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## **COMMISSION STAFF WORKING DOCUMENT**

### **Kosovo\* 2025 Report**

#### *Accompanying the document*

### **COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS**

#### **2025 Communication on EU enlargement policy**

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\* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

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# 1. INTRODUCTION<sup>1</sup>

## 1.1. CONTEXT

The EU-Kosovo Stabilisation and Association Agreement has been in force since April 2016. Kosovo submitted an application for EU membership in December 2022. Holders of Kosovo passports enjoy visa-free travel to the EU since 1 January 2024. The authorities remain committed to Kosovo's European path, accompanied by high public support. Over the last few months though, due to the political stalemate, the pace of Kosovo's preparations has slowed down.

The reporting period was impacted by divisive domestic politics and a confrontational campaign ahead of the general elections on 9 February 2025, followed by a post-election political gridlock due to political parties' inability and lack of political will to find a way towards the formation of institutions. The government has been in caretaker status since 23 March 2025, with only limited executive functions to carry out day-to-day operations.

In the reporting period, the EU-facilitated Dialogue on normalisation of relations between Kosovo and Serbia continued. Domestic political preoccupations on both sides have hindered decisive steps towards implementing the 2023 Agreement on the Path to Normalisation and its implementation annex and thereby progressing on normalising their relations. Constructive engagement in the normalisation is also a requirement under the Reform and Growth Facility for the Western Balkans. From May 2025 the EU has taken some steps to gradually lift the measures in force since 2023 *vis à vis* Kosovo, conditional upon sustained de-escalation in the north.

Kosovo has started to implement the new Growth Plan for the Western Balkans. Under the Reform and Growth Facility for the Western Balkans (a performance-based EU instrument supporting the EU integration process), Kosovo adopted its Reform Agenda on 9 October 2024. This covers reforms in the areas of: (i) governance, public administration reform and public financial management; (ii) green and digital transition; (iii) human capital; (iv) private sector development and business environment; and (v) fundamental rights and the rule of law. However, the ratification of the Facility Agreement and signature and ratification of the Loan Agreement remain pending, due to the political gridlock, and the implementation of the agreed steps in Kosovo's Reform Agenda has so far been limited.

Kosovo has maintained its voluntary alignment with the EU CFSP and implementation of EU restrictive measures, signalling its clear commitment to EU values. The EU has repeatedly welcomed, in particular, Kosovo's continued condemnation of Russia's unjustified and unprovoked military aggression against Ukraine and its enforcement of restrictive measures against Russia and Belarus.

## 1.2 MAIN FINDINGS OF THE REPORT

### THE FUNDAMENTALS OF THE ACCESSION PROCESS

#### Democracy

The framework for *elections* is generally free and fair. On 9 February 2025, Kosovo held the first parliamentary elections under the newly revised framework, which had been aligned with the EU Election Observation Mission's (EU EOM) recommendations in 2023. Although final voter turnout was moderate, at 46.6 per cent, the elections, observed by an EU EOM, were peaceful, competitive and inclusive.

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<sup>1</sup> This report covers the period from 1 September 2024 to 1 September 2025. It is based on input from a variety of sources, including contributions from the government of Kosovo, EU Member States, European Parliament reports and information from various international and non-governmental organisations. It also includes the results of comparative assessments and indices produced by other stakeholders, in particular on the rule of law.

The report uses the following assessment scale to describe the state of play: early stage, some level of preparation, moderately prepared, good level of preparation and well advanced. To describe progress made during the reporting period, it uses the following scale: backsliding, no progress, limited progress, some progress, good progress and very good progress. Where appropriate, interim steps have also been used.

The EU EOM noted smooth conduct of the voting on the election day. There were attempts to politicise the work of the Central Election Commission (CEC), though the Elections Complaints and Appeals Panel (ECAP) effectively handled complaints. While the campaign period was competitive, there were instances of harsh rhetoric, misuse of public resources, and socio-political pressure in Kosovo Serb majority areas.

The Independent Media Commission (IMC) struggled to enforce its regulatory oversight due to persisting governance issues. Another worrying issue was the inadequate response to electoral disinformation and foreign interference.

The *Assembly* can exercise its powers, including control of the executive and involvement in the legislative process, albeit with shortcomings. The previous legislature was marked by a lack of political consensus, procedural violations, boycotts, regular calls for extraordinary sessions and rushed legislative procedures. Despite isolated improvements, such as the introduction of electronic voting and publication of individual MPs' votes, the overall parliamentary performance suffered.

The Assembly still needs to improve its internal management system and adopt work plans. With the start of the election campaign in January 2025, the Assembly entered a period of inactivity. Following the parliamentary elections, the Assembly's failure to constitute itself has been seriously undermining the functioning of key democratic institutions.

As regards *governance*, challenges in the relationship between municipalities and central institutions persist. On 5 December 2024, the government adopted a significant number of laws under expedited procedures, raising concerns over democratic principles. The opposition, critical of this practice, challenged a number of laws in the Constitutional Court.

The institutions in charge of the EU *integration* process are mostly in place. While Kosovo publicly reaffirms its commitment to the EU agenda, divisive domestic politics and lack of prioritisation hampered its effective implementation.

*Civil society organisations* (CSO) operate in an overall enabling environment. They are active and diverse, participating in the design and monitoring of the EU-related reforms. However, they have trouble meaningfully contributing to the policymaking processes, as the consultation processes organised by the government are mostly a formal exercise. The new Strategy for cooperation with civil society should be approved. The phasing out of US development assistance laid bare the level of CSO's dependency on international donors' funding.

### Public administration reform

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Kosovo has **some level of preparation** and **made limited progress**, adopting a new Programme for rationalising independent agencies in September 2024. While Kosovo advanced on administrative burden reduction, service delivery and digitalisation, there are considerable delays to implementing the legal framework. Kosovo should fully address the EU recommendations regarding the Law on public officials and the ruling by the Constitutional Court on the Law on salaries in the public sector.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Kosovo should, in particular:

- increase the civil service's capacities through: i) merit-based recruitments, performance assessment and measures towards gender equality; ii) decrease the number of vacant and acting positions; iii) finalise the process of job classification and systematisation; and iv) ensure functioning of the new remuneration system;
- accelerate the process of rationalisation of independent agencies and increase number of e-services, to further reduce administrative burden;
- adopt the Law on PFM and ensure that fiscal risk assessment provisions and the public investment methodology are part of the revised legislation.

### Chapter 23: Judiciary and fundamental rights

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Kosovo is **between an early stage of preparation and having some level of preparation** to apply the EU *acquis* and European standards on the judiciary and fundamental rights, and made **limited progress**.

### *Functioning of the judiciary*

Kosovo is **between an early stage of preparation and having some level of preparation**, and made **limited progress** on the functioning of the judiciary, including through reducing the backlog of cases and introducing several digitalisation measures. The government consulted the Venice Commission (VC) on the package of draft laws on the judiciary, taking steps towards aligning its legislation with European standards and VC recommendations. The Kosovo Judicial Council (KJC) and Kosovo Prosecutorial Council (KPC) continue to operate with incomplete membership. Due to the current political gridlock, the delays in designing the justice reforms have negatively affected the efforts to strengthen the mechanisms on accountability and efficiency within the judiciary and prosecution. Undue influence from internal and different external sources remains. The amendments to the Law on the KPC entered into force in June 2025, introducing some improvements, but the recommendations of the Venice Commission will need to be fully reflected in future amendments.

The Commission's recommendations from last year were partially implemented, and remain largely valid. In the coming year, Kosovo needs, in particular, to:

- ensure prompt adoption of legislation deriving from the Joint Statement of Commitment, including the necessary implementing legislation, in line with VC's recommendations; enhance the use of existing mechanisms on integrity, accountability and efficiency within the judiciary and prosecution, with a focus on the implementation and monitoring responsibilities of the KJC and KPC;
- establish a well-defined responsibility framework for all management functions in the Councils, Courts and Prosecution Offices including transparent monitoring and accountability mechanisms as well as corrective measures for poor performance;
- enhance the accountability and efficiency of judges and prosecutors in handling high level corruption cases, organised crime cases, other high-profile cases, and gender-based violence cases; and ensure consistent enforcement of procedural discipline and stronger case management practices.

### *Fight against corruption*

Kosovo is **between an early stage of preparation and having some level of preparation** in fighting corruption and made **limited progress**. Kosovo made further progress in adjudicating high-level corruption cases, which resulted in a higher number of final court decisions and convictions, while the overall number of investigations and final convictions in non-high-level corruption cases decreased. Kosovo still has no strategic framework in place in the area of fight against corruption. Despite the pronounced political commitment to enhance anti-corruption measures, there is no coherent approach to it. To effectively fight corruption at all levels, Kosovo needs to make better use of existing anti-corruption legislation, including the Law on extended powers of confiscation. Preventative tools such as asset declarations and public institutions' integrity plans should be more effectively used to identify and pre-emptively fight corruption at its roots. Kosovo continued to undertake risk assessments in vulnerable sectors.

The Commission's recommendations from last year were partially implemented, and remain largely valid. In the coming year, Kosovo should:

- further strengthen the capacity of the Agency for the Prevention of Corruption (APC), in terms of staff and expertise, to ensure it can carry out its mandate effectively;
- implement existing anti-corruption legislation and adopt a national strategy and action plan against corruption for 2025-2028, in line with European best practices and standards;



- continue to strengthen the quality of investigation in high-level corruption cases; increase the capacity of the Special Investigative Unit of the police and ensure it cooperates effectively with the Special Prosecution Office (SPO).

### ***Fundamental rights***

Overall, the legal and institutional framework for the promotion, protection and enforcement of human rights is in place, but implementation needs more effort. Kosovo appointed the head of the Agency for Gender Equality. There was further progress on the verification process of diplomas from the University in North Mitrovica, as the mandate of the Commission for the verification of diplomas was extended for another six months. Implementation of legislation safeguarding the rights of persons belonging to non-majority communities, including language rights, needs strengthening. Several new measures adopted by the government further undermined the access to basic services for these communities. Adoption of the Civil Code and amendments to the Law on freedom of religion remain pending.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Kosovo should:

- ensure better protection of the rights of persons with disabilities and their access to their rights; adopt the Law on status recognition, services and benefits;
- strengthen implementation of the Law on gender equality and the strategy on gender-based violence; enhance gender mainstreaming of legislation, regulations and policies; adopt the programme for gender equality and the national action plan for Women, Peace and Security;
- enhance implementation of existing mechanisms protecting the rights of non-majority communities and religious communities.

### ***Freedom of expression***

Kosovo has **some level of preparation** and made **no progress**. The Constitutional Court annulled the Law on the Independent Media Commission (IMC), providing the authorities with clear guidance to ensure the prompt drafting of a new law. While the media landscape is pluralistic, it faces challenges related to transparency in media ownership and financial sustainability. The environment in northern Kosovo remains restrictive, fostering self-censorship among the public, media and civil society.

The Commission's recommendations from last year were not implemented and remain valid. In the coming year, Kosovo should:

- improve the capacity of the prosecutorial, judicial and law-enforcement authorities to handle cases related to violence and threats against journalists and other media workers;
- develop protocols and training on the protection and safety of journalists, including early-warning and rapid-response mechanisms; improve the working conditions of journalists and media workers and strengthen professional reporting;
- adopt and implement a new Law on the Independent Media Commission, fully aligned with the EU *acquis* and European standards; review the Law on the Radio Television of Kosovo (RTK) to ensure sustainable funding, preserving the public broadcaster's independence; appoint the IMC Board Members, the RTK Board Members and the RTK General Director without delays.

## **Chapter 24: Justice, freedom and security**

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Kosovo **has some level of preparation** in the field of justice, freedom and security and made **limited progress**, notably through adopting the new Serious and Organised Crime Assessment (SOCTA), the entry into force of the Regulation on establishment and functioning of the Joint Investigation Team and formally establishing the early warning system. The Law on anti-money laundering and combating the financing of terrorism, adopted by the Assembly, is under Constitutional Court's review on procedural grounds. Efforts to recruit Kosovo Serb and other non-majority communities' cadets to address the resignation gap in Mitrovica North Regional Police Directorate had tangible results. In the field of migration, the revised contingency plan to manage migration flows is pending government approval.



The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Kosovo should, in particular:

- increase the number of final convictions for money laundering; set up a national centre for countering terrorism and violent extremism;
- continue to implement the EU Action Plan on Western Balkans for migration; amend the Law on foreigners in line with EU standards and develop a new comprehensive and cross-sectoral strategy on migration;
- progressively align its visa policy with the EU list of visa-required third countries; continue to address the issue of unfounded asylum applications by Kosovo citizens by improving screenings at departures, continuing to engage with the most affected EU Member States and rolling out the information campaign on rights and obligations associated with visa-free travel in the EU.

### ***Fight against serious and organised crime***

Kosovo is **between an early stage of preparation and having some level of preparation** in the fight against organised crime and made **some progress** in this area, notably by launching the Joint Money Laundering Intelligence Network Kosovo (JMLINK) and adopting a new Serious and Organised Crime Assessment (SOCTA). Information exchanged via the Secure Information Exchange Network Application (SIENA) increased significantly.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Kosovo should, in particular:

- adopt the national strategy against organised crime and its action plan, in line with EU standards; further improve the investigation and prosecution of high-profile organised crime; proactively target and map organised criminal groups and networks;
- strengthen the efficiency of the criminal confiscation regime; to that end, establish a confiscation fund and increase use of confiscation tools by the prosecution and police;
- strengthen mechanisms for reintegrating victims of trafficking in human beings.

## **ECONOMIC DEVELOPMENT AND COMPETITIVENESS**

### **The existence of a functioning market economy**

Kosovo has **some level of preparation** and made **some progress** in developing a functioning market economy. Economic growth picked up on the back of stronger private consumption and a surge in public investment. Despite a strong increase in public spending, the 2024 budget remained close to balance, due to robust revenue performance. Fiscal challenges persist given the narrow tax base, weaknesses in public investment management, insufficient targeting of social benefits and poor financial oversight of publicly-owned enterprises (POEs). Despite employment gains, the labour market continues to face challenges, such as low participation and high unemployment rates as well as a significant gender gap. The banking sector continues to be sound and resilient. Some progress was made in reducing the size of the informal sector and improving the business environment, notably through a speedier settlement of commercial disputes.

The Commission's recommendations from last year were partially implemented and remain largely valid. To improve the functioning of the market economy, Kosovo should, in particular:

- strengthen the revenue base by reducing loopholes and exemptions, including by amending tax legislation;
- improve the quality of public spending by addressing remaining weaknesses in public investment management and better targeting social benefits;
- reduce fiscal risks by improving financial oversight and accountability of POEs.

## The capacity to cope with competitive pressure and market forces in the EU

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Kosovo is **between an early stage and some level of preparation** and made **some progress** in terms of its capacity to cope with competitive pressure and market forces in the EU. The education system does not adequately equip students with the skills demanded by the labour market. Limited progress was made in improving transport infrastructure while some progress was made in promoting renewable energy sources and digitalising the economy. The economy remains highly reliant on small and micro firms, which cannot compete internationally. Trade openness increased significantly compared with 2019.

The Commission's recommendations from last year were partially implemented. To improve competitiveness and sustain long-term growth, Kosovo should, in particular:

- align education with labour market needs, including by revising the legal framework on vocational education and training (VET) and adult education;
- develop transparent and competitive procedures for deploying renewable energy;
- facilitate private-sector investment and improve mechanisms to attract FDI in strategic sectors, promoting the adoption of higher value-added products and services and innovation.

