal status of NGOs, encourage the development of civil society organisations and regular dialogue with civil society on policy initiatives.

Social and economic rights

- Adopt comprehensive anti-discrimination legislation and ensure appropriate institutional support for victims.
- Adopt adequate legislation on the restitution of property and ensure full implementation.

Minority rights, cultural rights and protection of minorities

- Ensure that constitutional provisions on minority rights and protection of minorities are observed and fully implement the strategies and action plans relevant to integration of Roma, including returnees.
- Continue efforts to promote good inter-ethnic relations, including measures in the field of education, strengthen the functioning of minority national councils, including adoption of pending legislation, promote participation by minorities in the judiciary and law enforcement bodies and continue awareness-raising activities, including use of minority languages.
- Adopt new legislation on refugees and continue to implement the national strategy on refugees.

Regional issues and international obligations

- Continue to honour the Dayton/Paris Agreements.
- Take measures to abide by the February 2007 judgment of the International Court of Justice on the case brought by Bosnia and Herzegovina against Serbia and Montenegro regarding application of the Convention on the Prevention and Punishment of the Crime of Genocide.
- Contribute to strengthening regional cooperation, reconciliation and good neighbourly relations, including by promoting the transition from the Stability Pact to a more regionally owned cooperation framework and effective implementation of the Central European Free Trade Agreement (CEFTA).
- Conclude and implement agreements with neighbouring countries on cross-border cooperation, the fight against organised crime, trafficking and smuggling, judicial cooperation, border management and the environment.
- Contribute to resolving outstanding border issues with Croatia and with Bosnia and Herzegovina.

- Ensure the right to a real choice between sustainable return and integration and contribute to ensuring full implementation of the Sarajevo Declaration.

Economic criteria

- Implement a stability-oriented fiscal policy, including a public sector wage policy, which aims at fiscal consolidation and is conducive to low inflation and external sustainability.
- Continue reforms of public finance management in order to strengthen control, transparency, accountability and efficiency.
- Pursue a monetary policy conducive to the objective of price stability to reduce and anchor inflation expectations.
- Improve bankruptcy procedures in order to speed up market exit of unviable enterprises and to foster structural change.
- Complete the liberalisation of remaining administered prices with the view of improving the efficiency of market mechanisms and resource allocation.
- Further strengthen financial supervision to help ensure stability of the financial sector.
- Further develop and implement the reform of the pension system and continue the reform of the health insurance system and accelerate the restructuring and privatisation of the insurance sector.
- Continue efforts to formalise the grey economy and implement a public expenditure management system and tax reforms.
- Develop a stable and functioning land/real estate market and prepare cadastre legislation.
- Continue efforts to promote employment, including by means of vocational training and labour market reforms, improve public employment services and implement the strategy on employment of people with disabilities.

European standards

Internal market

Free movement of goods

- Continue to align the legal framework on standardisation, certification, metrology, accreditation and conformity assessment with European standards. Continue to adopt European standards and establish a national coordination body for quality infrastructure responsible for strengthening the entire area.
- Establish a market surveillance structure and ensure proper coordination among the market surveillance authorities.
- Adjust the trade regime and relevant legislation to comply with obligations stemming from the WTO, SAA and CEFTA.
- Establish internal consultation and notification mechanisms for new technical regulations prior to adoption of measures with an impact on trade.

- Strengthen the administrative capacity in the area of consumer protection.

Free movement of capital

- Continue to develop a system of international payment operations in line with international rules and establish national treatment for purchases of real estate, together with free movement of short-term credit and portfolio investments.

Customs and taxation

- Complete the alignment of customs legislation necessary for proper implementation of the SAA, strengthen the capacity of the customs administration to fight corruption, cross-border crime and fiscal evasion and strengthen enforcement capacity, especially in the areas of risk analysis and post-clearance control.
- Continue approximation of tax legislation to the *acquis*, implement tax legislation, in particular on revenue collection and control in order to reduce tax fraud and increase enforcement capacity.
- Commit to the principles of the Code of Conduct for business taxation and ensure that new tax measures comply with these principles.

Competition

- Improve existing anti-trust legislation in line with the SAA requirements and strengthen the administrative capacity of the Competition Commission to ensure efficient and independent enforcement of the rules in line with the EU *acquis*.
- Establish an independent and fully functioning authority for monitoring state aid.
- Improve merger control procedures in order to strengthen the efficiency of the Competition Commission.
- Establish a proper legal framework for state aid in line with the SAA requirements.

