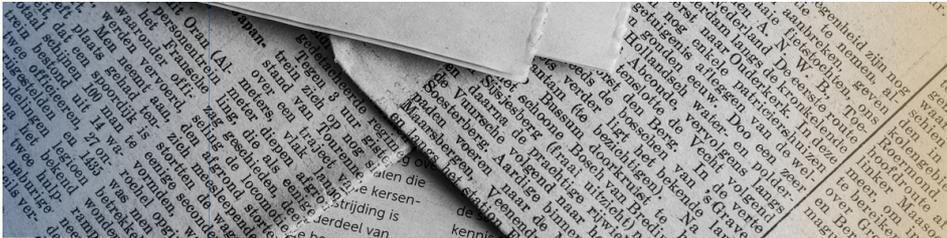


# Newsletter

KOSOVO'S NEW LEGISLATION AND GOVERNMENTAL DECISIONS RELATED TO ECONOMY, FINANCE AND BUSINESS



## LAWS

### [Law No. 08/L-164 for the Ratification of Amendment No. 2 of the Financial Agreement between the Republic of Kosovo and the European Union for the IPA 2018 – \(the “Law”\), 17 October 2022](#)

The Law aims to ratify the Amendment No. 2 of the Financing Agreement between the Republic of Kosovo and the European Union for the IPA 2018 program, (the “Financial Agreement”). The Financing Agreement was signed in October 2019 for accepting IPA funding for the Annual Action Programme for Kosovo for the year 2018.

This is the second amendment to the Financial Agreement aiming to re-allocate the funds and to extend the operational implementation for one (1) year.

The actions in each sector are based on the previous EU assistance provided through IPA I and IPA II 2014-2017. The main purpose of actions in democracy and good governance is to strengthen technical and administrative capacities of Kosovo's institutions in implementing the European Reform Agenda. The actions in rule of law and basic human rights aim to strengthen Kosovo's judicial system. In the sector of environment and energy, the actions aim to help Kosovo in implementing the law and reducing emissions. Finally, the actions in the sector of education, employment and social policies aim to create more job opportunities and increase the number of start-up businesses.

### [Law No. 08/L-174 on Ratification of the Financing Agreement for IPA 2021 Programme between the Republic of Kosovo and the European Union \(“the Law”\) 31 October 2022](#)

The purpose of the Law is to ratify the Financing Agreement for IPA 2021 Programme between the Republic of Kosovo and the European Union, hereinafter “the Financing Agreement”.

The Annual Action Plan for Kosovo 2021 comprises of six (6) actions in Demining actions, Municipal Governance, Approximation with the EU Acquis, Environment, Trade and Internal Market, and Agriculture and Rural Development.

The total cost for this programme is € 83,760,000 and the maximum Union contribution to this Programme is set at € 63,960,000. The execution period is set in 12 years from the conclusion of the Agreement and the duration of the operational implementation period is set at six (6) years from the conclusion of the Agreement.

The programme is implemented in accordance with the provisions of the Financial Framework Partnership Agreement (FFPA) between the European Commission and Kosovo on the arrangements for implementation of Union financial assistance to Kosovo under the Instrument for Pre-Accession Assistance IPA III.



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**Published laws in the last 3 months on Economy and Business and those of primary importance**

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**Published International agreements in the last 3 months on Economy and Finance**

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**Draft laws pending in the Government and the Assembly**

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**Decisions of the Government during December on Economy and Business**

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**Law No. 08/L-170 on Ratification of the Agreement between Republic of Kosovo represented by the Ministry of Finance Labour and Transfers and the European Union on the Participation of Kosovo in 'Customs', the Union Programme for Cooperation in the Field of Customs ("the Law"), 31 October 2022**

The Law aims to ratify the agreement between the Republic of Kosovo, represented by the Ministry of Finance, Labour and Transfers and the European Union on the participation of Kosovo as an associated country and its contribution to the Customs programme referred to in Regulation (EU) 2021/1444 of the European Parliament and of the Council of 11 March 2021, hereinafter "the Agreement".

According to the Agreement legal entities established in Kosovo may participate in actions of the Customs programme under conditions equivalent to those applicable to legal entities established in the Union, including respect for EU restrictive measures. Representatives of Kosovo will also have the right to participate as observers in the committee of the Regulation (EU) 2021/1444, without voting rights and for points that concern Kosovo.

With this Agreement, Kosovo undertook the commitment to ensure that goods and services purchased in Kosovo or imported into Kosovo, which are partially or entirely financed pursuant to the grant agreements and/or contract concluded for the implementation of the activities in accordance with the Agreement, are exempted from custom duties, import duties and other fiscal charges, including the VAT, that are applicable in Kosovo.



