



## Key findings of the 2023 Report on Kosovo

Brussels, 8 November 2023

The government led by *Vetëvendosje* still holds a solid majority in the Assembly and continued to push ahead with its ambitious EU reform agenda.

However, the continued lack of cross-party cooperation and disagreements within the majority proved to be a challenge to reforms. Additionally, *Srpska Lista* members of the Assembly boycotted the Assembly's work. Nevertheless, the reporting period witnessed important legislative achievements, including electoral reform.

Overall, Kosovo has remained engaged in the EU-facilitated Dialogue on the **normalisation of relations with Serbia**, but it needs to demonstrate more serious commitment, invest more efforts, and make compromises to take the process of normalisation of relations with Serbia forward. Kosovo needs to uphold its Dialogue commitments and commit to the full implementation of all past Dialogue agreements and the Agreement on the Path to Normalisation and its Implementation Annex. Kosovo and Serbia are expected to engage more constructively to enable negotiations on the comprehensive legally binding normalisation Agreement to start and show flexibility in order to make rapid and concrete progress. Normalisation of relations is an essential condition on the European path of both Parties and both risk losing important opportunities in the absence of progress. The situation in the north of Kosovo has been affected by several crises of varying intensity on a number of issues, with a violent attack against Kosovo Police on 24 September 2023, constituting the gravest escalation in recent years. Huge quantities of small arms and light weapons (SALW) were found in the context of this attack. The EU expects the perpetrators to be apprehended and swiftly brought to justice and Serbia to fully cooperate and take all the necessary steps in this regard. Other crises during the reporting period were triggered by issues over the freedom of movement, in particular licence plates, following the Kosovo government's decision on 29 June 2022 to enforce the re-registration of all vehicles with Kosovo-issued licence plates. This led to the tensions in July 2022 and continued through the erection of roadblocks and the collective resignation of Kosovo Serbs from Kosovo institutions in November 2022. Following the withdrawal of Kosovo Serbs from Kosovo institutions, local by-elections were organised in the four municipalities in the north of Kosovo. Scheduled initially for December 2022 and then postponed to 23 April 2023, the mayoral and municipal by-elections were held in line with the legal framework of Kosovo and efforts were made for them to take place in a smooth and orderly manner. However, despite the milestone Agreement on the path to normalisation reached in Brussels on 27 February and its Implementation Annex agreed in Ohrid, North Macedonia, on 18 March 2023, and despite Kosovo extending the deadline for the registration of candidatures for the local by-elections, not all parties and communities made use of their democratic right to participate and vote. The very low turnout (3.47% of voters), following the boycott by the Kosovo Serb community, showed that these elections do not offer a long-term political solution for these municipalities. It remains imperative to restore a situation where Kosovo Serbs participate actively in local governance, policing and the judiciary in the north of Kosovo. Early local elections need to be held as soon as possible in all four municipalities, organised in a fully inclusive manner, and with the unconditional participation of Kosovo Serbs.

Due to the lack of decisive steps to de-escalate, and in line with the 3 June statement, the EU is implementing a number of measures vis-à-vis Kosovo, which also impact financial support. These measures are temporary and fully reversible, depending on the steps taken to de-escalate the tensions in the north of Kosovo. Kosovo has taken steps in the right direction, but more remains to be done.

On public administration reform, last year's recommendations have not been sufficiently implemented. New legislation on public officials and salaries was approved by the Assembly using fast-track procedures. The law on salaries is currently under review by the Constitutional Court. The amended Law on public officials risks creating and exacerbating existing gaps in administrative capacities.

Kosovo is still at an early stage in developing a well-functioning judicial system. There was limited progress during the reporting period. The need remains to strengthen existing tools safeguarding the

integrity, accountability, independence and efficiency of the justice system. The Minister of Justice and the heads of the main justice system institutions signed a Joint Commitment Statement and Action Plan on justice reforms. Quick follow-up is needed to achieve tangible results.

Kosovo is in between an early stage and some level of preparation in the fight against corruption. Limited progress was made during the reporting period, and corruption remains an issue of concern. While last year the Assembly adopted significant anti-corruption legislation and the legal framework on criminal confiscation is advanced, a lot remains to be done to implement the anti-corruption legislation. Despite improvement in the performance of the Agency for Prevention of Corruption, the anti-corruption preventive tools laid down in the legislation are not yet fully used. Kosovo should step up efforts to have more proactive investigations, final court decisions and final confiscation of assets.

Kosovo is at an early stage in the fight against organised crime. Limited progress was made on the investigation and prosecution of organised crime cases. Kosovo adopted a new police organisational structure and upgraded intelligence and analysis capacities. Law enforcement operations against organised crime continued. Despite this, the powerful tools envisaged by the Criminal Code and the Law on extended powers of confiscation are yet to be fully utilised. Fighting organised crime in the north of Kosovo continues to be challenging.

Kosovo remained active in the fight against terrorism and the fight against and prevention of violent extremism. The legal framework on anti-terrorism is partly aligned with the EU *acquis* and international standards. The Law on combating money laundering and the financing of terrorism is yet to be amended. The authorities need to be more effective in their efforts to combat money laundering.

The legal framework broadly guarantees the protection of human and fundamental rights in line with European standards. While the capacity to monitor implementation of policies and legislation has improved, further efforts are required to effectively enforce fundamental rights. More human and financial resources should be allocated to relevant institutions. Efforts continued to improve gender equality, but Kosovo needs to further strengthen implementation of legislation.

Kosovo has a well-established legal framework for the protection of non-majority community rights. However, further action is needed on long-standing issues such as lack of equal access to education and employment, lack of language compliance, and low representation in public institutions, including for the Roma and Ashkali communities.