Public procurement

- Implement a consistent and effective public procurement regime, ensure the independence of the public procurement bodies, ensure transparent procedures, regardless of the value of the contract concerned, and non-discrimination between Serbian and EU suppliers and strengthen enforcement capacity in this sector.

Intellectual property law

- Continue to strengthen protection of intellectual property rights (IPR) and strengthen administrative capacity for the implementation and enforcement of IPRs.

Employment and social policies

- Develop adequate administrative structures and capacity in the field of health protection.

Education and research

- Continue efforts to improve education system; establish better links between vocational and higher education and the labour market and economic needs; strengthen administrative capacity and improve coordination among relevant bodies.
- Ratify the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions.

WTO issues

Continue preparations for accession to the WTO.

Sectoral policies

Industry and SMEs

- Implement the European Charter for Small and Medium-sized Enterprises and reduce administrative barriers for SME's.
- Adopt a new medium-term SME policy strategy and industrial policy, followed by an operational action plan.
- Strengthen the SME Council as an instrument for public-private and inter-ministerial cooperation to influence the design and delivery of SME policies.
- Reduce administrative barriers for SME's.

Agriculture

- Strengthen the administrative capacity needed to formulate and implement agricultural and rural development policy.
- Update legislation and strengthen implementation and controls in the areas of food safety and veterinary and phytosanitary issues.
- Expand animal identification and registration to all relevant species.
- Continue to upgrade veterinary, phytosanitary, wine and sanitary laboratories, inspectorates and controls at external borders.

Environment

- Accelerate approximation of legislation and standards to the EU acquis.
- Implement the adopted legislation, notably on environmental impact assessment.
- Start implementing the Kyoto Protocol.
- Adopt and implement the national environmental protection strategy and a strategy for sustainable development.
- Strengthen the administrative capacity of bodies in charge of planning, permits, inspection and monitoring, and also project management, strengthen capacity at local level and ensure coordination between central and local levels.
- Further develop and start to implement waste management plans and start construction of a facility for treatment and safe disposal of hazardous waste.

Transport policy

- Continue implementation of the Memorandum of Understanding on the Development of the South East Europe Core Regional Transport Network and strengthen cooperation with the South East Europe Transport Observatory.
- Adopt and implement a national transport strategy. Take measures to improve road safety conditions.
- Implement commitments taken under the first transitional phase of the European Common Aviation Area Agreement.
- Restructure the railway sector and establish railway institutions.
- Develop inland waterway transport, including by the setting-up of river information services.

Energy

- Fulfil the obligations arising from the Energy Community Treaty as regards the full implementation of the acquis on the internal gas and electricity market and on cross border exchanges in electricity.
- Amend and implement the Energy Law and ensure smooth functioning of the independent energy regulatory agency.
- Continue environmental audits on energy plants, addressing the worst polluters, ensure unbundling with a view to restructuring and opening up the market and make further progress towards a regional energy market, in particular by improving interconnectivity with neighbouring countries.
- Accede to the relevant international conventions relating to nuclear safety and set up the appropriate regulatory body.
- Continue the dismantling of the Vinca research reactor.
- Strengthen the administrative capacity within the relevant ministries.

Information society and media

- Ensure full liberalisation of the electronic communications sector and the independence of the regulatory bodies; ensure that the strategy adopted is put into effect, including adoption and implementation of the necessary laws and policies, and strengthen administrative capacity.
- Start approximation to the acquis on the audiovisual sector and improve transparency and accountability, particularly of the Republican Broadcasting Agency.
- Sign and ratify the European Convention on Transfrontier Television.

Financial control

- Adopt and implement a public internal financial control policy.

- Develop procedures and administrative capacity to ensure effective protection of the EU's financial interests.

Statistics

- Amend the Law on statistics and increase cooperation and coordination within the national statistical system.
- Conduct an agricultural census, create an agricultural register and continue the development of national accounts according to ESA 95 including improving the data sources.

Justice, freedom and security

Visa, border control, asylum and migration

- Implement the integrated border management (IBM) strategy and strengthen cooperation between the IBM agencies.
- Improve cross-border police cooperation in line with best practices, strengthen the capacity of border police and provide modern infrastructure and equipment for the border police, particularly in the IT area.
- Align the visa regime with the acquis and implement the EU-Serbia agreement on visa facilitation.
- Adopt and implement asylum legislation, ensure functioning of a reception centre for asylum-seekers and ensure establishment of an operational body for asylum applications.
- Implement the EU-Serbia agreement on readmission.
- Adopt a strategy for reintegration of returnees, including addressing the socio-economic conditions.