## Chapter 5 – Public procurement

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Kosovo is **between having some and a moderate level of preparation** and made **limited progress** in this area. Kosovo advanced with the use of best price-quality ratio criterion, reduced the use of negotiated procedures without prior publication of a contract notice and started interconnecting its e-procurement platform with other government IT systems.

The Commission's recommendations from last year were implemented to a limited extent and remain largely valid. In the coming year, Kosovo should, in particular:

- adopt a new law on public procurement and a new law on public-private partnerships/concessions in line with the EU *acquis* and Reform Agenda commitments; develop respective implementing legislation and secure its proper application;
- ensure that the Procurement Review Body (PRB) is fully operational and functionally independent, with a strengthened capacity to ensure its review process is timely, effective and transparent;
- upgrade the e-procurement platform in line with the new Law on public procurement and improve its efficiency.

## Chapter 18 – Statistics

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Kosovo has **some level of preparation** in this area. **Limited progress** was made in producing new statistical products and more frequent transmission of data to Eurostat. The final results of Kosovo's population and housing census were published in December 2024.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Kosovo should in particular:

- ensure increased access to and use of available administrative data sources; strengthen coordination of the statistical system among key statistical institutions, in particular the Ministry of Finance;
- increase capacities to report on government financial statistics according to the ESA 2010;
- fill vacant positions in the Kosovo Agency of Statistics (KAS) to strengthen its capacities, with a particular emphasis on an increased use of information technology.

## Chapter 32 – Financial control

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Kosovo has **some level of preparation** and made **limited progress** in implementing the strategic priorities.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Kosovo should in particular:

- adopt the new legislation concerning public financial management, external audit and protecting the EU financial interests and the euro, and ensure it is implemented, including by strengthening the administrative capacity across the PFM system;
- strengthen the managerial accountability of budget users at both central and local levels, on the grounds of robust evaluation of the performance of the management and control systems;
- improve the implementation of the NAO recommendations and enhance the transparency of the external audit.

## CLUSTER 2: INTERNAL MARKET

### Chapter 1 – Free movement of goods

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Kosovo is **between having some and a moderate level of preparation** in this area and made **no progress**.

The Commission's recommendations from last year were implemented to a limited extent and remain valid. In the coming year, Kosovo should, in particular:

- adopt the Law on inspection and product conformity to fully align with the EU *acquis* on market surveillance and on mutual recognition, and increase the enforcement capacity of the conformity assessment and market surveillance bodies;
- start the implementation of the new Law on Central Inspectorate of Market Surveillance;
- ensure full alignment with more of the EU 'new and global approach, 'old approach' and procedural measures.

### Chapter 2 – Freedom of movement for workers

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Kosovo has **some level of preparation** and made **some progress** in the freedom of movement for workers. One bilateral agreement on social security was signed with Croatia. The negotiations with Austria and Türkiye are concluded, and the agreements are awaiting signature by the government and ratification by the Assembly.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Kosovo should in particular:

- continue to work on concluding additional agreements on social security coordination, in particular with EU Member States, and develop IT infrastructures for the European Health Insurance Card (EHIC) and Electronic Exchange of Social Security Information (EESSI) purposes, as well as administrative capacities in view of joining the future EESSI Network;
- start work to prepare for joining the European Network of Employment Services (EURES);
- start to work on legislation to preserve the supplementary pension rights of people who have worked abroad, including in EU Member States.

### Chapter 3 – Right of establishment and freedom to provide services

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Kosovo is **moderately prepared** and made **limited progress**, notably as regards professional qualifications. However, sectoral laws are still not compliant with the EU Services Directive and Kosovo's point of single contact (PSC) is not fully functional.

The Commission's recommendations from last year were partially implemented, and remain largely valid. In the coming year, Kosovo should, in particular:

- closely monitor the implementation of the latest action plan to render sectoral legislation compliant with the EU Services Directive, and launch a functional and informative PSC;
- align with the Regulation on cross-border parcel delivery service and strengthen institutional capacity to monitor and ensure compliance with the new rules in the postal market;
- align the legal framework with the EU *acquis* on mutual recognition of professional qualifications, including the Directive on recognition of professional qualifications and the Directive on a proportionality test.

#### Chapter 4 – Free movement of capital

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Kosovo is **moderately prepared** and made **some progress**, with the entry into force of a new Law on the register of beneficial owners. The adopted Law on payment services and the adopted Law on the prevention of money laundering and terrorist financing, are pending a review by the Constitutional Court on procedural grounds. The exchange of information and supervisory capacities in the fight against money laundering and terrorism financing have improved.

The Commission's recommendations from last year were partially implemented and in the coming year, Kosovo should, in particular:

- further align with the EU Payment Services Directive 2 and the Electronic Money Directive 2 and continue the gradual liberalisation of capital movements including on foreign exchange operations;
- align the Law on the prevention of money laundering and terrorist financing with the EU *acquis* and take additional measures to ensure the effective implementation of the legislation in this area, including adopting necessary bylaws and standard operating procedures;
- continue to strengthen inter-institutional cooperation and step up action in the fight against money laundering and terrorist financing and build a track record on increased monitoring, supervision, financial intelligence, investigation and reporting in the fight against economic and financial crime.

#### Chapter 6 – Company law

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Kosovo has **some level of preparation**, and made **limited progress** in further aligning its legal framework with the EU *acquis* in the area of company law.

The Commission's recommendations from last year were partially implemented, and remain largely valid. In the coming year, Kosovo should, in particular:

- adopt the draft Law on business organisations, to further align its legal framework with the EU *acquis* on company law;
- further align with the most recent *acquis* on the use of digital tools and processes in company law and cross-border conversions, mergers and divisions;
- further align its legal framework with the EU *acquis* on company reporting, country-by-country reporting, and transparency, as well as strengthen both the institutional audit oversight structures and the professional independence/objectivity of auditors and audit firms; and ensure that these structures are sufficiently and sustainably funded.

#### Chapter 7 – Intellectual property law

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Kosovo is **moderately prepared** in the area of intellectual property rights (IPR). **Limited progress** was achieved by approving the 2025-27 Industrial Property Programme and efficient handling of cases and disputes of by the Commercial Court in this field. However, Kosovo needs to significantly strengthen its institutional capacities and resources to effectively implement and enforce the legal framework on intellectual property rights.

The Commission's recommendations from last year were implemented to a limited extent and remain largely valid. In the coming year, Kosovo should in particular:

- improve the implementation of the adopted legislation, with a focus on strategic planning and capacity-building;
- adopt implementing legislation for industrial property laws, including on topographies of semiconductor products and trade secrets, and ensure effective implementation of the Law on copyright and related rights;
- enhance collaboration with the European Union Intellectual Property Office (EUIPO), leveraging its expertise, networks and specialised databases.

## Chapter 8 – Competition policy

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Kosovo has **some level of preparation** and made **limited progress** in this area, notably through slightly improving the enforcement of competition legislation, but it did not progress in the area of State aid.

The Commission's recommendations from last year were implemented to a limited extent and remain largely valid. In the coming year, Kosovo should in particular:

- establish a functional State Aid Commission, in line with the SAA and Reform Agenda obligations;
- further align the legislative framework in the area of State aid with the EU *acquis*, and ensure competition and State aid legislation is enforced;
- guarantee the operational independence and functional capacity of competition and State aid authorities; increase coordination between all stakeholders, including ministries, regulators and the judiciary.

## Chapter 9 – Financial services

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Kosovo is **moderately prepared** and made **limited progress**, notably by amending the Law on banks, aiming to further align its legal framework with the *acquis* on capital requirements and on bank recovery and resolution.

The Commission's recommendations from last year were partially implemented, and remain largely valid. In the coming year, Kosovo should, in particular:

- align its legal framework with the Solvency II Directive; and ensure the relevant legislation is implemented;
- continue efforts to align with the EU *acquis* related to the regulation of securities markets, investment funds, investment services, financial markets infrastructure and digital finance;
- further align its legal framework with the Deposit Guarantee Scheme Directive and the EU *acquis* on bank recovery and resolution, and establish a resolution fund.

## Chapter 28 – Consumer and health protection

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Kosovo is at an **early stage of preparation** in this area and made **limited progress**, notably by adopting the 2025-2030 Health Sector Strategy, several relevant by-laws, instructions and clinical protocols. However, the implementation of health sector reforms remains slow.

The Commission's recommendations from last year were implemented to a limited extent and remain largely valid. In the coming year, Kosovo should, in particular:

- adopt the Law on consumer protection and start aligning with the new EU product safety *acquis*;
- ensure a more efficient implementation of the initiated reforms in the health sector; introduce appropriate health financing reforms to ensure progress towards universal health coverage and improve the efficiency and quality of health services.

## CLUSTER 3: COMPETITIVENESS AND INCLUSIVE GROWTH

## Chapter 10: Digital transformation and media

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Kosovo has **some level of preparation** in the area of digital transformation and media. Kosovo made **some progress**, notably by adopting the implementing legislation stemming from the Law on cybersecurity, expanding and online services through the e-Kosova platform, and advancing the deployment of the 5G network, which now covers 75% of the territory. Further alignment with the EU *acquis*, a limited number of online services, outdated and fragmented platforms, and cybersecurity risks remain a challenge.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Kosovo should, in particular:

- align its legislation with the European Electronic Communications Code and the EU Network and Information Security Directive (NIS2);
- ensure that telecommunication and media regulators are given appropriate resources to fulfil their mandates independently; and develop a solution to ensure that the public service broadcaster is sustainably funded;
- implement number portability to ensure effective use of numbering resources and encourage competition.

## Chapter 16 - Taxation

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Kosovo has **some level of preparation** in this area, with **some progress** made, notably through implementing risk-based audits, enforcement and digitalisation, as well as improving compliance audits and with regard to formalisation measures.

The Commission's recommendations from last year were partially implemented, and remain largely valid. In the coming year, Kosovo should, in particular:

- initiate a tax policy revision and broaden the tax base, including further legal alignment with the EU *acquis*;
- prioritise the use of domestic and international third-party data to address international tax avoidance and evasion;
- strengthen the administrative and professional capacity of the Tax Administration of Kosovo (TAK) by setting out clear rules on jobs, recruitment, performance evaluation, merit-based promotion and transfers.

## Chapter 17 – Economic and monetary policy

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Kosovo is **moderately prepared** and **some progress** was made in this area, notably as the Central Bank of Kosovo (CBK) continued improving its governance. While Kosovo advanced with collecting and transmitting data to Eurostat, methodological inconsistencies persist in some areas.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Kosovo should, in particular:

- increase its capacity to report on government financial statistics according to the ESA 2010; and ensure regular monitoring of standards;
- improve the quality of macroeconomic forecasting in the budgetary process;
- align Kosovo's budget framework with the EU *acquis*.

## Chapter 19 – Social policy and employment

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Kosovo has **some level of preparation** in this area. There was **good progress**, in particular with the increased pace of reforms implemented by the Labour Inspectorate, the continuation of the piloting of a reform of the social assistance scheme and the efforts to implement the Youth Guarantee scheme. The rate of fatal occupational accidents continued to decline, whereas the reporting of non-fatal accidents



increased. Kosovo needs to continue aligning with the EU *acquis* on non-discrimination and equality, including gender equality.

The Commission's recommendations from last year were implemented to a large extent and in the coming year, Kosovo should, in particular:

- adopt pending legislation, namely amendments to the Law on labour, a new law on employment and a new law on health and safety at work, making sure to align the legal framework with the EU *acquis*, notably in relation to equality and non-discrimination in employment as well as parental leave;
- continue the reform of social assistance scheme and increase the funding and quality of service delivery at the municipal level;
- continue the preparations for a full roll-out of the Youth Guarantee scheme.

## Chapter 20 – Enterprise and industrial policy

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Kosovo is **moderately prepared** and made **limited progress** by continuing to implement the 2030 strategy for industrial development and business support.

The Commission's recommendations from last year were implemented to a limited extent and remain largely valid. In the coming period, Kosovo should, in particular:

- move forward with the implementation of the strategy for industrial development and business support for 2030, and the sustainable economic growth pillar of the national development strategy for 2021-2030;
- urgently improve capacity at the Ministry of Industry, Entrepreneurship and Trade;
- complete the establishment of the two separate investment promotion and SME support agencies, and ensure that both are sufficiently resourced.

## Chapter 25 – Science and research

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Kosovo is at an **early stage of preparation**. It made **limited progress**, taking further steps towards a strategic approach to research and innovation. Funding of innovation support measures has started.

The Commission's recommendations from last year were implemented to a limited extent and remain largely valid. In the coming year, Kosovo should, in particular:

- intensify efforts to establish a positive trend in its Horizon Europe participation and make progress in developing a smart specialisation strategy;
- adopt the law on innovation and entrepreneurship and create a system to reliably provide research, science and technology and innovation statistics, so it can join the European Innovation Scoreboard;
- ensure a structural increase in public funding for the research sector, with clear and accessible data available to the public.

## Chapter 26 – Education and culture

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Kosovo has **some level of preparation** in the field of education and culture. There was **some progress**, mainly with the adoption of by-laws for the Law on early childhood education and with growing budget allocations for early childhood education, including for related infrastructure. However, the quality of education needs improvement, especially pre-university education. Children from vulnerable groups continue to be marginalised, in particular children from the Roma, Ashkali and Egyptian communities.

The Commission's recommendations from last year were partially implemented and in the coming year, Kosovo should, in particular:

- continue to implement the roadmap outlined in its education strategy for 2022-2026, assess the progress and update/revise the strategy for post-2026;



- strengthen vocational education and training (VET) governance, institutionalise quality assessment of teachers and schools and improve digital skills;
- systematically apply quality assurance mechanisms at all education levels, especially for basic/pre-university education.

## Chapter 29 – Customs union

Kosovo is **moderately prepared** and made **some progress**, notably by expanding the use of publicly operated customs terminals, reducing customs terminal fees, increasing revenue collection, fighting customs fraud and strengthening the capacities of Kosovo Customs.

The Commission's recommendations from last year were partially implemented. In the coming year, Kosovo should, in particular:

- finalise and approve the implementing legislation for the new Customs and Excise Code, in line with the EU requirements;
- continue to strengthen the administrative and professional capacities of Kosovo Customs by implementing the Customs and Excise Code rules, particularly related to jobs, performance evaluation, merit-based promotion and transfers and by combating customs fraud, in particular smuggling of tobacco products, by cooperating with the European Anti-Fraud Office (OLAF); continue the development of the digital customs systems and adopt an IT strategy and action plan.
- facilitate trade agreements, including by abolishing all remaining fees charged to exporters/importers at public, publicly operated and private inland customs terminals.

## CLUSTER 4: THE GREEN AGENDA AND SUSTAINABLE CONNECTIVITY

### Chapter 14 – Transport policy

Kosovo has **some level of preparation** in the area and made **some progress** by adopting the Law on roads and the intelligent transport system (ITS) action plan. More action is needed to implement the EU *acquis*.

The Commission's recommendations from last year were partially implemented, and remain largely valid. In the coming year, Kosovo should, in particular:

- invest in road maintenance and inspections; continue road safety campaigns; and set up an effective monitoring mechanism for collecting crash data;
- align its legal framework with the EU rail *acquis*, particularly the 4<sup>th</sup> railway package for both the market and technical pillar;
- ensure sufficient capacity and resources to implement the intelligent transport system strategy; and align the legislative framework with the EU passenger rights *acquis* across all modes of transport.