**Law No. 08/L-163 on Ratification of the Addendum No. 2 of the Financing Agreement for IPA 2015 between the Republic of Kosovo and the European Union (the "Law"), 31 October 2022**

This Law aims to ratify the second amendment to the Financing Agreement to implement the Annual Action Programme for Kosovo for the year 2015, concluded between the Republic of Kosovo and the European Commission on 15 December 2016. The amendment aims to extend the end date of the implementation of the programme period by one year.

The programme covers several areas including Democracy and Governance (for EU approximation and facilitation of implementation of political priorities, including the Prishtina-Belgrade dialogue), Rule of Law and Fundamental Rights (to further support the judicial reform in Kosovo and to further support home affairs in Kosovo), Energy (for construction of hazardous waste storage facilities, and to improve the district heating in Prishtina and Gjakove), and Agriculture and Rural Development (to support to Kosovo's Further Development of the Agri-Rural Sector and to create prerequisites for the development and implementation of an integrated approach to food safety).

**Law No. 08/L-161 on Ratification of the Bilateral Agreement on Development Cooperation between the Republic of Kosovo and the Grand Duchy of Luxembourg 9 (the "Law"), 2 November 2022**

This Law aims to ratify the Bilateral Agreement on development cooperation between the Republic of Kosovo and the Grand Duchy of Luxembourg, ("the Agreement"), with which the parties commit themselves to fight against poverty and to the implementation of development projects and programmes to address the needs of the most vulnerable part of the population.

The cooperation focuses mainly on capacity-building of those involved in the functioning and improvement of the institutional framework, good governance, social cohesion, the role of women and gender equality, the protection of minorities, and the protection of the environment. According to the Agreement, the cooperation can take the form of financial support, provision of technical assistance, expertise and qualified personnel, or any other form of cooperation agreed upon by the Parties.

With this Agreement, the Grand Duchy of Luxembourg undertakes the obligation to cover all expenses from the assignment of personnel and supply the personnel with the means required to carry out their work. The Republic of Kosovo, on the other hand, undertakes to provide the necessary personnel for the implementation of the projects, provide the facilities and other resources, and take all the administrative and legal steps necessary for the implementation of the projects.



**[Law No. 08/L-169 on Ratification of the Agreement between Republic of Kosovo, represented by Ministry of Finance, Labour and Transfers and the European Union on the Participation of Kosovo in ‘Fiscalis’, the Union Programme for Cooperation in the Field of Taxation \(‘the Law’\), 2 November 2022](#)**

The Law aims to ratify the Agreement which foresees Kosovo’s participation as associated country in ‘Fiscalis’ based on the Framework Agreement between the European Union and Kosovo, and on the general principles for the participation of Kosovo in Union programmes.

According to the Agreement, Kosovo shall contribute financially to the Programme and the related management, execution and operation costs under the general budget of the Union, in the form of an operational contribution and a participation fee. The participation of Kosovo in the Fiscalis programme shall be continuously monitored on a partnership basis.

Annex 1 of the Agreement lays out the rules governing Kosovo’s financial contribution to the Fiscalis programme. The contribution shall be established on a yearly basis in proportion to, and in addition to, the amount available each year in the Union budget.

Annex 2 of the Agreement contains provisions on the protection of financial interests and recovery. Kosovo is obligated to avoid raising obstacles to the right of entrance in Kosovo and to the access of premises. Kosovo’s authorities shall inform the European Commission or the European Anti-Fraud Office within a reasonable time of any fact of suspicion, that has come to their attention, regarding any irregularities, fraud, or other illegal activity affecting the financial interests of the Union.

**[Law No. 08/L-117 on Government of the Republic of Kosovo \(the “Law”\), 18 November 2022](#)**

The Law on the Government establishes the organization and the functioning of the Government of Kosovo, its methods of working and decision-making procedures, as well as its relationship with the Assembly of Kosovo.

Among others, the Law on the Government incorporates the Venice Commission’s recommendations on how to regulate the matter of the size and composition of the Government. In accordance with the Commission’s Opinion No. 1005/2020, Article 4 of the Law on the Government establishes that the number of members of the Government and their appointees will be determined by internal governmental regulations, and size of the Government will need to meet the criteria of necessity, including the complexity of the Government, economic efficiency, effectiveness, value for money, prevention of surplus and proportionality.

The Law also sets out the provisions for the end of term of the Government and the restrictions of the outgoing government, including the lack of authorization to approve the initiative to conclude international agreements that need ratification, to approve draft constitutional amendments, draft laws, strategies and concept documents, and to initiate new procedures for the appointment to public positions in cases when appointment is required by the Assembly or should be decided upon together with the President of the Republic.