Money laundering

- Adopt the necessary legislation and a national strategy against money laundering and financing of terrorism, strengthen national bodies for the fight against money laundering and improve inter-agency and international cooperation.

Drugs

- Increase the capacity to fight drug trafficking, develop and start to implement a national drugs strategy in line with the EU drugs strategy and improve international cooperation.

Police

- Ensure full implementation of the Law on police in order to establish professionalism and accountability, improve transparency, develop a modern police force free from undue political interference and increase capacity by means of specialised training.
- Take the necessary steps to conclude a cooperation agreement with Europol.

Fight against organised crime and terrorism

- Adopt outstanding legislation, develop the capacity to seize assets, implement a national strategy against organised crime and strengthen criminal intelligence.
- Continue the fight against trafficking of human beings, including implementation of the strategy for prevention of trafficking and provision of adequate assistance and protection to victims.
- Increase the efficiency of international cooperation and implementation of the relevant international conventions on terrorism.
- Improve cooperation and the exchange of information between all branches of the security services and with other states and prevent financing and preparation of acts of terrorism.

Protection of personal data

- Revise the legal framework, sign the relevant international conventions and set up an independent supervisory authority.

Medium-term priorities

Political criteria

Democracy and the rule of law

Public administration

- Further strengthen European integration capacity within the public administration, embedding the necessary structures within line ministries and throughout government, and improve cooperation mechanisms with all departments dealing with European integration.
- Continue full implementation of civil service and public administration laws, implement measures to develop human resources in the civil service, strengthen the policy-making and coordination capacity of the public administration at government and local levels, establish a centralised payroll system, implement the constitutional provisions relating to decentralisation and ensure the resources for local governments.

Civilian oversight of security forces

- Continue the restructuring and reform of the armed forces and increase transparency and civilian oversight of the armed forces.

Judicial system

- Reduce the backlog in courts and further increase the efficiency and professionalism of courts.
- Introduce uniform standards in order to gather reliable data on the judiciary.

Anti-corruption policy

- Ensure full compliance with the international conventions on the fight against corruption. Further strengthen the capacity of anti-corruption bodies.

Human rights and protection of minorities

- Implement the anti-discrimination legislation.

- Continue efforts to integrate and improve the conditions for children with disabilities. Reform the childcare system and ensure mainstream education for children from minorities.

Regional issues and international obligations

- Facilitate integration of refugees who choose not to return.

Economic criteria

- Strengthen fiscal consolidation and reduce the role of the state sector, measured by expenditure in proportion to GDP, to create space for private-sector development and growth.
- Speed up privatisation and, where appropriate, liquidation of state-owned enterprises in order to strengthen corporate governance, reduce quasi-fiscal losses, contribute to fiscal consolidation and raise the share of private-sector activity.
- Reduce structural rigidities that hamper the labour market, in particular relating to labour market regulation, to increase participation and employment rates.
- Reduce state aid relative to GDP and strengthen competition policy to allow free and undistorted competition for the benefit of Serbian consumers.
- Improve the education system with the aim of increasing skills which fostering employment opportunities and long-term economic growth.
- Improve the business environment to increase greenfield foreign direct investment.

European standards

Internal market

Free movement of goods

- Continue to develop standardisation and, prepare for full membership of the European standardisation organisations. Free movement of capital
- Further liberalise short- and medium-term capital movements.

Customs and taxation

- Ensure continued approximation of customs and taxation as well as other fiscal legislation to the acquis, and continue to strengthen the administrative capacity to implement this legislation and to fight corruption, cross-border crime and fiscal evasion.
- Improve transparency and the exchange of information with EU Member States in order to facilitate enforcement of measures preventing avoidance or evasion of taxes.

Competition

- Implement state aid legislation and ensure that the authority monitoring state aid functions effectively.

Employment and social policies

- Adopt measures to increase school enrolment rates at secondary level of children of all communities.
- Further develop social inclusion and social protection policies.
- Ensure a functioning and representative social dialogue.
- Take further efforts to improve the situation of persons with disabilities.

Education and research

- Adopt a national qualification framework for vocational and education training; promote regional cooperation in the field of higher education.
- Adopt an integrated research policy.

Sectoral policies

SME and industrial policy

- Continue the implementation of the European Charter for Small Enterprises.