### Chapter 15 - Energy

Kosovo has **some level of preparation** in the area of energy and made **some progress**, notably by launching 100 MW wind auction, investing in energy efficiency upgrades for public and residential buildings and making a step towards liberalisation of electricity market. However, Kosovo remains heavily reliant on outdated coal-fired power plants and needs to accelerate the deployment of renewable energy sources and investment in energy efficiency.

The Commission's recommendations from last year were partially implemented, and remain largely valid. In the coming year, Kosovo should, in particular:

- adopt its National Energy and Climate Plan (NECP) and the package of energy laws to ensure alignment with the Electricity Integration Package and Clean Energy Package; and organise the next round of renewables auctions;

- speed up the environmental upgrade of the Kosovo B thermal power plant and the works for decommissioning the non-working parts of the Kosovo A thermal power plant;
- improve the implementation of energy efficiency legislation, including on energy performance of buildings, and continue energy efficiency investment.

## Chapter 21 – Trans-European Networks

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Kosovo has **some level of preparation** in the area. **Limited progress** was made by continuing works on Rail Route 10 and by initiating the intra-day electricity market coupling with Albania.

The Commission's recommendations from last year were implemented to a limited extent and remain largely valid. In the coming year, Kosovo should, in particular:

- strengthen its institutional and administrative capacity to implement strategic infrastructure projects;
- continue implementing pending transport and energy connectivity projects;
- proceed with the signalling works; complete the first phase of Rail Route 10 from Fushë Kosovë/Kosovo Polje to the border with North Macedonia.

## Chapter 27 – Environment and climate change

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Kosovo is at an **early stage of preparation** in this area and made **limited progress**. The Ministry of Environment, Spatial Planning and Infrastructure (MESPI) took some steps to improve its administrative capacity, but final restructuration of MESPI is pending. The integrated waste management strategy, including 2024-2026 action plan and recycling targets, was approved in December 2024.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Kosovo should, in particular:

- ensure that appropriate measures are taken to manage protected areas and stop them becoming contaminated;
- amend the Law on waste management;
- implement the Law on climate change and align with and implement the Monitoring Reporting Verification and Accreditation (MRVA *acquis*).

# CLUSTER 5: RESOURCES, AGRICULTURE AND COHESION

## Chapter 11 - Agriculture

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Kosovo has **some level of preparation** and made **limited progress** in agriculture and rural development. The national programme for agriculture and rural development for 2023-2027 is being implemented.

The Commission's recommendations from last year were implemented to a limited extent and remain largely valid. In the coming year, Kosovo should, in particular:

- strengthen the administrative and technical capacity of both the Department of Rural Development Policy (managing authority) and the Agency for Agricultural Development (paying agency);
- adopt the law on agriculture and rural development advisory services and the implementing legislation on the market organisation for agricultural products;
- amend or repeal the Law on agricultural land and take urgent and effective measures to stop the loss of agricultural land.

## Chapter 12 – Food safety, veterinary and phytosanitary policy

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Kosovo is **moderately prepared** in the area of food safety, veterinary and phytosanitary policies. **Some progress** was made. Kosovo has ensured full funding for the oral rabies vaccination campaigns for 2025 and 2026 and has completed the selection of the operator for the Category 1 animal by-product processing plant.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Kosovo should, in particular:

- strengthen the administrative capacity of the implementing bodies by increasing the number and expertise of the staff;
- adopt the draft law on animal health; approve the 5-year development plan for disease monitoring and control; and ensure appropriate financial and human resources for their implementation;
- start work on the harmonisation and adoption of legislation in the area of phytosanitary policy, in line with the EU *acquis*, and prepare a national plan to upgrade food, feed and animal by-product establishments to EU standards.

### Chapter 13 – Fisheries and aquaculture

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Kosovo remains at an **early stage of preparation** in this chapter and made **no progress**.

The Commission's recommendations from last year were not implemented, and remain valid. In the coming year, Kosovo should, in particular:

- adopt a multiannual strategy for aquaculture, and strengthen the administrative capacity of the implementing bodies, by increasing the number and expertise of the staff;
- draft a law on fisheries and aquaculture and further align its market policy with the *acquis*;
- create an inventory of fish species covering the entire territory of Kosovo.

### Chapter 22 – Regional policy and coordination of structural instruments

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Kosovo remains at an **early stage of preparation** in the area of regional policy and coordination of structural instruments. **Limited progress** was made, notably by improving the legislative and monitoring frameworks.

The Commission's recommendations from last year were implemented to a limited extent and remain largely valid. In the coming year, Kosovo should in particular:

- improve administrative capacity for programming, management, control, monitoring and evaluation of EU funds, notably strengthen the internal control framework and internal audit capacity, and establish functioning anti-fraud coordination services;
- urgently strengthen public investment management, by adopting: (i) updated single and sector project pipelines, based on sound, transparent and inclusive public investment selection; and (ii) a methodology for effectively and transparently managing government expenditure on public infrastructure;
- create a structured and inclusive sector-based policy dialogue to improve and guide the use of EU funds and streamline the coordination of donor support.

## CLUSTER 6: EXTERNAL RELATIONS

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### Chapter 30 – External relations

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Kosovo has **some level of preparation** in the area of external relations. **Some progress** was made, in particular in de-blocking the Central European Free Trade Agreement (CEFTA) decision-making, with Kosovo holding the CEFTA chairmanship for 2025. Despite the continued implementation of the Common Regional Market (CRM) action plan for 2021-2024, Kosovo has still not ratified CEFTA

additional protocols on trade facilitation, trade in services and dispute settlement. While exports were up, the trade deficit remained high, and Kosovo has yet to implement a comprehensive trade policy.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Kosovo should, in particular:

- continue to implement actions under the CRM action plan for 2025-2028, ratify and implement the CEFTA Additional Protocol (AP) 5 on trade facilitation, AP 6 on trade in services and AP 7 on dispute settlement;
- approve the Regulation on the establishment of the trade facilitation enquiry point; align legislation on screening of foreign investments with the EU *acquis*;
- start the process of establishing a development and humanitarian aid policy.

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## 2. THE FUNDAMENTALS OF THE ACCESSION PROCESS

### 2.1. FUNCTIONING OF DEMOCRATIC INSTITUTIONS AND PUBLIC ADMINISTRATION REFORM

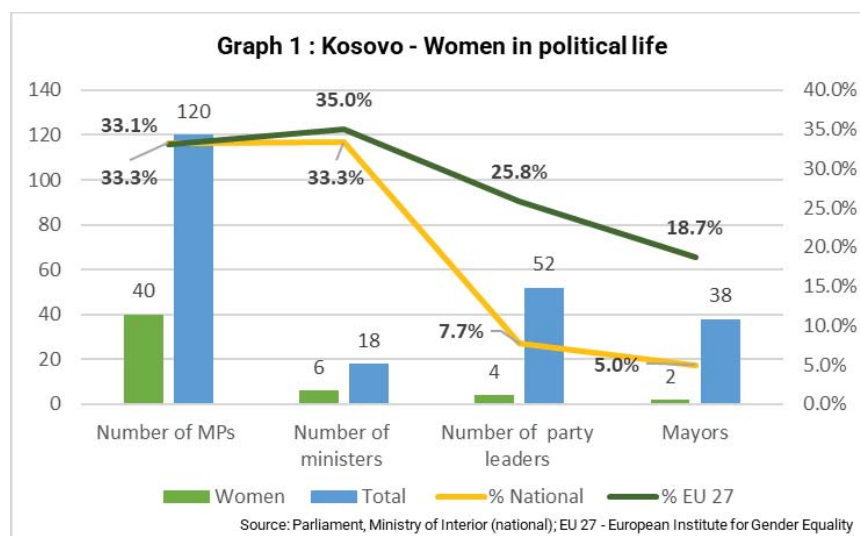
#### 2.1.1 Democracy

The functioning of democratic institutions faces some challenges. Disagreements, polarisation and lack of cooperation between political parties prevented significant progress on EU-related reforms. These disagreements and *Srpska Lista*'s (SL) prolonged boycott of Assembly sessions in previous legislature undermined the institution's ability to adopt legislation, appoint members of public bodies and provide effective oversight.

The electoral campaign also slowed down decision-making. Polarising language against opponents continued to be used in political debates. Since February elections, the Assembly has continuously failed to establish itself, which is a pre-condition for a government to be formed. Due to this political gridlock, the outgoing government has been in caretaker status since 23 March 2025, equipped with only limited executive functions. This impasse undermines the functioning of democratic institutions and risks eroding public trust in the democratic processes.

The reporting period saw repeated criticism by members of the government towards the judiciary and the Constitutional Court. All such instances of undue interference must be avoided and the independency of the judicial power and the Constitutional Court must be adhered to at all times.

#### Elections



Kosovo held parliamentary elections on 9 February 2025, the first under the revised Law on general elections. The EU EOM rated the election peaceful, inclusive and competitive. Positive aspects included high compliance with gender representation quotas, the smooth conduct of the voting on the Election Day and effective handling of complaints by the Election Complaints and Appeals Panel (ECAP)

and the Supreme Court.

The legal framework regulating political party and campaign financing establishes clear rules for public funding, expenditure limits, and transparency requirements. While the framework is broadly aligned with international standards and assigns oversight responsibilities to a dedicated office, there are concerns about the absence of interim financial reporting and the lack of regulation of third-party financing. At the same time, political interference, institutional shortcomings and organisational delays undermined the overall electoral process. Key institutions – the Central Election Commission (CEC) and the Independent Media Commission (IMC) – were subject to political pressure.

Voter turnout stood at 46.54%, with 966 283 votes cast. Out-of-country voting faced significant logistical and political challenges, including allegations of irregularities in postal voting. Women's participation has been steadily increasing, yet it does not exceed the 30% gender quota as established by the law. Of the 1 279 certified candidates, 443 were women (34.6%), while 45 were elected to the Parliament. In relative terms, 8.8% (39 out of 443) were elected on their own merit before the gender quota was applied. This result reflects persisting structural challenges: male dominance in campaign spaces, limited media exposure for women candidates, fewer campaign resources and a political discourse often marred by misogynistic rhetoric and personal attacks. These barriers, combined with the persistence of patriarchal norms in party platforms and public life, continue to undermine women's equal participation and influence in Kosovo's electoral politics, despite formal quotas and legal commitment.

Challenges related to accessibility have also affected the right to vote for persons with disabilities in recent elections.

The procedural phase following the vote was affected by shortcomings. The CEC failed to publish preliminary results on election night and was unprepared to begin vote counting the following day. The results were certified only on 27 March, almost seven weeks later. These considerable delays, resulting from technical issues in the results publication system and delays in counting at municipal centres, raised concerns about the efficiency and transparency of electoral administration. There were concerns regarding the accuracy of voter certification by the CEC, primarily due to shortcomings in the civil registration system. The candidate certification process was marred by political interference, notably the attempted exclusion of SL candidates by *Vetëvendosje* (VV)-affiliated CEC members.

The official electoral campaign ran from 11 January to 9 February 2025. While there were high levels of engagement, the campaign also saw confrontational rhetoric, particularly from the ruling party. The EU EOM reported that voters in Kosovo Serb-majority areas faced undue pressure from SL. Spending on online campaigning reached unprecedented levels, and the absence of legal regulations for pre-campaign activities created a loophole for early, unregulated campaigning and spending.

The media environment remained polarised, with some outlets accused of partisan bias and the IMC failing to act on media violations during the campaign due to a lack of decision-making quorum. The media environment was subject to electoral disinformation attempts from both internal and external sources, including misinformation campaigns by Russia-affiliated outlets such as *RT Balkan* and *Sputnik Srbija*. While local fact-checking initiatives worked to debunk false information, their impact was limited, especially due to language constraints and lack of reach. Despite some efforts, Kosovo institutions, particularly the CEC, missed key opportunities to proactively counter disinformation.

Political parties also faced penalties for utilising children in electoral campaigning.

Despite attempts to politicise the certification process, the first round of local elections of 12 October was peaceful, inclusive and competitive, with participation of all communities.

## **Parliament**

The Assembly struggled with deep political polarisation, procedural violations, low attendance, continued boycotts and rushed legislation, while the government's majority shrank during the term. On one hand, the ruling party's reliance on procedural shortcuts to push through legislation without consensus eroded the credibility of the legislative process. On the other hand, opposition parties misused parliamentary oversight instruments, disrupting the legislative flow. The introduction of the electronic voting system was a positive development.



Throughout November and December 2024, the Assembly witnessed a legislative push and political clashes that highlighted broader governance challenges. The opposition repeatedly called for extraordinary sessions, insisted on lengthy debates or boycotted votes, leaving the Assembly without a quorum, also for the ratification of international agreements. The ruling majority rushed through legislation, at times in violation of procedural norms.

The adoption process for the budget further exposed the Assembly's deteriorating procedural integrity, with inappropriate use of fast-track procedures in violation of standard timelines. On 4 December, the Assembly adopted 20 laws in both readings within a single day. The opposition challenged the entire session and all adopted laws before the Constitutional Court based on procedural grounds. The Court ruling is still pending.

Oversight mechanisms were misused, while government officials often failed to respond to committee invitations, appear for scheduled hearings or answer parliamentary questions. As a result, committees became ineffective, forcing opposition MPs to escalate matters to the plenary.

After nearly seven months following the parliamentary elections, on 26 August, the Assembly elected a new Speaker, as well as four Deputy Speakers, and on 10 October it voted on the Deputy Speaker from Kosovo Serb community. While SL referred the 10 October vote to the Constitutional Court, whose ruling is pending, President launched the government formation process.

This months-long failure to constitute the Assembly unearthed legal and procedural loopholes and added to the existing polarisation among political parties. The next legislature needs to restore procedural integrity and legislative discipline, including strict adherence to the Rules of Procedure and constitutional timelines. A renewed political culture that values consensus-building, accountability and functionality will be essential for the Assembly, including with a view to advancing on EU-related reforms.

## **Governance**

There has been no major change to the governance structure at the central level. Following the legislative elections, the term of the VV-led government formally ended on 22 March 2025 and it entered into caretaker government status the following day, equipped with limited executive powers to carry out only the necessary activities planned in the Annual Work Plan and Annual Budget Law. Despite these restrictions, the caretaker government largely proceeded with many activities and only refrained from decisions requiring parliamentary approval.

Also, there was a significant ruling issued by the Supreme Court concerning the separation of powers that reiterates the incompatibility of simultaneously holding a legislative and an executive role as outlined in the Constitution and the Law on government. This decision has implications for the outgoing Prime Minister and several outgoing ministers who continue holding a MP mandate.

Relations between central institutions and municipalities remain strained. While municipalities made progress in strengthening their operations and service delivery, they still face key issues related to financial oversight, budget planning and the effective allocation of public resources.

Although Kosovo has made progress in improving gender equality, disparities remain. Women are underrepresented in senior government positions and local decision-making bodies.

## **EU integration**

Despite government's commitment to, and public support for Kosovo's European path, accompanied by positive communication on the EU integration process, divisive domestic politics continued to hamper the implementation of the EU agenda. Progress also stalled due to Assembly inefficiency and the political gridlock in the aftermath of general elections. The institutions responsible for the EU integration process remain broadly in place. Centralisation of the EU agenda sometimes limits political ownership in line ministries and slows down decision-making.

There is also no permanent inter-ministerial coordination body at an expert level. The Assembly's Committee for European Integration has struggled to fulfil its role. EU integration activities were

negatively affected by weak administrative capacity and the fact that a number of key positions in the public administration are held by officials serving in an acting capacity.