**[Draft Law No. 08/L-197 on Public Officials \(the “Law”\) – adopted in the Assembly of the Republic of Kosovo on 22 December 2022 and forwarded to the President of the Republic of Kosovo for ratification](#)**

The Law establishes the legal basis for the employment of public officials in the institutions of the Republic of Kosovo, i.e. the rules and principles for the classification of positions, modification and termination of employment terms, rights and obligations, and other issues related to the employment terms of public officials.

The categories of the public official shall be a civil service employee, a public service employee, a creator and performer of art and culture, a technical and support staff and a cabinet employee. The Law also sets out the criteria for admission of public officials and their obligations to comply with the law, to enforce an order, to properly administer state assets, to avoid conflict of interest, to be transparent and protect confidentiality, and for professional development.

The Law foresees a mandate of four (4) years for lower and middle management positions. It also foresees validity of appointment to senior management category positions for a period of four (4) years.



**Draft Law No. 08/L-196 on Salaries in the Public Sector (the “Law”) – adopted in the Assembly of the Republic of Kosovo on 22 December 2022 and forwarded to the President of the Republic of Kosovo for ratification**

This law establishes a uniform system of salaries in the public sector, i.e. the principles and the rules to determine salaries. According to its provisions, the basic salary shall be raised based on the work experience in the public sector to the extent of 0.25% for each full year of work, up to 15 years of work, and 0.5% for every full year of work over 15 years of work. The monetary value of the coefficient shall be determined by the Law on Annual Budget while the coefficient value shall be set under the legislation on public financial management and accountability. Hence, the coefficient value remains unknown. The Law sets out the rules for the salaries of public officers, including civil servants, public service employees, artists and performers of art and culture, technical and supporting staff, as well as the salaries of cabinet employees.

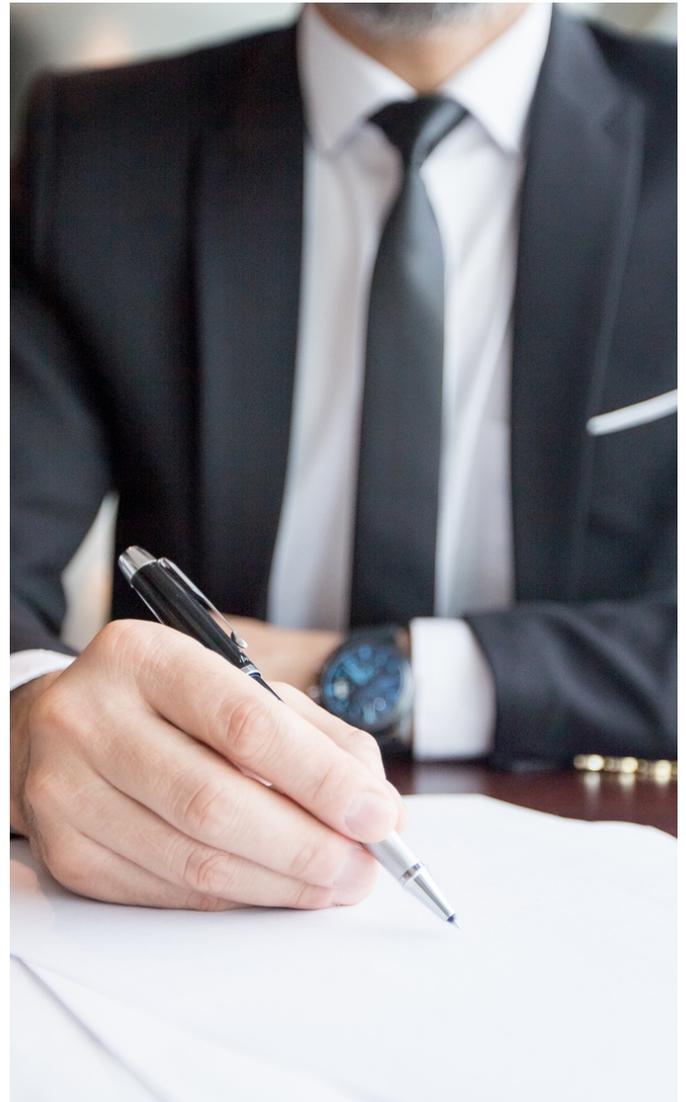
**Draft Law on Interim Measures of Essential Products in Special Cases of Destabilization in the Market (the “Law”)– adopted in the Assembly of the Republic of Kosovo on 8 November 2022 and forwarded to the President of the Republic of Kosovo for ratification,**

The Law aims to regulate safeguard measures of the supply with essential products to consumers in special cases of destabilization in the market. It applies to authorities and economic operators that trade essential products to eliminate the effects of price increases and lack of essential products in the market.