Agriculture

- Continue efforts to strengthen administrative structures and capacity needed to formulate and implement agricultural and rural development policies.
- Continue strengthening veterinary, sanitary, phytosanitary and food safety legislation and controls.
- Improve waste management and reduce agricultural pollution.
- Continue to upgrade food-processing establishments to meet EU requirements.

Environment

- Ensure full implementation and enforcement of legislation approximated to the EU legislation.
- Implement the relevant international conventions and the Kyoto Protocol.
- Adopt and start implementing strategies on air pollution, waste management and nature protection.
- Implement fully the national environmental protection strategy and the water strategy.
- Strengthen further the administrative capacity of environmental institutions at national and local level.
- Implement the multi-annual plan for financing the environmental protection policy, including for investment.
- Finalise construction of a facility for treatment and safe disposal of hazardous waste.

Transport policy

- Continue implementation of the Memorandum of Understanding on the Development of the South East Europe Core Regional Transport Network and strengthen cooperation with the South East Europe Transport Observatory.
- Strengthen further administrative capacity, including project preparation for large investments and maintenance of infrastructure.
- Ensure further approximation of legislation to the transport *acquis*, notably as regards technical and safety standards (including the implementation of the digital tachograph).
- Implement commitments taken under the second transitional phase of the European Common Aviation Area Agreement.

Energy

- Adopt and implement a long-term strategy for an environmentally sustainable energy policy.
- Continue to implement regional and international commitments in this area with a view to establishing a competitive regional energy market.
- Complete the dismantling of the Vinca research reactor.

Information society and media

- Start implementation of the EU framework for electronic communications and continue alignment with the EC *acquis* for the audiovisual sector.

Financial control

- Develop and implement the principles of decentralised managerial accountability and a functionally independent internal audit system in accordance with the internationally accepted standards and EU best practice.
- Further develop procedures and administrative capacity to ensure effective protection of the EU's financial interests.

Statistics

- Further develop the quality management system; put in place agricultural statistics and further develop all sectoral statistical areas.

Justice, freedom and security

Visa, border control, asylum and migration

- Continue to strengthen the capacity of the border police and the customs services, improve facilities at border posts and enhance cooperation with neighbouring countries in the fight against human trafficking.
- Provide sustainable solutions for the integration of readmitted persons.

Drugs

- Fully implement a national strategy for the fight against drug abuse.

Police

- Continue restructuring the police services, ensure transparency and accountability, reform police education and ensure cooperation and coordination between law enforcement agencies.

Fighting organised crime and terrorism

- Ensure that an effective system of witness protection is in place, improve regional cooperation, reinforce the fight against economic and financial crime (including money laundering and counterfeiting of currencies), fraud and corruption, facilitate the placement of liaison officers, seconded from EU Member States, in the relevant state bodies involved in the fight against organised crime and implement the Palermo Convention on transnational organised crime.
- Strengthen capacity at the Ministry of the Interior (in particular the Department for organised crime) and develop procedures and the capacity to share intelligence between agencies.

ANNEX 3: PRIORITIES FOR KOSOVO under UNSCR 1244

Short term priorities

Key priorities

- Engage constructively with the authorities in Serbia in the further period of negotiations to find a sustainable solution for the status of Kosovo. Continue to work closely with the planning teams preparing the envisaged international/EU mission in order to be able to fully implement a settlement.
- Ensure full cooperation with the International Criminal Tribunal for the former Yugoslavia.
- Ensure full respect for the rule of law, human rights and protection of minorities and pursue a policy of zero tolerance against corruption, organised crime and financial crime.
- Ensure democratic governance of, and delivery of public services to, all people of Kosovo, establishing a professional, accountable, accessible, representative public administration free from undue political interference.
- Advance the reform of self-government and increase administrative capacity to facilitate decentralisation, taking into account the views and interest of all communities in Kosovo, adopt the legislative framework and allocate appropriate budgetary resources.
- Create a climate for reconciliation, inter-ethnic tolerance and sustainable multi-ethnicity which is conducive to the return of displaced persons. Ensure the respect, security, freedom of movement and participation of all communities. Explicitly condemn all manifestations of anti-minority sentiment. Vigorously prosecute all inter-ethnic crime.
- Create a society free from discrimination of any kind and promote the integration of disadvantaged groups.
- Continue to strengthen property rights, the legal framework and the accessibility of courts, with a view to promoting a business friendly environment.