Also, no meetings of the Stabilisation and Association Agreement (SAA) bodies were held until July 2025, as a consequence of EU measures *vis-à-vis* Kosovo. The first SAA sub-committee meeting after the announcement of the gradual lifting of some measures took place on 10 July.

On 30 October 2024, the Assembly approved the 2024-2028 National Programme for European Integration (NPEI). Kosovo regularly publishes reports on the implementation of the NPEI and discusses progress in the Assembly. As part of the EU's Reform and Growth Facility for the Western Balkans, Kosovo adopted its Reform Agenda on 9 October 2024. In order to benefit from payments under the Reform and Growth Facility, Kosovo still needs to ratify the Facility and Loan Agreements. Kosovo can only request disbursements after the agreements have entered into force.

### **Civil society**

Mechanisms for involving civil society in decision-making are formally in place, but in practice, consultations fall short of correctly applying the regulatory framework and meaningfully considering feedback from civil society. The government needs to comply with the consultation period, duly consider this input and provide feedback, and publish updated draft proposals and final reports.

Greater consultation with CSOs advocating for non-majority communities' rights, women's rights and rights of persons with disabilities would be beneficial. Consultations at local level and in rural areas should also be improved. Several activists reported being targeted by political figures.

The government should approve a new Strategy for Cooperation with Civil Society, crucial for ensuring a transparent, inclusive and sustainable civic space. The legislation needs to be amended to enable tax-deductible donations from businesses and individuals to civil society.

In early 2025, the government amended the sub-legal act regulating the registration and operation of NGOs, bringing the appeal process in line with standard administrative procedures. The Regulation on public funding for CSOs is being implemented, but comprehensive, accurate and timely reports on public funding are lacking, as is the evaluation of the effectiveness of allocated funds. The phasing out of US development assistance exacerbated this situation as it laid bare the level of CSO's dependency on international donors' funding.

#### **2.1.2 Public administration reform**

##### Strategic framework for public administration reform (PAR)

The **strategic framework for public administration** is in place, but the implementation of the PAR Strategy (2022-2027) needs to be improved. The government adopted a new Action Plan (2025-2027) for implementing the strategy. The Ministerial Council on PAR meets twice a year; effective coordination between key institutions and administrative levels remains a significant challenge.

The functioning of the digital monitoring platform for the strategy's implementation needs to be improved. Building on recent recruitments, the Ministry of Internal Affairs (MIA), in the lead of the reform, needs to further increase its capacity to manage and supervise the cross-cutting and politically sensitive reforms effectively, and improve the reporting and monitoring of policy implementation. In general, the implementation of the PAR strategic framework is highly dependent on donor funding.

##### Policy development and coordination

Policy development and coordination aspects still need to be improved. On the **policy-making system**, the implementation of the 2023 National Development Strategy and Plan continued; yet planning, monitoring and assessment of sectorial policies is a challenge. The capacities of the Strategic Planning Office in the Office of the Prime Minister need further strengthening, to carry out planning, monitoring, reporting and implement ex-ante impact assessment effectively.

A considerable part of **policy planning** takes place without regulatory impact assessment. While the government rules of procedure clarify different aspects of policy development, detailed instructions and manuals still need to be developed to ensure improved inter-institutional coordination.



There has been no progress on either gender mainstreaming or inclusive and evidence-based policy-making. While most of ministries and municipalities appoint gender equality officers, they lack capacity and training to carry out their work meaningfully.

#### Public financial management

**Public financial management** (PFM) is broadly in place but needs to be improved further. The Ministry of Finance, Labour and Transfers implements the PFM Strategy 2022-2026 but has not yet adopted the action plan for 2025/26. The legislation does not fully incorporate gender-responsive budgeting rules.

Kosovo is implementing a project on the registration and tracking of invoices but still needs to approve the national strategy for the prevention and the fight against the informal economy, money laundering and the financing of terrorism. The design and the implementation of investment projects continue to lack a coherent approach on feasibility studies and cost-benefit analyses. Kosovo still needs to improve the quality of project information in the public investment programme system and its links with the Financial Management Information System.

The link between strategic planning and budgeting remains weak. Progress was made in analysing and quantifying fiscal risk statements. On **budget transparency**, information booklets for the public and budget implementation reports are published systematically. In-year budget reports provide information for both aggregate and individual first-level budget users (*see chapters on public procurement, taxation customs and financial control*).

#### Public service and human-resource management

The **public service and human-resource management system** needs to be improved. Adopted amendments to the Law on public officials (LPO) introduced substantive systemic changes, including -fixed-term mandates at all managerial levels, that put at risk the professionalisation of the civil service. The law does not guarantee a steady career system, as promotion is not possible within the system, while all managerial positions are open to external competition.

Following the latest round of amendments to the LPO in October 2024, the Constitutional Court confirmed its constitutionality in May 2025, including term limits for senior public service roles. However, serious concerns remain about politicisation effects, limited career advancement and civil service stability.

The system for **merit-based recruitment, promotion and dismissal** of civil servants remained inefficient. There are delays in launching centralised recruitment. There are a considerable number of acting positions at high and medium management level, which undermines the stability of the system.

Although all central government bodies use the human resource management information system (HRMIS), not all update the information in it; moreover, there is no interoperability with the payroll system in the Treasury at the Ministry of Finance. Public service job announcements are available on a single web portal. The implementation of the regulation on performance appraisal in civil service is inefficient. Representation of non-majority communities and the number of women in senior positions is unsatisfactory.

While the Law on salaries in the public sector consolidated the **remuneration system**, its implementation has revealed deficiencies, as the process of job classification and systematisation of positions has not been finalised and the, still unaddressed, Constitutional Court's judgment declaring several articles of the law unconstitutional.

The DMPO within the MIA has strengthened its capacities through the recruitment of six new staff, however, it should improve coordination with the HRM units of institutions. Due to lack of capacity, financial constraints and the overload of appeals, the Independent Civil Service Oversight Board was not in the position to efficiently carry out checks on the civil service and supervise the implementation of the legal framework. The board does not have a direct electronic access to the HRMIS, which undermines the quality of its work.

**Professional development** is in need of further strengthening. The Kosovo Institute for Public Administration provides training at central and local level, but it is largely dependent on donor support. While mandatory training programmes are in place, training needs' analysis is insufficient. Provisions on performance appraisal, mobility and promotion of civil servants are not applied systematically.

**Integrity** in the public service remains a challenge. There are delays in finalising and adopting the integrity plans for institutions or their quality remains inadequate.

#### Accountability of the administration

This is insufficient. Agendas for government sessions are not always made public in advance, and decisions are not consistently published online. Public consultations and inclusion in reforms' planning and implementation is inefficient. Several laws were adopted through fast-track procedures without proper public consultations.

Limited progress was made in implementing the two laws on **rationalisation** and establishing accountability lines for independent and executive agencies in accordance with the new Programme on the rationalisation of agencies adopted in September 2024. Furthermore, the number of bodies subordinated to the Parliament should be reduced. Parliamentary oversight of the reforms in public administration has to be increased.

The Law on **administrative disputes**, which entered into force in January 2025, only applies to new proceedings, with positive effects yet to emerge. While the legal basis and mechanisms regulating the access to administrative justice are in place, long delays in processing cases continue to hamper implementation. The legal framework on the **right to seek compensation** is not efficiently implemented. The implementation of the Law on access to public documents needs to further improve. While 95% of requests are positively fulfilled on time, according to government data, complaints by citizens persist.

#### Service delivery to the public and businesses

Kosovo made some progress in **service delivery**, with the implementation of the Digital Agenda and e-government strategy, and with the adoption of the Law on electronic identification and trust services in electronic transactions and the Law on cyber security acts.

The upgrading of the e-Kosova portal continued: in 2024, a national electronic identification (eID) system became operational. At the same time, data quality and reliability is a challenge. There is insufficient progress in aligning sector -specific laws with the Law on general administrative procedures.

Service delivery to those in vulnerable situations, including people with disabilities, is inefficient. In November 2024, the government adopted a new Administrative Burden Prevention and Reduction programme (2025-2028) and Action plan (2025-2026), leading to some progress in simplifying administrative services. There is a need for greater synergy between digital transformation initiatives, administrative simplification and a user-centric approach to service design.

## **2.2. RULE OF LAW AND FUNDAMENTAL RIGHTS**

### **2.2.1 Chapter 23: Judiciary and fundamental rights**

*The EU's founding values include the rule of law and respect for human rights. An effective (independent, high-quality and efficient) judicial system and an effective fight against corruption are of paramount importance, as is the respect for fundamental rights in law and in practice.*

#### **Functioning of the judiciary**

##### Strategic documents

Strategic documents are in place, but their implementation needs to be improved. During the reporting period, the Kosovo Judicial Council (KJC) adopted a strategic plan for communication within the judicial system (2025-2027) and a strategic plan for efficiently handling cases of corruption, abuse of

official duty and organised crime (2025-2027). The Kosovo Prosecutorial Council (KPC) adopted a strategy for the prosecutorial system (2025-2027).

Due to a lack of will and weak management capabilities in justice institutions, the strategies are not used effectively as tools for policy development. The leadership and management functions of the judiciary and prosecution as well as accountability mechanisms should be improved.

Kosovo updated its rule of law action plan in February 2025, to accompany the rule of law strategy. The implementation of this strategy continues to encounter various obstacles, including the failure of the implementing institutions to give it due priority.

The government consulted the VC on the draft laws stemming from the Joint Statement of Commitment. The authorities must incorporate the VC's recommendations in the laws pending adoption by the Assembly. Both Councils and the Kosovo Justice Academy (KJA) need to implement the reforms without delay.

### Management bodies

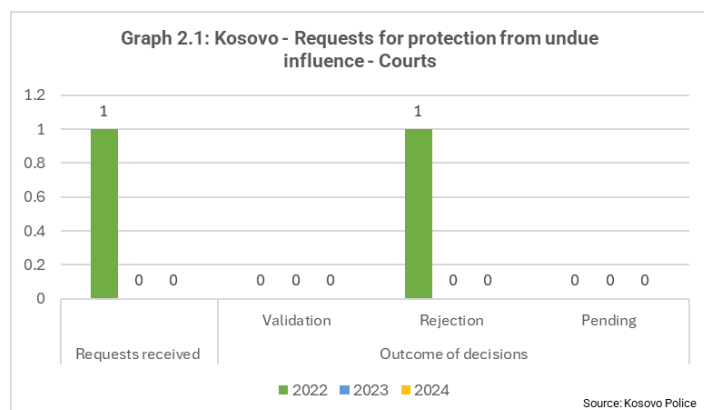
The management bodies and the legal framework governing them are in place, however the roles and responsibilities should be defined more clearly to improve their enforcement. Effective mechanisms for follow-up and corrective actions to the implementation of management functions should be introduced through functional disciplinary and evaluation proceedings. Additionally, the Judicial and Prosecutorial Councils as well as all management functions in the judiciary such as court presidents and chief prosecutors should adopt a performance-oriented approach in ensuring quality and efficiency of the judiciary and the prosecution services including through effective disciplinary and evaluation procedures.

While the KJC leadership demonstrates a clear commitment to advancing the rule of law, the KPC shows more limited determination and capabilities. During the reporting period, the Assembly consistently struggled to maintain full composition of the Councils, leading to a lack of required representation of lay members. The KPC key managerial position of Chief State Prosecutor has been vacant since April 2022 and filled by an acting prosecutor; thus, the KPC must promptly initiate a new selection process based on meritocracy and transparency.

The recruitment process for Chief Prosecutors, appointed to most prosecution offices, did not meet the merit-based standards enshrined in the applicable regulations.

The Law amending and supplementing the Law on KPC must be implemented effectively, ensuring in particular a pluralistic selection of the lay members. Therefore, reforms within the Councils and their related internal processes must continue in line with the VC recommendations, including further amendments to the KPC Law with regard to the composition of the Special Committee for the administration of the selection process of the lay members of the Council.

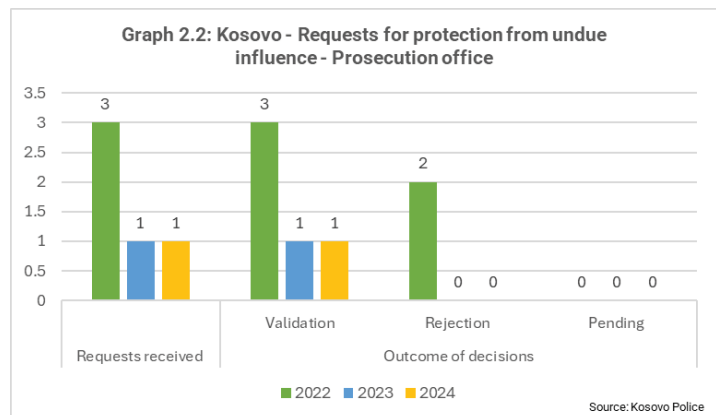
### Independence and impartiality



The independence and impartiality of the judiciary and prosecution need to be improved at all levels. The effective implementation of principles upholding the independence and impartiality of the judiciary and prosecution must be consistently ensured. Within the judiciary and prosecution, there is a lack of appropriate understanding of these principles, which creates conditions for undue influence, particularly from within the system.

The tense dynamics between the government and the judiciary, and especially the prosecution, continued and intensified during the electoral campaign. Some safeguards exist for the transfer of judges and prosecutors without consent; however, additional safeguards are needed. A code of ethics is in place, but continuous efforts and awareness raising are necessary to ensure its effective implementation.

The Case Management Information System (CMIS) enables the random assignment of cases to judges and prosecutors; however, this is not implemented consistently. In fact, manual registration of cases has been reinstated at all court levels as a tool for parallel case registration. This is a concern particularly at the appeal court level and in the SPO, which deals exclusively with high-level corruption and organised crime cases.

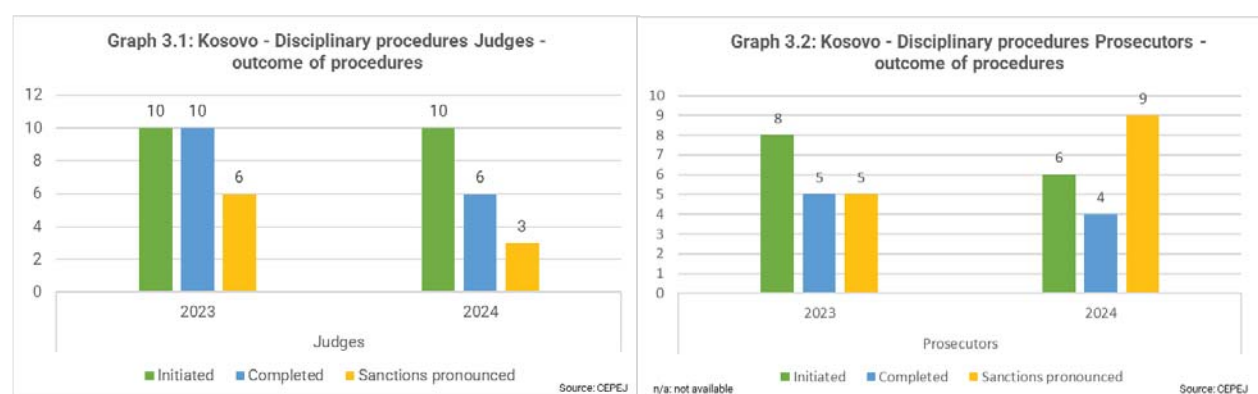


Further improvements are necessary to avoid any internal or external undue influence on the work of judges and prosecutors, including undue political interference. During the reporting period, only one request for close protection of prosecutors was filed with the police.