Kosovo has some level of preparation as regards freedom of expression. Limited progress was made in addressing the recommendations of the previous report. Concerns remain regarding physical attacks and threats, public smear campaigns and hate speech. The lack of freedom of expression in the north of Kosovo is particularly concerning.

The Kosovo authorities continued to make progress in managing migration and have engaged with the EU on the implementation of the EU Action Plan on Western Balkans presented in December 2022 by the Commission. Accommodation capacity was increased. Steps should be undertaken to further align legislation, including the Law on foreigners, with the EU *acquis* and international standards.

As regards the economic criteria, Kosovo has made some progress and is between an early stage and some level of preparation of developing a functioning market economy. Kosovo's economic rebound moderated significantly in 2022. This was mainly due to decreasing investment and slowing household consumption growth on the back of high inflation, especially after the start of Russia's war of aggression against Ukraine. Despite the resilience the economy has demonstrated during the recent crises, the private sector continues to be hindered by long-standing structural challenges such as a widespread informal economy, a high prevalence of corruption and the overall weak rule of law.

High revenue growth due to rising prices and increasing numbers of people in formal work, and a significant under-execution of public capital spending led to an almost balanced budget in 2022, while the public debt ratio also fell. Inflation surged to double digits due to rising energy, food and transport prices, leading to an increase in the current account deficit. The financial sector remained well capitalised and stable and bank lending continued to expand.

Kosovo has made limited progress and is at an early stage in terms of its capacity to cope with competitive pressure and market forces in the EU. The education system does not sufficiently teach the necessary key skills and is not adequately aligned with labour market needs. Kosovo made efforts in improving road infrastructure and increasing investment in renewables, but the coal-based, outdated, and unreliable energy supply remains a concern. Kosovo made some progress on the digitalisation of the economy.

Limited progress was made during the reporting period in the areas of public procurement and financial control. On statistics, there was some progress.

As regards good neighbourly relations and regional cooperation, Kosovo continued to participate in most regional forums. Kosovo maintained overall good relations with Albania, Montenegro and North Macedonia. There has been no change in Kosovo's formal relations with Bosnia and Herzegovina, as the country does not recognise Kosovo's independence. Georgia, Moldova and Ukraine have no formal relations with Kosovo, as they do not recognise Kosovo's independence.

On alignment with European standards, Kosovo made some progress in cluster 2, internal market with regards to free movement of goods, freedom to provide services, free movement of capitals and intellectual property law. It made limited progress in the area of freedom of movement for workers, company law, competition policy, financial services and consumer and health protection. In cluster 3, competitiveness and inclusive growth, Kosovo made some progress in most areas (customs, taxation, social policy and employment, education, and culture), except for digital transformation and media where progress was limited.

In policy areas related to cluster 4, the Green Agenda and sustainable connectivity, Kosovo made some progress in the energy sector (including by adopting an energy strategy for 2022-2031). On transport, environment, and climate change, it made only limited progress.

In cluster 5, resources and agriculture Kosovo made limited progress on agriculture and some progress on food safety, veterinary and phytosanitary policy. On fisheries, it made no progress.

Concerning external relations, limited progress was made during the reporting period. Kosovo made progress with implementing the Common Regional Market action plan, notably by ratifying the three 'Berlin process agreements' on free movement and mutual recognition of qualifications. However, the government continues to block decision-making mechanisms within CEFTA due to disagreements over Kosovo's representation. Kosovo has not yet ratified the CEFTA additional protocols on trade facilitation and trade in services. Additionally, by imposing a 'temporary operational security measure' in June 2023 blocking the entry into Kosovo of Serbian goods and postal parcels, Kosovo appears not to be in compliance with its commitments under CEFTA. The measure also goes against the spirit of the Stabilisation and Association Agreement.

Overall, Kosovo needs to improve its administrative capacity and coordination across all sectors to achieve effective implementation of the EU *acquis*.

## **Key dates**

**June 2003:** The EU-Western Balkans Thessaloniki Summit confirms the EU perspective for the Western Balkans.

**February 2008:** Kosovo unilaterally declares independence.

**July 2010:** The International Court of Justice issues advisory opinion on Kosovo's declaration of independence and concludes that it did not violate general international law or UN Security Council Resolution 1244/99.

**March 2011:** The EU-facilitated Dialogue for the normalisation of relations between Pristina and Belgrade is launched.

**April 2013:** The First Agreement of Principles Governing the Normalisation of Relations is reached in the Dialogue between Serbia and Kosovo.

**April 2016:** The EU-Kosovo Stabilisation and Association Agreement enters into force.

**May 2016:** The European Commission issues a proposal to the European Parliament and Council recommending visa liberalisation for Kosovo.

**July 2018:** The European Commission confirms that Kosovo has fulfilled all outstanding visa liberalisation benchmarks. Decision on the Commission's proposal is pending in the European Parliament and in the Council.

**February 2020:** Revised methodology, presented by the Commission, to drive forward the enlargement process with a stronger political steer and in a more credible, predictable, dynamic way.

**October 2020:** The European Commission adopts an Economic & Investment Plan to support and bring the Western Balkans closer to the EU.

**December 2022:** Kosovo submits an application for EU membership.

**February and March 2023:** Agreement on the Path to Normalisation of Relations between Kosovo and Serbia and its Implementation Annexes.

**March-April 2023:** Council and Parliament adopt regulation paving the way for visa liberalisation to start on 1 January 2024.

**November 2023:** The Commission adopts a new Growth Plan for the Western Balkans.

## **For More Information**

[Kosovo Report 2023](#)

[2023 Communication on EU Enlargement Policy](#)

[Kosovo\\_2023 Enlargement Package Factsheet](#)

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