Political criteria

Democracy and the rule of law

Provisional institutions of self-government

- Fully ensure the effective functioning of the assembly and its committees, the government and municipalities, including full respect of the respective rules of procedure and codes of conduct, and of the rights and interests of all communities.
- Increase executive oversight by, and accountability and transparency within, the assembly. Strengthen the assembly's own administrative capacity.
- Publish the Official Gazette in a timely manner and ensure that it is fully correct. Enhance checks on the respective language versions to ensure that they are identical and ensure public access to the Official Gazette.
- Further increase minority representation in all institutions and the civil service at municipal and central level.

Parliament/ Elections

- Hold free and fair elections. Strengthen the independent and multi-ethnic Central Election Commission to administer elections in a timely manner.
- Make sure that adequate voting sites, security and other measures are provided to all communities to exercise their voting rights. Enable internally displaced persons and refugees to participate in the elections even if their ability to return to Kosovo is limited.
- Enhance checks on EU compatibility of all new legislation.

Public administration

- Reinforce capacity for government coordination and define more precisely the responsibilities of the central and local authorities for ensuring consistency of policy implementation. Strengthen the efficiency of the government's functions of monitoring the performance of the public service.
- Rigorously enforce transparent procedures on recruitment, transfer, appraisal, promotion, conduct and dismissal of civil servants, including police and justice system employees, and on financial management.
- Improve the functioning and strengthen the independence of the Independent Oversight Board and the Senior Public Appointments Committee.
- Improve quality and availability of basic public services to all communities, including a contribution to reduce the demand for services provided by parallel structures.
- Advance the decentralisation process and adopt inter alia the laws on local government and municipal boundaries.

Judicial system

- Ensure effective, independent, accountable and impartial courts and prosecution offices, free from political influence.
- Strengthen the Prosecutor's Office to ensure that it is able to comply with the principles of autonomy and impartiality. Continue to strengthen the Special Prosecutor's Office. Ensure the implementation of an efficient witness protection security scheme.
- Approve laws on courts and the prosecution and implement them. Develop a system of administrative justice and streamline relevant legislation and competences.
- Implement the automated case management system fully in all courts and prosecution offices. Reduce the backlog of cases and the enforcement of civil court decisions.
- Strengthen municipal courts and police action to address, prevent and sanction illegal occupation, use and construction of property in an impartial manner.
- Further develop legal education and training, particularly for judges, prosecutors and administrative personnel. Transform the Judicial Institute into a viable institution responsible for judicial training.
- Develop the capacity in the government free from undue political influence to take on responsibilities in the areas of justice and the interior. Implement a system of appointment,

dismissal and career promotion for judges and prosecutors in line with European standards, free from political interference.

Anti-corruption policy

- Implement the law on the suppression of corruption and the anti-corruption plan. Strengthen the anti-corruption agency and take measures to ensure fully its independence and functioning.
- Streamline the competencies of the Anti-corruption Agency, the Office of Good Governance and the Anti-corruption Council.

Human rights and the protection of minorities

- Complete the legislative framework and enhance the respect of mechanisms for the protection of human and minority rights in line with Council of Europe recommendations. Adopt and implement a comprehensive Human Rights Strategy.
- Strengthen the legal framework related to the freedom of expression. Provide the independent media commission with the relevant resources to respect the provisions of the legislation. Remove any legal ambiguities in relation to insult and defamation.
- Elect an ombudsperson and adopt legal provisions which ensure implementation of the ombudsperson's recommendations.
- Define and adopt a government programme to promote women's rights in Kosovo.
- Implement the anti-discrimination law effectively. In particular, make the human rights units within ministries fully operational, and ensure their independence and coordination with Ombudsperson's activities. Organise awareness campaigns to inform the private sector, civil society and academic circles about this law. Monitor the implementation of the law and report on it.
- Develop community-based services and aid to dependent persons, including in the field of mental health.
- Promote anti-discrimination policies throughout the country, addressing all groups at risk.

Minority rights, cultural rights and protection of minorities

- Fully enforce the law on official languages as well as on cultural heritage and set up an/ effective mechanism to monitor its implementation
- Regularise informal settlements. Find sustainable solutions for the housing and integration of Roma communities that are living in hazardous living conditions in camps and for internally displaced persons groups living in informal centres.
- Strengthen administrative structures and accountability mechanisms in the Ministry of Communities and Returns. Clarify the division of responsibilities regarding the return between the Ministry of Local Governance and the Ministry of Communities and Returns, at central and local levels. Further develop and implement the joint strategic framework on communities and returns, and develop mechanisms at municipal level for facilitating the sustainable integration of returnees and existing minority communities.