### Accountability

The accountability of the judiciary and prosecution needs to be improved. While the Councils have continued to pursue disciplinary proceedings against judges and prosecutors, they must ensure that allegations of misconduct are considered with great seriousness, disciplinary proceedings are fair and transparent, and that any sanctions imposed are proportionate to the seriousness of the misconduct. Clear mechanisms should be established to create an institutional practice that actively promotes that the responsibilities are carried out and effective accountability exists at all levels, including within the Councils, management of courts and prosecution offices, as well as for judges and prosecutors.

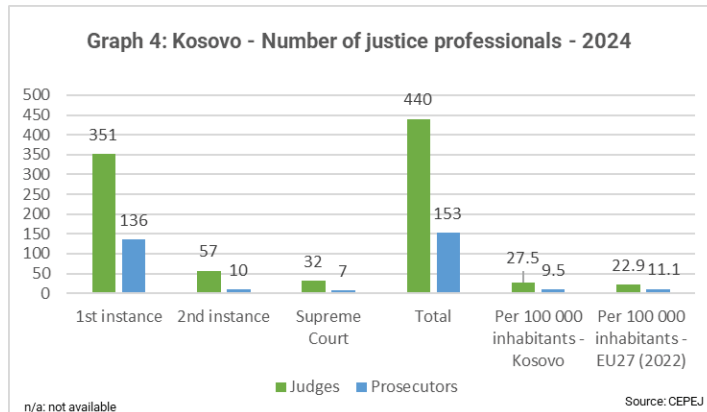
The legislative framework for disciplinary proceedings must be amended to address the VC recommendations, as outlined in the relevant Opinions from 2025. While judges and prosecutors declare their assets annually, there is a need to ensure the consistent and full control and verification of these assets, as established by the legislation and recommended in the VC opinions.



### Quality of justice

The quality of justice needs to be further improved. The few high-profile cases on corruption and organised crime which were finalised during the reporting period, including former EULEX cases, mostly ended in acquittals or low sentencing.

There are systemic challenges regarding the handling of serious crime and gender-based violence cases, notably linked to inefficient prosecution, deficient indictments and judgments, and inconsistency in sentencing practices. The Supreme Court took steps to ensure the consistent application of law, including by publishing new sentencing guidelines. Timely publication of judgements, as promoted by the KJC, will further strengthen legal certainty and transparency.



Continuous recruitment of new judges and prosecutors presents a valuable opportunity to strengthen the effectiveness and fairness of the judicial system. However, as objectivity, meritocracy and transparency are not always ensured, the recruitment process should be improved in line with the VC recommendations.

As some cases of undue influence from within the system have been observed, it is essential that newly appointed judicial staff operates with full independence: all

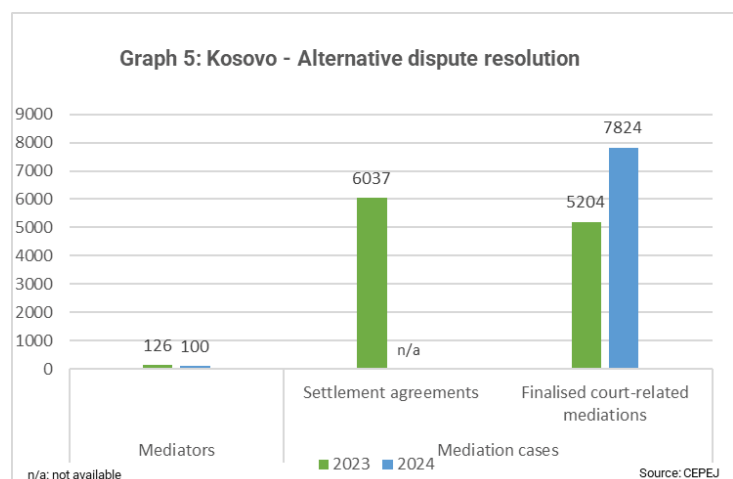
judges and prosecutors must be protected from undue influence, also from the hierarchy within the systems.

The KJC and KPC must prioritise their institutional needs based on available human and financial resources, focusing on actions that improve judicial performance and access to justice. Sustained policy dialogue between justice institutions, the government and the Assembly is essential to identify needs, enable strategic planning and ensure effective justice delivery.

The Kosovo Bar Association and the KJC need to take concrete measures to ensure that lawyers meet and uphold high professional and ethical standards.

The training framework for judges and prosecutors is partially aligned with the EU *acquis* and the Council of Europe standards. The Kosovo Justice Academy (KJA) provides structured training but lacks the capacity and resources to fulfil its mission. It relies heavily on donor funding, and despite having qualified staff and facilities, its impact is limited by financial and staffing constraints. Due to the current political situation, the amendments to the Law on the KJA and full alignment with European standards are still pending.

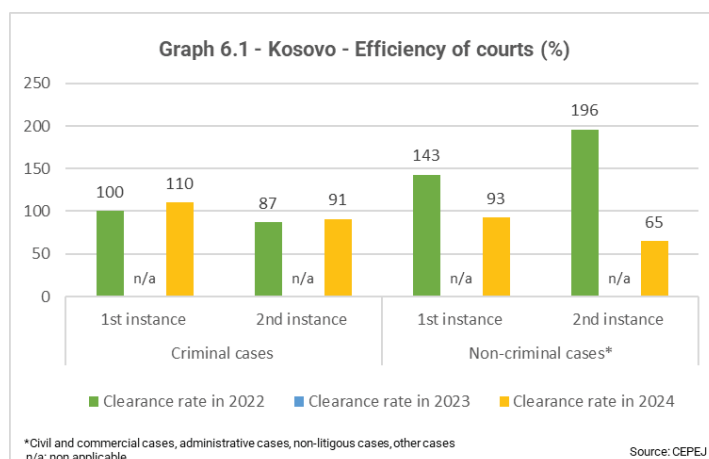
Weak compliance with the Law on languages within the justice system limits access to justice for non-majority communities. The limited number of Kosovo Serb notaries equally hinders effective access to justice and should be addressed promptly. Key documents often lack translation; public information and official websites are not fully available in all official languages. This reflects limited institutional commitment and highlights the need for stronger efforts to ensure equal access to justice.



The performance evaluation system for judges has undergone significant developments aimed at enhancing the objectivity and effectiveness of assessments. Due to the changes, KJC can conduct random assessments of courts and judges regarding their performance, including the use of CMIS. All courts reported increased mediation cases, and awareness campaigns on mediation are underway.

## Efficiency

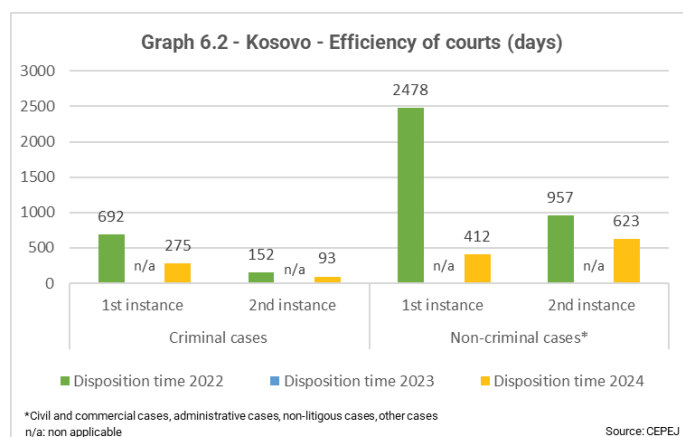




The efficiency of the justice system is limited. The KJC took concrete actions to improve clearance rates in all cases, but the average clearance rates still fell slightly compared to 2023. On criminal cases, the persistently high number of retrials adds to the unreasonably long periods of pre-trial detention. Additionally, civil, administrative, and commercial cases are burdened by many instances of retrials, backlogs and long disposition times, even though the overall disposition time has improved. In all judicial fields, handling the

backlog of cases has the highest priority, which has resulted in reduced backlogs.

Accuracy of statistics and their publication should be improved. Data should serve as a basis for management decisions to improve efficiency and further reduce backlog in a structural manner. Delays in case resolution, especially in high-profile corruption cases, remain a major issue. Frequent and sometimes unjustified adjournments and deficient case management contribute to high numbers of unproductive hearings and retrials. Audio and video recording equipment in court rooms should be used consistently. The Court of Appeals often fails to use procedural tools to avoid sending cases back to lower courts. These delays add to backlogs and prolonged pre-trial detention. Courts and prosecution should enhance their communication and improve the focus on serious crime cases. Gender-based violence cases need more attention and should be handled more efficiently.



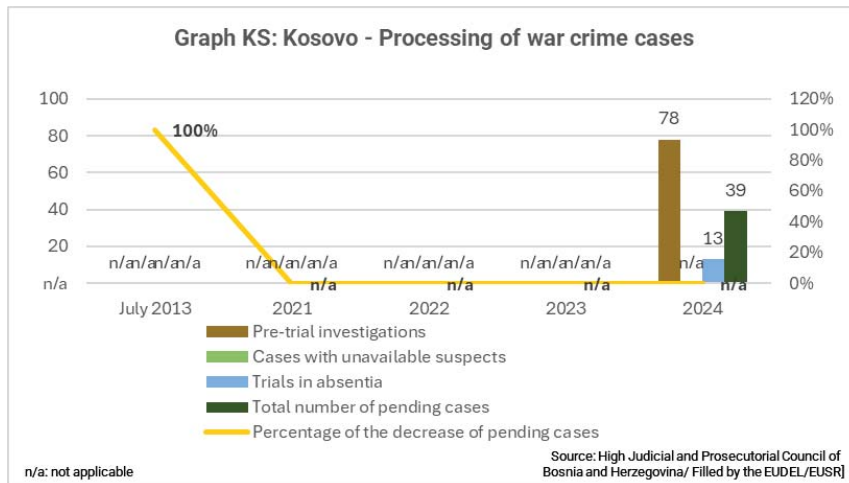
The effective and consistent use of CMIS requires clear management responsibility and oversight at both court and prosecution levels. The lack of full interoperability between CMIS and the National Centralised Criminal Records System limits their combined effectiveness. Several digitalisation measures have been introduced, such as e-case registration, digital archiving and online services.

Progress on structural legal reforms is underway. The Civil Code and the Civil Procedure Code are still pending, and

while the Law on the administrative court was adopted, its implementation is still pending, due to a Constitutional Court review on procedural grounds.

The justice system in northern Kosovo still faces challenges after the resignation of Kosovo Serb officials in 2022. Limited representation of non-majority communities affects access to justice and public trust.

#### Domestic handling of war crime cases

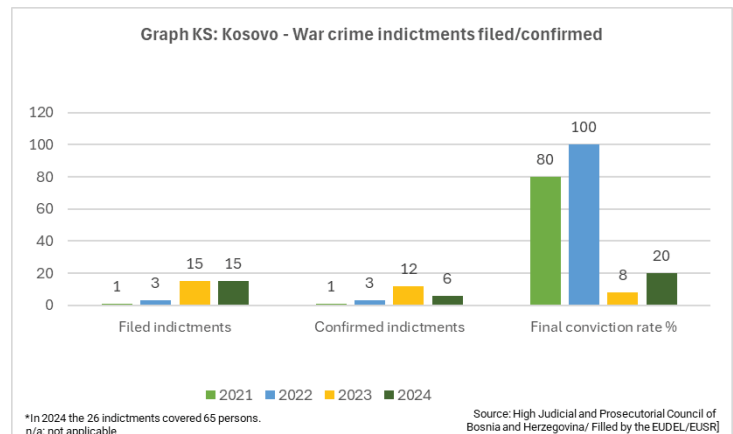


The legal framework for handling war crimes is satisfactory, but the limited capacity of the prosecution service hampers implementation of the framework. The SPO continued to file war crime indictments *in absentia*, in line with the relevant provisions of Criminal Procedure Code and international standards set by the VC. Kosovo has continued to make progress

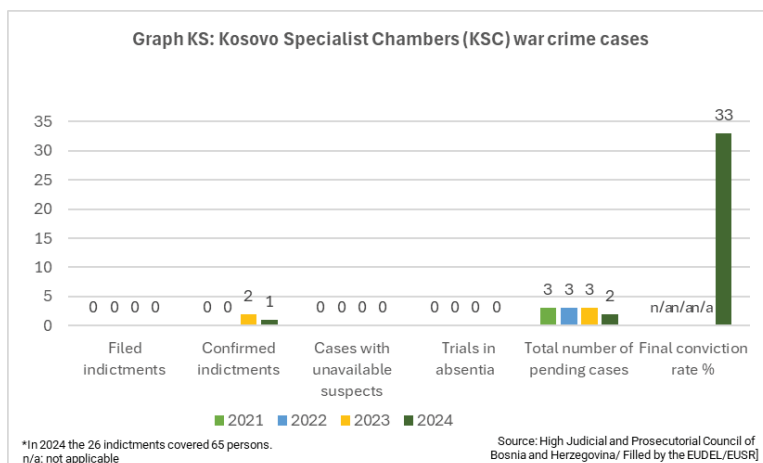
in investigating and prosecuting general sexual violence crimes, with an increasing number of reported cases.

The new war crime strategy is pending adoption. The number of prosecutors assigned to the SPO's war crimes department has increased, but the department struggles to process the significant case backlog, and concerns persist regarding the quality of indictments. *De facto* non-existent mutual legal assistance cooperation between Kosovo and Serbia hampers war crime processing, and in general, access to justice for those whose rights depend on this assistance. The EUSR in Kosovo has been facilitating the process of cooperation between Kosovo and Serbia, but since August 2022 Serbia has not been using it.

The unresolved fate of **missing persons** remains a challenge, with up to 1 590 missing persons. From April 2024 till the end of the reporting period, the fate of 26 missing persons has been disclosed. The Institute for Crimes Committed during the War in Kosovo advanced on recruitments improving its work and strengthening its capacity. Civil society is actively engaged in truth-seeking, reconciliation and memorialisation initiatives.



Regarding survivors of conflict-related sexual violence (CRSV), in April 2025 the government announced the extension of the deadline for submitting applications for recognition of the



status of victims of sexual violence for two years, until 15 May 2027. The mandate of the Government Commission for the Recognition and Verification of the Status of Survivors of Sexual Violence was extended until 15 May 2028. A total of 2 308 survivors have officially applied for status recognition, with 1 840 of them obtaining this and 351 being rejected. During the reporting period, for the first time a survivor of CRSV was recognised as such by court and received a dual

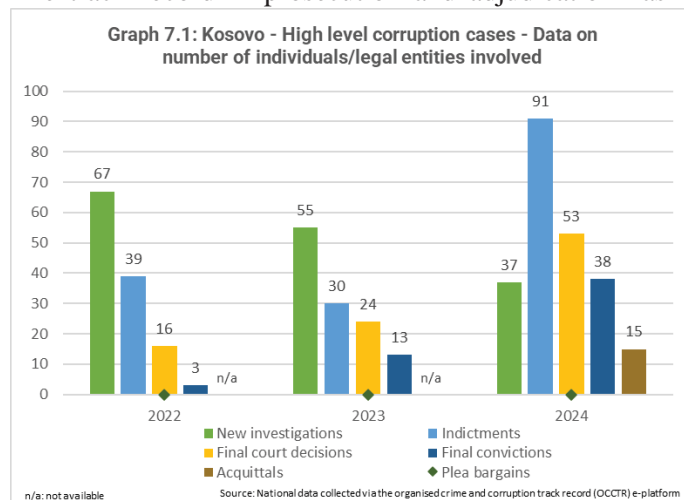
pension (one based on their survivor status, in addition to the old-age pension).