The measures include limiting the quantity sold to the consumer within the specified period, prohibiting the removal of product from sale, determining the trade margin for wholesale and retail sales, setting the maximum allowed price, obliging economic operators to supply and offer for sale essential products as before the imposition of protective measures, prohibiting, restricting export, and other measures determined by the Government's decision to protect the consumer.

These safeguard measures can be assigned in five different cases: (i) sudden or continuous lack of essential products, (ii) sudden or immediate rise in prices of essential products; (iii) non-adjustment of local prices with large price movements in the world market; (iv) unjustifiable difference of local prices from prices in neighboring countries, and other cases as determined by the Government.

The draft law was submitted for review before the Constitutional Court of the Republic of Kosovo, by the political party Democratic League of Kosovo (LDK) as they claim interference of the law with the principles of a free market.



## INTERNATIONAL AGREEMENTS

**Memorandum of Understanding between the Republic of Kosovo and the Grand Duchy of Luxembourg, (the “MoU”), signed on 21 July 2022 & ratified on 5 December 2022**

The MoU was ratified by the President of the Republic of Kosovo on 5 December 2022. With this MoU, Kosovo and Luxembourg agreed to put the Agenda 2030 and the Sustainable Development Goals at the center of their concerns. The key sectors for common development cooperation between the two countries shall be vocational education and training (VET), health, sustainable and inclusive growth, strengthening Kosovo civil society, and an additional financial support shall be made available through an Innovation Fund and may be dedicated to other sectors as well.

The financial contribution provided by the Grand Duchy of Luxembourg for the implementation of projects and programs shall be thirty-five (35) million Euros for the period 1 January 2023 – 31 December 2025. The contributions shall be decided on a case-by-case basis and the activities shall be in line with the priorities of Kosovo's Government. The MoU also foresees that the annual spending levels will consider the implementation rhythm of projects and programs as well as the Luxembourg's budget. This MoU replaces and supersedes the MoU signed by both parties on 24 October 2016.

# DRAFT LAWS

- ▶ [DRAFT LAW FOR THE RATIFICATION OF THE LOAN AGREEMENT FOR THE PUBLIC FINANCE AND ECONOMIC GROWTH PROGRAM BETWEEN THE REPUBLIC OF KOSOVO AND THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT](#)
- ▶ [DRAFT LAW NO. 08/L-192 ON AMENDING AND SUPPLEMENTING THE LAW NO. 06/L-034 ON CONSUMER PROTECTION](#)
- ▶ [DRAFT LAW NO. 08/L-173 ON CYBER SECURITY](#)
- ▶ [DRAFT LAW NO. 08/L-172 ON GENERAL PRODUCTS SAFETY](#)
- ▶ [DRAFT LAW ON AMENDING AND SUPPLEMENTING LAW NO. 05/L-081 ON ENERGY, ADOPTED BY THE GOVERNMENT OF THE REPUBLIC OF KOSOVO ON 16 DECEMBER 2022](#)

## DECISIONS OF THE GOVERNMENT

### Decisions of date 22 December 2022

**Decision No. 5/115** on approving the request of the Office of the Prime Minister of the Republic of Kosovo for the allocation of €240,000 to implement Measure 2.4 – Support of Export, of the Economic Recovery Package.

**Decision No. 06/115** on the allocation of € 650,000 for implementing Measure 3.6 of the Economic Recovery Package.

### Decisions of date 16 December 2022

**Decision No. 01/113** on approving the Strategy on Energy of the Republic of Kosovo 2022-2031 and obligating the Ministry of Economy and other competent authorities for its implementation.

**Decision No. 03/113** on approving the Draft Law on Amending and Supplementing the Law No. 05/L-081 on Energy.

### Decisions of date 13 December 2022

**Decision No. 07/112** on approving the allocation of € 28,263,700 for the implementation of the measures under the Economic Recovery Package Decision No. 08/112 on approving the Ministry of Industry, Entrepreneurship and Trade for the allocation of € 790,000 for implementing Measure 2.4 – Support of Export of the Economic Recovery Package.

**Decision No. 09/112** on approving the allocation of € 5,800,000 for the additional measures under the Economic Recovery Package.

**Decision No. 10.112** on approving the request of the Ministry of Economy for the allocation of € 5,400,000 for implementing Measure 3.7 – Support in dealing with the energy crises, of the Economic Recovery Package.

**Decision No. 29/112** on approving the Action Plan for Mitigating the Immediate Socio-Economic Impact of the Energy crisis, in the amount of € 75,000,000.00 to meet the pre-condition for gaining the EU financial means for the annual IPA Programme 2023.

### Decisions of 7 December 2022

**Decision No. 02/111** on approving, a priori, the Initiative for the Financial Agreement between the Republic of Kosovo and the European Union for the IPA Programme 2023.

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