- Facilitate and encourage the return of refugees and displaced persons from all communities and finalise the rehabilitation of properties damaged and destroyed by the March 2004 events, including historic and religious sites.

Regional issues and international obligations

- Strengthen regional cooperation and good neighbourly relations.
- Implement the Central European Free Trade Agreement (CEFTA) and participate actively in all relevant regional initiatives, inter alia under the auspices of the Stability Pact, including the process of its transition towards a more regionally owned cooperation framework.

Economic criteria

- Maintain sound fiscal policies and, in particular, ensure that social policies addressing poverty and social exclusion are compatible with the long-run sustainability of public finances.
- Establish annual targets for improved bill collection rates of public utilities and define and implement strategies to reach those targets.
- Significantly advance the privatisation of former socially-owned enterprises in accordance with the Trust Agency schedule.
- Improve the governance, efficiency and financial sustainability of publicly-owned enterprises. Further strengthen the operational and financial independence of regulatory authorities with a view to enhancing transparency and competition in the respective sectors.
- Develop and implement policies facilitating the transfer from non-registered to registered employment in order to create a functioning official labour market and to enhance the effectiveness of labour market policies.

European standards

Internal market

Free movement of goods

- Adopt the horizontal framework legislation to establish the necessary infrastructure for the proper operation and segregation of the various functions (regulatory, standardisation, accreditation metrology, conformity assessment and market surveillance) needed to apply the *acquis* on the free movement of goods.

Free movement of capital

- Adopt appropriate prudential requirements and strengthen the supervisory process in the financial sector.

Customs and taxation

- Further approximate customs legislation with the *acquis* and continue the efforts to enhance the capacity of the customs administration to combat corruption, counterfeiting and cross-border crime. Enhance the capacity of the criminal investigation unit.

- Observe the obligations related to the implementation of preferential trade measures, in particular with regard to origin.
- Continue approximation of tax legislation to the EU *acquis* and strengthen the administrative capacity of the tax administration. Reinforce the collection capacity of the tax administration and increase tax revenue.
- Commit to the principles of the Code of Conduct for business taxation and ensure that new tax measures are in conformity with these principles.

Public procurement

- Adapt the public procurement framework by adopting the necessary implementing legislation to ensure compatibility with the *acquis*. Provide a public procurement institutional framework with the administrative capacity and independence to carry out its mission.

Intellectual property rights

- Provide the administrative capacity to implement the intellectual property law and to enforce intellectual property rights.

Employment and social policies

- Adopt an employment strategy, including improving the collection of data on employment matters.
- Improve public information on access to social security systems and enhance municipal capacities in social assistance matters.
- Amend legislation on the social insurance and pension scheme.
- Review the social benefits scheme to ensure non-discrimination of beneficiaries.

Education and research

- Increase the budget for education, in particular to improve school infrastructure, end the teaching shifts and address the lack of materials and equipments.
- Develop action plans to implement the education strategies with increased dialogue and coordination between all levels and all stakeholders and allocate necessary resources.
- Fully implement the legislation on vocational training and start implementing the law on a national qualification framework.
- Continue the development of a national framework for monitoring and evaluating the teaching.
- Ensure better involvement in the EU higher education programmes.

Sectoral policies

Industry and SME

- Implement a medium-term strategy to support the development of SMEs, including the strengthening of the SME support agency and the strengthening of the investment

promotion agency. Continue implementation of the European Charter for Small Enterprises.

Agriculture and fisheries

- Determine clear responsibilities within the different services in the agricultural sector (including the veterinary and phytosanitary administration) and their relations with the Ministry of Agriculture, Forestry and Rural Development, local governments and municipal level.
- Adopt the law on food and the consequent implementing legislation, and establish the relevant agency to implement and enforce the law.
- Ensure the operational character of the system for identification of animals and registration of their movements.
- Draw up a plan to upgrade agri-food establishments.

Environment

- Implement the law on environmental impact assessment adopted by the Assembly.
- Implement the comprehensive environmental action plan, particularly relating to public health issues.
- Continue approximation with European standards in the field of environment.
- Continue efforts to increase public awareness and civil society participation in environmental matters.