## Fight against corruption

### Track record

The track record in prosecution and adjudication has improved for high-level cases, in particular



regarding the number of final judgements and final convictions, but the number of investigations and final convictions in non-high-level cases has decreased. For high-level cases, indictments and final convictions tripled, whereas final court decisions more than doubled.

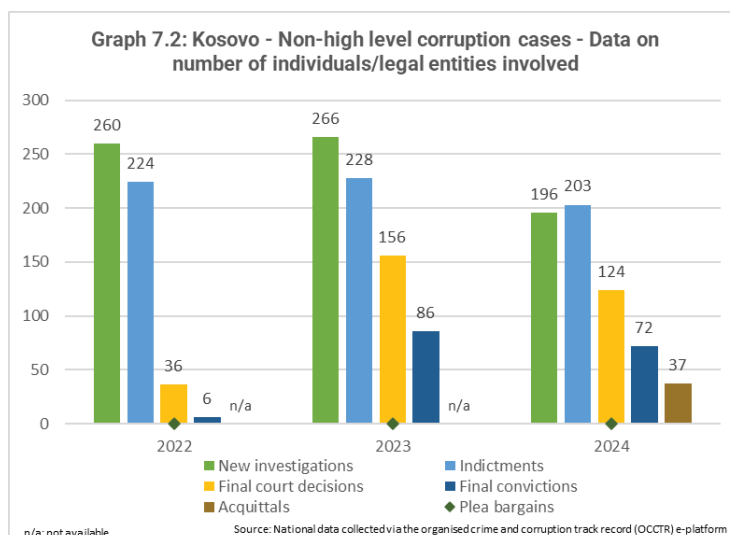
In 2024, there were final court decisions in eight high-level corruption cases. Problems persist, such as excessive trial durations and continued leniency in sentencing. At the same time, courts are increasingly applying accessory punishments, which is an encouraging development.

Systematic progress is needed on criminal asset seizure and confiscation. The Asset Recovery Office (ARO), established last year within the Office of the Chief State Prosecutor successfully handled a number of requests in its first year, resulting in the retrieval of assets abroad. The necessary human and financial resources should be allocated to ARO.

In 2024, the Agency for the Prevention of Corruption (APC) handled a number of cases under preliminary investigation procedure on suspicion of corruption-related offences, including 9 criminal reports and 34 suspected cases submitted to the prosecution.

A total of 7 816 of the 7 906 officials (98.86%) submitted regular annual declarations of assets through the electronic platform, whereas 90 (1.14%) declaring subjects did not submit on time, which resulted in fines being imposed. In total, the APC handled 220 cases of suspected conflict of interest.

In 2024, the APC handled 48 whistleblowing cases, with 23 referred to the competent authorities. In addition, 9 cases were closed after administrative investigations determined that the claims were unsubstantiated and did not warrant further inquiry. The remaining 16 reports were dismissed as they did not meet the legal requirements under the relevant legislation.



### Legal framework

The legal framework on the fight against corruption is in place and is adequate regarding preventive measures and satisfactory regarding law enforcement provisions. However, implementation remains limited, particularly regarding the Law on extended powers on confiscation of assets. Kosovo is not a party to the main international anti-corruption conventions, given limitations related to its international status. Nevertheless, its legislation is generally aligned with international instruments, the EU *acquis* and European standards.

The Criminal Code appropriately criminalises corruption-related offences. While several high-profile cases are under investigation and could potentially result in indictments, of the ongoing cases eight were finalised at the end of 2024, mostly resulting in lenient sentencing compared to the seriousness of the offence.

### Strategic documents

The strategic framework is not in place in this field. This undermines the definition of objectives, actors, timeliness and concrete indicators to address corruption in the public sector. The national strategy and action plan against corruption for 2025-2028 have not been adopted, despite commitment undertaken in the framework of the Reform Agenda. The strategy should align with EU best practices and standards. The KPC, the KJC and the SPO should continue to prioritise the handling of corruption cases in their annual plans.

### Institutional framework

The institutional framework on the fight against corruption is in place, but it is not adequate in terms of preventive measures and needs to be improved in terms of law enforcement. The activities of APC's project to identify areas most vulnerable to corruption continued, and a corruption risk mapping exercise was carried out. Further efforts are needed to integrate the findings into institutions' internal policies and to mitigate corruption risks. It remains essential to continue to strengthen the APC's budget, staffing and expertise, to match the increase in the number of subjects required to declare their assets. Integrity plans aimed at identifying and proposing mitigating measures against corruption were still not adopted by some institutions.

Kosovo's specialised institutions to fight corruption are functional, but challenges remain. The authorities failed to adopt the necessary sub-legal act outlining the organisational structure and cooperation mechanisms between the Special Investigation Unit of the Kosovo Police and the Special Prosecution Office. This reflects insufficient commitment to building a solid basis for the functioning and cooperation of institutions responsible for addressing high-level corruption cases. Special court departments handling SPO cases also need to be more efficient.

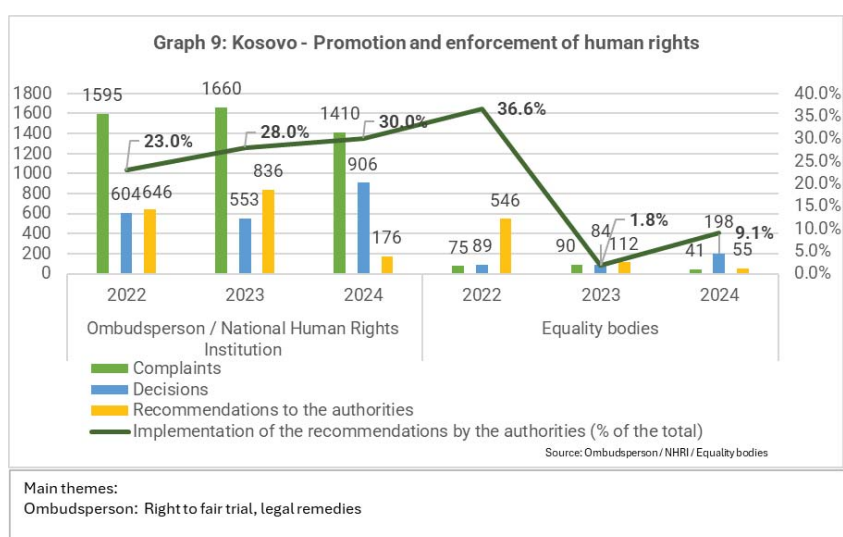
## **Fundamental rights**

### General framework

The general framework for fundamental rights is in place but the implementation and enforcement of fundamental rights should be improved.

### International human rights instruments

Cooperation with international human rights monitoring bodies is satisfactory. Even though Kosovo is not yet a member of international organisations, the Constitution incorporates the main international human rights instruments. However, the incorporation of the UN Convention on the Rights of Persons with Disabilities is pending. Kosovo's application for Council of Europe (CoE) membership remains pending.



### Promotion, protection and enforcement of human rights

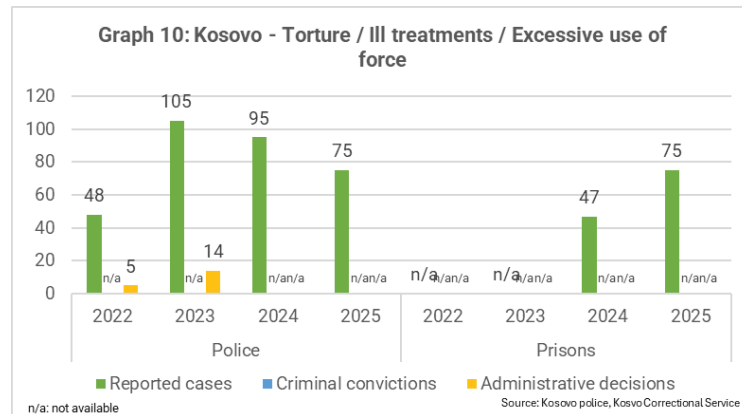
The legal and institutional framework for the promotion, protection and enforcement of human rights is in place and is adequate. Although the Office of Good Governance of the Office of Prime Minister

(OGG/OPM) and other executive bodies enjoy good cooperation with the Ombudsperson Institution (OI), there is room for improvement regarding implementation of the OI recommendations. Cooperation between the OI and the Assembly continues to show shortcomings, and the Assembly did not show any improvement in its oversight role. The Assembly and its relevant Committees should intensify cooperation with the OI and timely review its annual reports.

While the increased human and financial resources have improved the OI's institutional capacities to implement its mandate, the human resources of the OGG/OPM remain limited. The OI continued to play a key role in promoting, protecting and enforcing human rights; it is essential to safeguard its independence in line with the Paris and Venice Principles. The OI's 2024 annual report showed a slight increase in the implementation of its recommendations, but the rate remains low, particularly regarding equality and non-discrimination. For the period January–September 2025, the overall implementation rate is lower, and in case of equality and non-discrimination, all recommendations are pending implementation.

The human rights mechanisms within the executive and legislative bodies should intensify cooperation with civil society, and the capacities of human rights related institutions need to be improved.

### Prevention of torture and ill-treatment



Kosovo provides adequate legal guarantees on the prevention of torture and ill-treatment, but further steps are required to ensure that complaints are effectively investigated and implemented in practice. The authorities demonstrate commitment to prevent torture and ill-treatment. The National Preventive Mechanism (NPM) operates under the auspices of the OI. There were no restrictions regarding NPM's access to places of detention

during the reporting period. In 2024, the OI received 95 complaints against the Kosovo Police, of which 19 were deemed admissible for further investigation, while six cases are being investigated *ex officio*.

Moreover, the OI received 47 complaints related to correctional and detention centres, resulting in 21 cases for investigation. No instances of ill treatment of prisoners were identified. Additionally, the OI received several requests for assistance from citizens whose family members were arrested and incarcerated in Serbia. The OI collaborated with Kosovo's Liaison Office in Serbia, which conducted visits to prisons and provided information about the conditions there for the detained individuals.

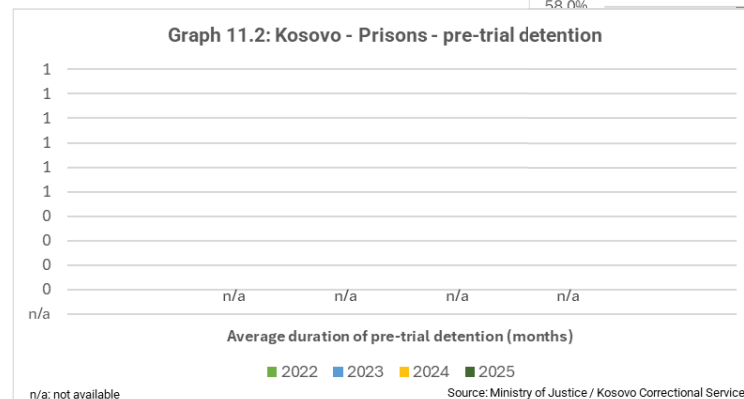
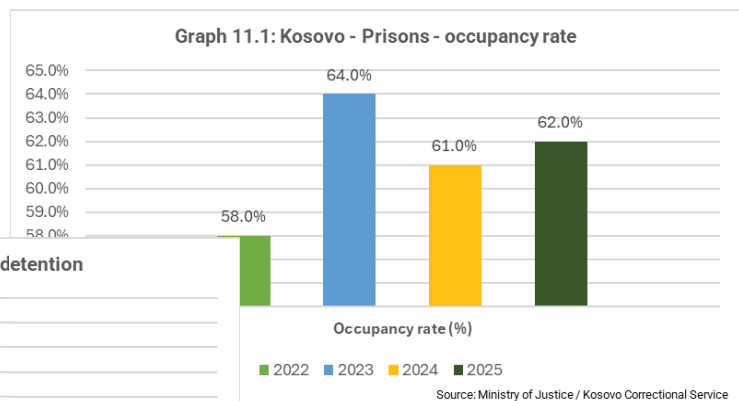
Until September 2025, the NPM conducted 60 unannounced visits and issued reports with recommendations. The findings indicate the need to enhance the conditions within prisons and detention centres, and express concerns about the application of the rights of persons with mental illness in justice and social systems.

### Execution of criminal sanctions

The system for execution of criminal sanctions (including probation) is largely adequate. Legislation broadly aligns with the EU *acquis* and the prison system largely adheres to the UN and the Council of Europe Standard Minimum Rules. However, additional measures are required to safeguard the rights of prisoners, particularly women, girls, members of non-majority communities and persons with mental health issues. The Directorate of Health Services in Prisons developed several Standard Operating

Procedures and conducted workshops on the implementation of recommendations from the CoE Committee for the Prevention of Torture.

Whereas the KPC annual report did not refer to suspended sentences, in 2024 it reported 570 such cases. Although there was a slight decrease in educational measures for juveniles, the use of diversion measures increased significantly.

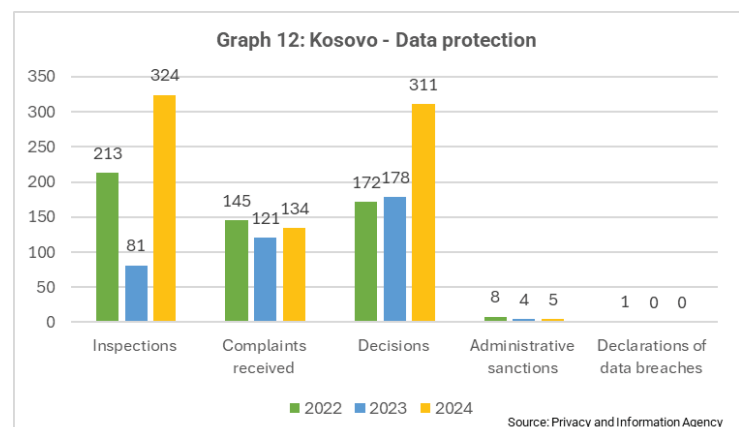


The general conditions in detention are relatively satisfactory in most institutions. The overall prison occupancy rate has slightly decreased, and the Correctional Service is making efforts to reduce

the number of detainees in overpopulated centres, to address space and hygiene concerns. Health services are offered, in line with national legislation and international standards. A variety of vocational training programmes are being implemented, and secondary and tertiary education opportunities are available, though participation by inmates remains low.

### Protection of personal data

The legal framework for the protection of personal data is mostly aligned with the General Data Protection Regulation (GDPR) and a working group has been established to advance alignment with the EU's Law Enforcement Directive. The Agency for Information and Privacy improved its performance, including by launching a digital platform to serve as a supervisory mechanism, and continued to process complaints in an independent and efficient manner. Nevertheless, its capacities still need to be strengthened.



The Agency attained full membership into two important information and data protection European bodies and continued to be represented in relevant international forums. The financial and human resources of the Agency should be strengthened, to ensure its effective functioning. The recommendations from the 2022 peer review on independent oversight bodies have been addressed.

### Freedom of religion or belief

Kosovo provides adequate legal guarantees on freedom of religion or belief. Kosovo still did not amend the Law on freedom of religion to allow religious communities to obtain legal personality or status. (*See more under Cultural rights.*)

### **Freedom of expression**

### Intimidation of journalists

During the reporting period, 70 cases of physical and verbal attacks or threats against journalists were reported, including obstruction of journalists' and media workers' work, threats, and harsh language towards journalists. During the same period, there was one strategic lawsuit against public participation (SLAPP) case. During the electoral campaign, senior-ranking Kosovo officials, including the Prime Minister, used offensive language against the media.