Transport policy

- Continue implementing the Memorandum of Understanding on the development of the South-East Europe (SEE) Core Regional Transport network including the Addendum on a SEE Rail Transport Area.
- Implement the laws on road transport and on road safety. Develop a multi-modal transport strategy.
- Continue improving data-led asset management for the maintenance and rehabilitation of transport infrastructures. Ensure EU compatibility of the legislative framework for concessions and take measures to attract investors, including through public-private partnerships, for co-funding large and strategic infrastructure works.
- Ensure that the development of the railways sector is compatible with economic development strategy.
- Ensure that the Pristina airport operates at an adequate level of security and has sound and accountable management.
- Review and improve the system of driving licensing and technical inspection of vehicles.

Energy

- Ensure the viability and sustainability of the electricity utility, notably by substantially increasing revenue collection and promoting good governance.
- Continue implementing the commitments undertaken in the framework of the Energy Community Treaty. Continue preparation of the "Kosovo C" project for electricity generation and supply in full compliance with the *acquis* as provided for in the Energy Community Treaty.

Information society and media

- Adopt and begin implementing policy concerning electronic communication networks and services aimed at enforcing full liberalisation and creating a stable open and competitive environment in order to attract foreign investments and improve the quality of the service.
- Strengthen the administrative capacity of the regulatory authority. Reinforce its position and ensure its operational and financial independence.
- Ensure stable and sustainable funding of the Public Service Broadcaster RTK, the Independent Media Commission and the media fund.

Financial control

- Continue efforts to implement the public internal financial control strategy and relevant laws as a basis for fulfilling the medium-term priorities in this area.

Statistics

- Strengthen the administrative capacity of the Statistical Office and improve its operational and financial independence. Ensure the reliability of the statistics including that survey respondents provide quality data to the statistical office in a timely manner, free of charge.
- Continue developing economic statistics and accelerate the development of social statistics.

Justice, freedom and security

Visas, border control, asylum and migration

- Enhance the efficiency of the control of the flow of persons at the borders/ boundary and enhance the effectiveness and transparency of the department of border and boundary police.
- Strengthen the cooperation between border/ boundary management agencies and with neighbouring countries.
- Establish shelters and reception facilities for asylum seekers.
- Adopt a law on migration in accordance with European standards. Draw up a strategy and action plan concerning migration, addressing in particular the readmission and reintegration of persons returned from abroad.

Money laundering

- Enhance the capacity of the Financial Investigation Unit within the Kosovo Police Service (KPS) organised crime directorate. Train specialised prosecutors and judges. Streamline competencies in the area of money laundering in the different institutions involved.

Drugs

- Develop a drug prevention strategy and a relevant plan of action to implement it. Further strengthen local capacity in the narcotics investigation section.

Police

- Adopt the law on the police.
- Improve the effectiveness of investigation of crime. Adopt and implement legislation to establish the KPS and strengthen its investigative and internal control capacities. Strengthen its leadership.
- Adopt a crime reduction strategy and implement it. Develop a strategy to collect weapons, complete and enforce small arms related legislation.
- Set up a strategy to combat organised crime and terrorism.
- Complete the legislative framework concerning organised crime.
- Further strengthen local capacity in the organised crime directorate within the KPS. Implement the action plan against trafficking in human beings.

Protection of personal data

- Develop a comprehensive law on the protection of personal data in line with the *acquis*, in particular with the Data Protection Directive (95/46/EC), and implement it. Set up an independent data protection supervisory authority, with sufficient powers and with sufficient financial and human resources.

Medium-term priorities

Political criteria

Democracy and the rule of law

Public administration

- Proceed with a sustainable public administration reform while respecting budgetary constraints. Improve the capacity of local administrations to provide services to their constituencies in an equitable and effective manner.

Judicial system

- Define and consolidate a complete body of law that respects the rights and interests of all communities, drawing from all legal sources currently applicable in Kosovo.
- Strengthen the administrative capacity, coordination and effectiveness of the judiciary and all law enforcement agencies. Ensure the viability of a comprehensive legal aid system. Develop an alternative dispute resolution mechanism.

- Improve the penitentiary system with particular attention to security, control, management, vocational training and reintegration schemes, as well as the condition of facilities.

Anti-corruption policies

- Develop sectoral action plans to fight corruption and increase awareness of the corruption problem within the public administration.
- Establish a track record in the fight against corruption.

Human rights and the protection of minorities

- Ensure the viable existence of minority communities and their non-discriminatory participation in society, taking concrete measures to ensure their safety and freedom of movement, as well as the equitable provision of and access to public services.
- Implement the law on gender equality. Ensure mainstreaming of women's rights in all existing policies and legislation.
- Develop an integrated conservation policy for cultural heritage. Actively engage in increasing the general awareness of and respect for cultural heritage.
- Ensure that the Cadastral Agency and the municipal cadastral offices offer transparent and non-discriminatory access to full property records and have functioning accountability mechanisms.

Regional issues and international obligations

- Further strengthen of regional and international cooperation, including in the field of law enforcement, including by transfer of suspects and sentenced persons and mutual legal assistance.

Economic criteria

- Further strengthen property rights, rule of law, and accessibility of courts with a view to promoting a business friendly environment.
- Develop a strategy for the privatisation, and restructuring where necessary, of public-owned enterprises, with a view to strengthening corporate governance and performance of these enterprises and reducing subsidies to the enterprise sector.
- Design and implement active labour market policies in close cooperation with the local business community with a view to enhancing the matching process in labour markets, and increase the share of skilled labour in the overall labour force.
- Implement appropriate policies for an increase in the quantity and quality of education at all levels.
- Enhance the export capacity.

European standards

Internal market

Free movement of goods

- Continue approximation with the new and global approach and old approach directives.
- Adopt remaining European Standards (ENs)
- Establish a market surveillance structure.

Customs and taxation

- Continue approximation of tax and customs legislation to the EU *acquis*. Further increase the administrative capacity of tax and customs services to enforce legislation and to combat corruption, cross-border crime and tax evasion.

Public procurement

- Ensure that public procurement rules are implemented effectively by contracting authorities and entities at all levels, including through developing operational tools, providing training and strengthening the administrative capacity.

Intellectual property law

- Continue strengthening the enforcement of intellectual, industrial and commercial property rights, in line with the medium-term strategy.

Employment

- Strengthen the administrative capacity of labour inspectorates.

Education and research

- Strengthen mechanisms for quality assurance in the education sector.
- Continue efforts to link vocational education and training and the higher education sector with the labour market and economic needs.
- Promote the regional cooperation in the field of higher education.
- Start developing a policy conducive to research.

Sectoral policies

Agriculture and fisheries

- Develop a policy and a regulatory framework to support viable land reform. Support the protection of agricultural land against unplanned urban development.
- Assess the compliance of agri-food establishments with EU requirements and prepare a programme for upgrading those establishments.
- Start action for efficient control of domestic plant production, in particular for products with EU-specific requirements.
- Develop a sound forest management structure, particularly in combating illegal logging of forests and fighting against forest fires.

Environment

- Take measures to enforce spatial planning.

- Enhance the institutional capacity of the Ministry for Environment and Spatial Planning, improve coordination between administrative bodies in charge of environment-related issues.
- Streamline environmental issues in sectoral policies, in particular on energy and transport.

Transport policy

- Take measures to improve road safety.
- Plan and implement maintenance and rehabilitation of transport infrastructures, including the construction of new infrastructure through public-private partnerships, if necessary.
- Develop and implement a multi-modal strategy.

Energy

- Develop legislative and regulatory frameworks to encourage public-private partnerships and mixed investments in the power sector in line with the conclusions of the investment generation study.
- Further improve the performance of the electricity utility and integrate in the regional electricity market.

Information society and media

- Align with the regulatory framework and implement the legislation on electronic communication networks and services to create a more open and competitive environment and strengthen the position and operational and financial independence of the telecommunications regulator.

Financial control

- Under the coordination of the Ministry of Finance, develop and implement the principles of decentralised managerial accountability and functionally independent internal audit in accordance with international standards and EU best practice through coherent legislation and adequate administrative capacity.
- Strengthen the operational capacity as well as the financial and operational independence of the Supreme Audit Institution. Follow up and implement the recommendations of the latter.

Statistics

- Increase cooperation and coordination within the Kosovo statistical system, develop a quality management system and document, and standardise production and dissemination procedures.

Justice, freedom and security

Visa, border control, asylum and migration

- Further enhance the capacity of the directorate for borders, asylum and migration within the Ministry of Interior. Further strengthen the operational capacity of the border and boundary police service within the Kosovo Police Service.

Fighting organised crime and terrorism

- Implement and update the strategy against organised crime and terrorism.
- Strengthen local capacities to investigate organised criminal activities.
- Strengthen judicial capacities to prosecute and try organised and financial crime cases.

Drugs

- Ensure inter-agency and international cooperation, to considerably improve results in the fight against drug trafficking.

Protection of personal data

- Implement the law on personal data protection in line with the acquis and ensure efficient monitoring and enforcement.