### Legislative environment

Kosovo's media-related legislation needs to align with the new EU *acquis* and other relevant international standards, in particular the European Media Freedom Act and the EU anti-SLAPP Directive. The adoption of the Law on Radio Television of Kosovo (RTK) and the Law on the protection of journalistic sources remain pending. The law on civil defamation, adopted in 2008, still needs to be aligned with ECtHR case law regarding civil defamation law standards.

The Law on the Independent Media Commission (IMC) was annulled by the Constitutional Court, as the provisions on the appointment and dismissal of IMC members were deemed unconstitutional, threatening the IMC's independence.

It is essential to fully align the Law with the EU and international standards. The amendment to the IMC's Rules of Procedure established conditions for the replacement of the Chair prior to the conclusion of the previous Chair's mandate. Journalists face regular delays or obstructions when they request access to public documents. Serbian-language media face challenges in accessing information in Serbian, due to the failure to properly implement the Law on languages.

### Implementation of legislation/ institutions

The functionality of the Independent Media Commission (IMC) continues to be a concern. In January 2025, the IMC lost the necessary quorum, and by May, the number of members decreased to just two, hindering its decision-making ability, including during the electoral campaign. The IMC Appeals Board remains without a quorum since November 2023. This situation calls for the newly established Assembly to address the issue.

### Public service broadcaster

There was no progress in finding a long-term, sustainable and independent financing model for the public service broadcaster RTK, which continues to face considerable budget, property and human resources constraints, in addition to internal disputes and leadership instability. The General Director position, vacant since September 2024, remains unfilled, while the RTK Board has lacked a quorum since December 2024, preventing it from holding meetings or making decisions. Since then, the public broadcaster remains dysfunctional and not able to fulfil its role effectively.

In January 2025, the international community and Kosovo's institutions received a letter from the Director of RTK 2 raising concerns about the deterioration of the TV channel, mainly due to the lack of budgetary allocations and RTK Board's lack of quorum, both pending the formation of the Assembly. These concerns extend to other parts of the RTK's system currently undergoing restructuring. The government's approval of a loan to RTK offers temporary relief. Yet, the political gridlock paralysing the Assembly and lack of legal reforms threaten RTK's financial independence and operational viability. Without legislative action to secure stable funding, the broadcaster remains vulnerable to political pressure and financial uncertainty.

Regarding the budget constraints, 75% of RTK's total budget is allocated to salaries. The building currently housing RTK is in very poor condition, and it is not owned by the public broadcaster. Several staff members have either retired or taken unpaid leave. This is particularly evident in technical positions and departments serving non-majority communities.

### Economic factors

The media sector continues to suffer from a lack of transparency around media ownership and financing. The media registry covers only licensed radio and TV outlets, while data on final beneficiaries and



media market shares is not available. Combined with a lack of financial sustainability, this makes the sector either dependant on foreign donors or vulnerable to political influence and financial pressure.

Independent media, particularly non-majority media, still lacks sufficient funding, due to withdrawal of some donor funds. Also, media literacy programmes and fact-checking initiatives were impacted.

#### Internet

There is no restrictive legislation on the functioning of the online media nor on the freedom of expression online. Nonetheless, there is a need to formulate policies and establish mechanisms aimed at preventing and safeguarding against all manifestations of cyberviolence, including gender-based cyberviolence and child abuse in line with European standards.

#### Professional organisations and working conditions

The Press Council elected a new chairperson and amended its statute to increase its effectiveness. The public broadcaster remains the only media that has a trade union. Working conditions for journalists remain poor, often including low salaries, short-term contracts and uncertain legal status.

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### **Freedom of assembly and association**

Kosovo provides adequate legal guarantees for freedom of assembly and association, and regulation of assemblies is adequate. The timeframes for processing registration requests, public benefit status applications and financial reporting for NGOs that were extended from 30 to 45 days, require an assessment on the impact these changes may have on the operational efficiency of NGOs.

### **Property rights**

The legal and institutional framework for enforcing property rights is in place; however, the executive and judicial authorities need to improve their implementation. The government continued affirmative measures to promote the registration of joint property ownership by both spouses in the property rights registry and extended for three years the sublegal act exempting spouses from paying a fee for joint property registration.

Still, the ownership of property by women slightly increased during 2024, to 20.02% compared to 19.82% of properties during 2023. Delays in issuing sublegal acts emerging from the Law on public property and its conflicting provisions with other applicable laws, prevented businesses operating with public property from signing new contracts or renewing those that had expired.

Following the amendment of the Law of Kosovo Property Comparison and Verification Agency, the Agency started to implement its new mandate on the resolution of uncontested informal property transaction cases. By the end of April 2025, it had received 872 requests to formalise uncontested property rights.

No action was undertaken to implement the Final Decision from 30 May 2024 on the expropriation of over 100 parcels of land in two northern municipalities. The handling of expropriations and other property cases in northern Kosovo raises concerns over the compliance of Kosovo authorities with the legal requirements and with human rights, i.e. rights to property and rights of non-majority communities. It is essential that competent authorities carry out expropriation or any other appropriation of private property in accordance with the law, the public interest and purpose, and that such action does not have any discriminatory intention.

### **Non-discrimination**

The legal and institutional framework on non-discrimination, hate crime and hate speech is broadly in line with the EU *acquis*. The initiative to amend the Law on protection from discrimination, to incorporate the most recent standards, is a positive step. Discrimination largely affects rights associated with employment, education, access to social services and healthcare, as well as the right to use an official language.

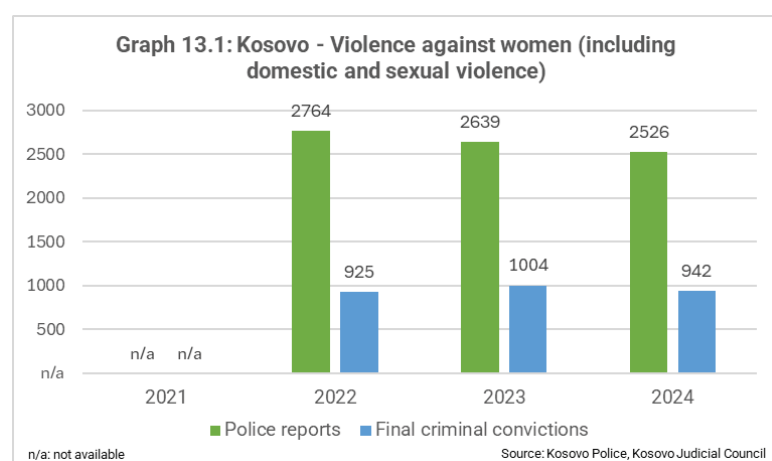
Most complaints received by the Ombudsperson Institution (OI) concerned issues related to disability, age, and ethnicity. In December 2024, the OI released the first Annual Report on the implementation of the Law on protection from discrimination. It emphasised challenges in monitoring the enforcement of the law due to the absence of institutional data on reported cases. The highest number of complaints that the OI received in 2024 relate to rights to legal remedies and a fair trial.

The use of hateful statements in public discourse and social media is concerning, especially among public figures and members of prominent institutions. Negative sentiments directed towards women engaged in public affairs are particularly pronounced. The election campaign observed some negative and inflammatory language and harsh verbal attacks at public events and online.

## Gender equality

The legal and institutional framework on gender equality and combating gender-based violence is largely in place, but implementation and enforcement is insufficient. Women continue to face multiple forms of discrimination.

Kosovo does not have a programme for gender equality (following the expiration of the previous one in 2024), nor a gender equality index, but it released its gender profile in 2024, seven years after the expiration of the previous one. After more than a year, the government appointed the new head of the Agency for Gender Equality, with a four-year mandate. However, the prolonged interim period caused delays in drafting, implementing, and evaluating laws and policies. At the end of 2024, the Agency for Gender Equality adopted a new internal organisation, which was approved in March 2025.



Despite efforts, gender mainstreaming in laws and policy documents is not consistent, with no measurable gender indicators or sex-disaggregated data across sectors. Women from minorities – especially Roma<sup>2</sup>, Ashkali and Egyptian communities – continue to suffer multiple forms of discrimination. Women's rights organisations continued to play a key role in advancing gender equality and provide legal and psychological services to women

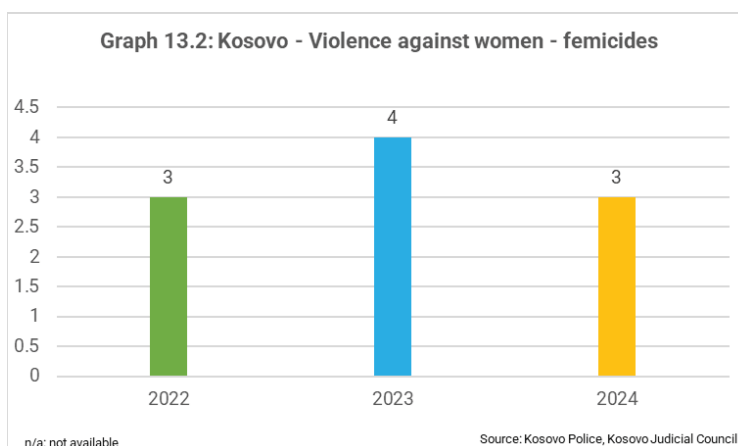
victims of violence.

Kosovo does not have a valid and standalone National Action Plan for Women, Peace and Security (WPS), however, the President's work on WPS is continuing, highlighting Kosovo's commitment to the agenda.

<sup>2</sup> In line with the terminology of European institutions the umbrella term 'Roma' is used here to refer to a number of different groups, without denying the specificities of these groups.



**Gender-based violence** remains frequent, with domestic violence continuing to be its most prominent form. During the reporting period, three cases of femicides caused public indignation. The Ministry of Justice/National Coordinator made efforts to raise awareness about violence against women, and to address institutional and legal shortcomings: in 2024, the government approved some of the by-laws based on the framework law on gender-based violence.



However, the current system remains insufficient to effectively prevent and combat gender-based violence – in particular as concerns domestic violence – protect victims and support the reintegration of perpetrators. Deeply ingrained patriarchal attitudes continue to perpetuate gender stereotypes and hinder progress towards gender equality. The integrated database recording cases of domestic violence is now fully functional, with nine institutions obliged to provide data disaggregated by sex, age and ethnicity. In 2025, the government increased the funds allocated to specialised support services – including shelters – for victims of gender-based violence (including domestic violence) and trafficking in human beings, to overall improve availability.

### **Rights of the child**

The legal and institutional framework is in place, but implementation and enforcement need to be improved. All the sub-legal acts deriving from the Law on child protection, aligned with the UNCRC and EU *acquis*, have been approved, but Kosovo is yet to fully implement the Law, with an integrated child protection system lacking. Implementation efforts in children's rights protection should also be in line with the EU *acquis* and draw guidance from key European Commission recommendations, in particular as concerns integrated child protection systems.

Kosovo still needs to establish a child helpline, where children and families in crisis can report abuse or seek immediate support. Regarding rights of the child, systemic inefficiencies and a lack of coordination among various stakeholders often result in duplicated efforts, wasted resources and a lack of comprehensive strategies. The advances made in the availability of data on children should be utilised for policy development. Authorities should prioritise the development of specialised expertise within the justice, social, and medical sectors to effectively implement legal safeguards and measures pertaining to child protection within the justice system.

While the Kosovo Justice Academy's 2025 Training Programme includes activities on juvenile justice, covering both criminal and civil matters, systemic improvements remain necessary, particularly on the use of diversion measures for juveniles.

### **Persons with disabilities**

The legal and institutional framework on the rights of persons with disabilities is incomplete, and implementation is insufficient. However, Kosovo approved the strategy for the rights of persons with disabilities 2025-2030, alongside the action plan for 2025-2027. Effort will be needed to ensure effective implementation. Persons with disabilities continue to experience discrimination, and accessibility remains limited in healthcare, education, physical infrastructure and transport. Thus, better alignment with the EU *acquis* is needed, including as regards the European Accessibility Act. The enactment of the Law on the rights, evaluation, treatment, and status recognition of persons with disabilities and the associated services is overdue.

### **LGBTIQ persons**

The legal protection of the rights of LGBTIQ persons is insufficient and LGBTIQ persons face high levels of discrimination. Kosovo has still not adopted a strategy or action plan on the rights of LGBTIQ persons, nor has it yet conducted awareness-raising campaigns. To fill in the gap of availability of services for LGBTIQ persons, civil society provides health, psychosocial and legal services.

In 2025, a court issued a breakthrough sentence on a hate crime case against an LGBTIQ person, in which the perpetrators were sentenced to prison. A negative development in public discourse was the formation of an electoral coalition openly opposing the rights of LGBTIQ persons. The Pride Week and the Pride Parade took place in Pristina without incidents.

The Civil Code and the Law on civil status are pending adoption, affecting also legal gender recognition, and same-sex unions continue to not be recognised, despite announced plans to do so in 2024. There was no progress in setting up a planned shelter for LGBTIQ victims of family violence.

### **Procedural rights and victims' rights**

The legal framework on procedural rights is broadly aligned with the EU *acquis*, but effective implementation needs to be improved and the rights of victims of crime need to be strengthened. During 2024, the number of requests for compensation was 192, with 148 from women and 44 from men. Out of the total requests, 129 were approved, 43 rejected, and 20 transferred for 2025. Three new municipal offices for protecting victims of crime were opened during the reporting period. A mobile office offers free legal aid to four other municipalities.

The main concerns include, inter alia, prolonged court proceedings, lack of professional interpreters/translators and low-quality standards of interpretation, excessive use of pre-trial detention and insufficient consideration of other measures for securing the presence of defendants. Although free legal aid was extended to more beneficiaries in 2022, the financial challenges remain. The effective enjoyment of procedural safeguards, in particular for vulnerable suspects or accused persons, such as persons with mental health conditions, needs to be improved. The right to reparations should not be conditioned with the other pension rights based on age or contribution. The government should address the issue and not overload the courts.

### **Protection of minorities**

The legal and institutional framework for the protection of persons belonging to non-majority communities is mostly in place and largely aligned with the *acquis*, but implementation is lagging. While the government made decisions that temporarily improved the protection of some of their rights, it needs to introduce sustainable long-term solutions to address the challenges, in close coordination with the communities. Some other government decisions and actions further restricted these groups' access to services and negatively affected their rights and living conditions. The representation of non-majority communities in public institutions remains insufficient.

The government extended the mandate of the Commission for the Verification of Diplomas, issued by the Serbia-supported University in Mitrovica North, beyond 25 August, until 15 October 2025. In 2024, the Commission verified 320 diplomas and allowed for online submission, simplifying the process. The verification of diplomas issued by Serbia-supported high schools and obtained in Kosovo is pending, which precludes access of graduates with these diplomas to employment. Kosovo Serb, Kosovo Bosniak and Kosovo Turkish communities face challenges in accessing manuals in their respective languages.

Kosovo made progress in regulating the Kosovo Serbs' civil status records on birth, death and marriage. However, these records could only be registered between February and April 2025, and a long-term solution is lacking. Kosovo does not recognise passports issued by the Serbia Coordination Centre; hence, displaced persons who only have these passports cannot apply for temporary Kosovo residence ID cards, nor consequently register their civil status.

In September 2024, the Ministry of Finance and Labour (MFLT) launched a verification process for children and mother's allowances, introduced as part of economic recovery measures, to prevent abuse of assistance from families that do not reside in Kosovo. The process affected also a number of beneficiaries from non-majority communities, particularly those that do not possess Kosovo-issued

documents. In May 2025, the Ombudsperson Institution (OI) found the process discriminatory and lacking a clear legal basis, recommending transparency and retroactive payments to eligible families, but MFLT denied discrimination. A grace period for late registration was extended until 31 August after an intervention from the Office of the President.

The government approved the programme for the Office for Community Affairs, which allowed for financial support to civil society and the media representing non-majority communities. The position of the Director of the Office for Community Affairs has been vacant since February 2021. Institutional compliance with obligations deriving from the Law on the use of languages remains insufficient. Study programmes in Bosnian, Turkish and Serbian offered under public higher education continue to face challenges in ensuring re-accreditation due to a lack of professors.

The number of qualified translators and interpreters in government and municipal-level institutions remains inadequate to meet the obligations deriving from legislation. Courts struggle to comply with the legal requirement to publish judgments in both official languages due to the lack of qualified Serbian translators, and the availability and quality of interpretation in court proceedings hinders access to justice.

The media in non-majority community language continue to struggle to operate, partly due to staffing shortages and lack of funding. The mandate of the Language Commissioner expired in January 2025, and the position remains vacant; recruitment has not progressed due to the absence of a new government.

In the north of Kosovo, relations between the government and the Kosovo Serb community deteriorated, as Kosovo authorities closed dozens of Serbia-supported institutions in an uncoordinated manner and without taking into account the needs of the population concerned. Meanwhile, Kosovo institutions were only partially functional, with mostly Kosovo Albanian staff. This further limited access for Kosovo Serbs and other non-majority communities to services, constraining their living conditions.

The ban on imports of Serbian origin goods affected Kosovo Serb-owned businesses. Participation by Kosovo Serbs and their trust in Kosovo institutions remained low. Reported security incidents affecting non-majority communities decreased but remain concerning.

Policing in northern Kosovo remains a point of friction. Incidents and altercations between Kosovo Albanian police officers deployed to the north and local Kosovo Serb residents have elevated tensions and triggered spontaneous protests. Residents and civil society have raised concern over cases of excessive use of force and misconduct by the Kosovo Police. Reports of alleged misuse of authority and excessive use of force by Kosovo Police officers in the north were investigated, and police took some measures to address its officers' display of unauthorised insignia and the allegations of sexual harassment of women in Mitrovica North.

### **Roma, Ashkali and Egyptians**

The legal and institutional framework is largely in place, yet discrimination persists. The judicial system officially licensed a Roma language translator, enabling people in this community to request that their legal proceedings be conducted in Romani. To address early, child and forced marriages and discrimination against persons belonging to Roma, Ashkali and Egyptian communities, the government established inter-institutional working groups with the aim of discussing challenges, drawing on cases documented by the national platform for protection from discrimination.

During June 2022-December 2024, 52 cases of discrimination against Roma, Ashkali and Egyptian individuals were reported, with two cases resulting in court rulings. Despite improvements to the platform, leading to increased engagement in 2024, under-reporting remains a concern, with over half of cases submitted anonymously due to fear or mistrust. In June, a national survey on early marriage among Roma, Ashkali and Egyptian communities was launched by the government. The survey emphasises the need for stronger legal enforcement, aligned legislation, support services and educational initiatives to combat early marriages.

To enhance the implementation of the strategy for the rights of Roma and Ashkali communities, local and central authorities should cooperate more closely. These communities face specific challenges:

limited access to quality education, high school dropout rates, early/child/forced marriage, insufficient data collection and barriers to employment and public representation.

Pre-school attendance among Roma, Ashkali and Egyptian children remains critically low and there is a need to financially support the work of NGO-run learning centres. In April 2025, the outgoing government approved the 2025–2026 action plan for the strategy, outlining targeted measures in education, health, employment, welfare, housing and anti-discrimination, in line with the Poznan Commitments. As of June 2025, nine municipalities have formally adopted local action plans. Despite existing obligations, reporting on the implementation of those plans remains weak.

### **Cultural rights**

The Implementation and Monitoring Council, which facilitates the resolution of disputes on the implementation of the Law on Special Protective Zones (SPZ) and is co-chaired by the EUSR Kosovo, convened a regular meeting after a break of over four years. The Assembly elected seven board members to the Kosovo Council for Cultural Heritage, reflecting a representative balance between the communities, for a three-year mandate, following the expiry of the board members' mandate in July 2024.

A restoration of a historic house located in the SPZ of Velika Hoča/Hoçë e Madhe village was completed. The Patriarch of the Serbian Orthodox Church (SOC) visited Kosovo for the Orthodox Easter with no security incidents. However, the fragile trust-building process was affected by an illegal construction in the SPZ of the 13<sup>th</sup> century Heritage of St. Peter in Korisa near Prizren. This had been pursued without either consent of the SOC or the involvement of the Implementation and Monitoring Council, and was accompanied by SOC concerns regarding media and politicians' statements against SOC.

### **2.2.2 Chapter 24: Justice, freedom and security**

*The EU has common rules for border and migration management, visa policy, and asylum. Schengen cooperation entails the lifting of border controls inside the EU. There is also cooperation in the fight against serious and organised crime and terrorism, and judicial, police and customs cooperation, all with the support of the EU Justice and Home Affairs agencies.*

#### **Fight against serious and organised crime**

The legal framework on serious and organised crime is partially aligned with the EU *acquis*. The capacity to fight against serious and organised crime needs to be improved.

##### Legal alignment, strategic and institutional frameworks

In August 2025, the Kosovo Police adopted the new Serious and Organised Crime Threat Assessment (SOCTA), based on the European Union Agency for Law Enforcement Cooperation (Europol) methodology. The government needs to adopt the national strategy against organized crime and its action plan, in line with the EU standards. The legal framework on trafficking in human beings, migrant smuggling, cybercrime, and asset recovery is partially aligned with the EU *acquis*.

Kosovo unilaterally implements the CoE Budapest Convention on cybercrime and its additional protocol. Kosovo signed a trilateral task force agreement with Albania and the United Kingdom to enhance joint efforts in law enforcement and intelligence sharing. In March 2025, entered into force the Regulation on the establishment and functioning of the Joint Investigation Team, which acts as an inter-institutional investigation mechanism established under the authority of the Chief Prosecutor of the Special Prosecution.

The Ministry of Internal Affairs (MIA) should adopt implementing legislation governing the work procedure and the manner of operation and cooperation between the Special Investigations Unit and the Special Prosecution Office. While the legal framework on confiscation is comprehensive, challenges persist in its effective implementation. Kosovo authorities need to establish the confiscation fund to strengthen the efficiency of the criminal confiscation regime.

In December 2024, without public consultation and in an accelerated procedure, the Assembly adopted a revised version of the Law on state bureau for verification and confiscation of assets. The opposition referred it to the Constitutional Court for review for alleged procedural violations. The Asset Recovery Office within the Office of the Chief Prosecutor started handling cases. The field of asset recovery must be comprehensively regulated.

The Law on prevention of **money laundering** and combating the financing of terrorism, adopted in December 2024, is pending review by the Constitutional Court on procedural grounds.

In October 2024, the Financial Investigation Unit launched the Joint Money Laundering Intelligence Network of Kosovo, a collaboration tool between law enforcement, public sector bodies and financial institutions. Its aim is to enhance Kosovo's efforts to detect and prevent money-laundering activities, thus strengthening financial security. *(For prevention of money laundering, pls see Chater 4 – Free movement of capital)*

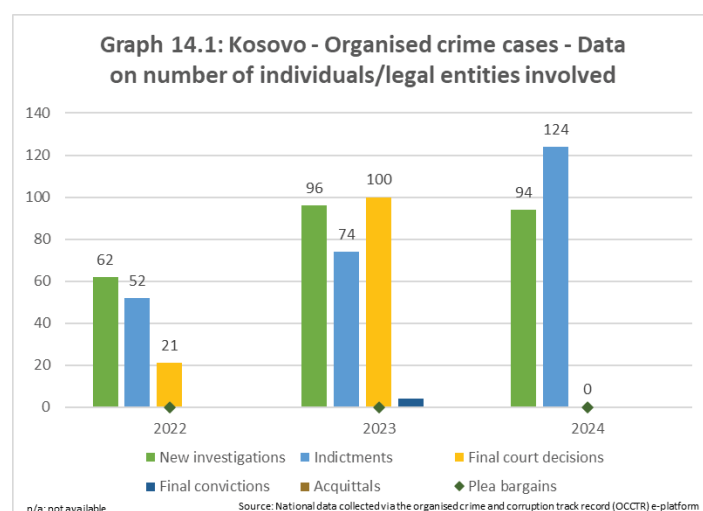
The Kosovo Police has 575 police officers per 100 000 inhabitants (compared with an EU average of 341), a significant increase on the previous year. 86.54% of officers are men, while 13.46% are women; 89.64% are Kosovo Albanians, while 10.36% belong to other communities. Efforts to recruit Kosovo Serb and other non-majority cadets to address the 2022 resignation gap in Mitrovica North Regional Police Directorate had tangible results, with ethnic representation of Kosovo Serbs reaching a total of 33.5% (155) and 25.9% (120) of other non-majority communities.

The recruitment of new police cadets, including from non-majority communities, continued. The composition of the police in other Kosovo Serb municipalities reflects municipalities' ethnic composition. The Kosovo Police finalised its reorganisation (adopted in 2023), though the position of third deputy general director is still vacant.

Kosovo updated the case management return protocol for victims of **trafficking in human beings** and the operational regulations for the State Shelter for Rehabilitation.

On **firearms control**, Kosovo should update the Law on weapons and law on civil use of explosives. Kosovo successfully implements the roadmap for a sustainable solution to the illegal possession, misuse and trafficking of small arms and light weapons (SALW). Kosovo has a high level of alignment with the rules of the UN Firearms Protocol and a well-equipped Firearms Focal Point.

### Implementation and enforcement capacity



The number of organised crime indictments increased in 2024, and the number of new investigations remained almost constant. While there were no final convictions there were 11 first instance court cases. The slow pace of building track record points to weaknesses in the tackling of organised crime, the need for strategic and coordinated approach to the problem from the police and judiciary, aimed at increasing the number of investigation, indictments and final convictions.



Kosovo Police has good operational and investigative capacity to fight organised crime. The centralised unit for financial investigations conducts the integrated financial investigations in accordance with the standard operating procedures, requiring financial investigations to be carried out in all cases of organised crime. The staffing and training of analysts in the upgraded Department of Intelligence and Analysis is nearly complete. The amount of collected intelligence significantly increased, improving prevention and response efforts.

Kosovo Police established a Task Force to tackle loan sharking, a criminal activity identified across Kosovo. As a result, several groups were dismantled and significant amounts of material assets seized, including cash, weapons and ammunition. However, progress in combating money-laundering remains limited, with only two cases initiated in 2024, and Kosovo needs to make further efforts to strengthen capacity across the justice system. The prosecution service and the police must make more effort to jointly identify, map and dismantle organised criminal groups and networks.

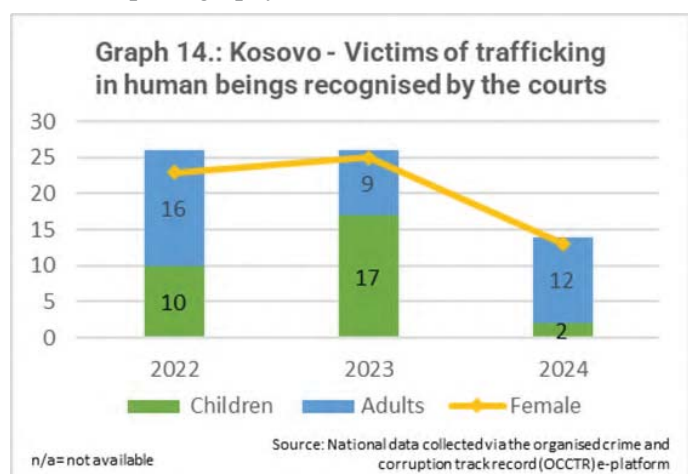
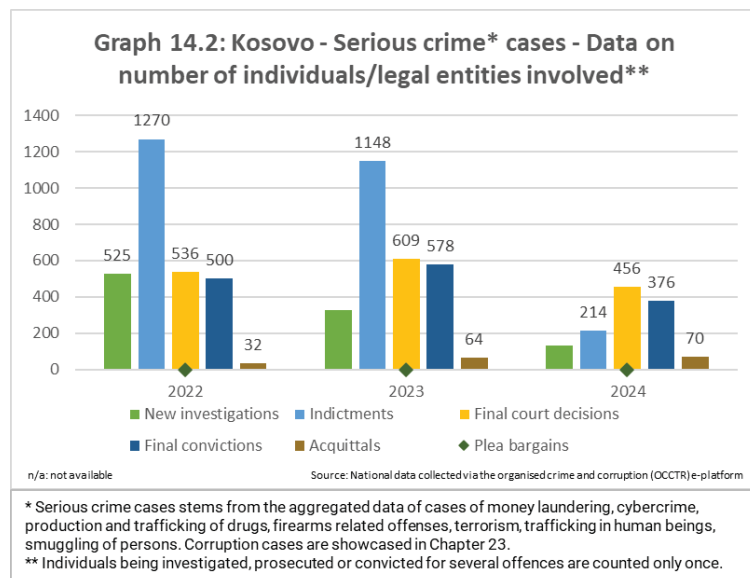
International police cooperation including with Europol improved and the overall cooperation with Europol has continued to develop positively. The information exchanged via SIENA doubled compared with 2023 and is six times higher than in 2022. Kosovo Police participated in 12 Operational Action Plans under the European Multidisciplinary Platform Against Criminal Threats (EMPACT) and 72 operational actions (one of which as co-leader). Kosovo continued to participate in CEPOL trainings and exchange programmes as well as the regional cooperation initiatives for the Western Balkans. Kosovo should integrate the knowledge and competencies gained at CEPOL's trainings into the national law enforcement training system. Kosovo signed a Security Operation Agreement with Türkiye.

Concerning **cybercrime**, challenges persist in investigating the dark net. On child sexual abuse online and offline, the legal framework should be amended to fully align with Directive on combating the sexual abuse and sexual exploitation of children and child pornography.

The reintegration of **human trafficking victims** is a challenge, and the risk of re-trafficking remains high, in particular for children. The number of indictments and identified victims in 2024 was significantly lower than in previous years with a most significant decrease in the group of children.

On **firearms control**, Kosovo remains active in tracing weapons through international police cooperation. In 2024, KP confiscated 1 746 firearms, compared to 1 392 from 2023, and 33 250 rounds of ammunition in 2024, compared to 27 215 in 2023.

The electronic monitoring system for people accused of domestic violence, envisaged in the 2015 Law on electronic surveillance, was introduced in December 2024. It is an important milestone in protecting the lives and dignity of the victims of domestic violence. There are eight protection orders under electronic monitoring.





During 2024, the police inspectorate investigated 175 police officers, which resulted in the arrest of 22 police officers, the suspension of 91 and criminal charges for 81. It is essential to preserve the operational independence of the police.

### Cooperation in the field of drugs

The legal framework for cooperation in the field of drugs needs to be improved.

#### Legal alignment, strategic and institutional frameworks

The Law on narcotic drugs, psychotropic substances and precursors needs an update to align with the EU *acquis*. In February 2025, the government established the Commission for Narcotics. In May, the Commission updated the tables annexed to the Law to align it with international narcotic control conventions. a national protocol for destruction of drugs needs to be adopted.

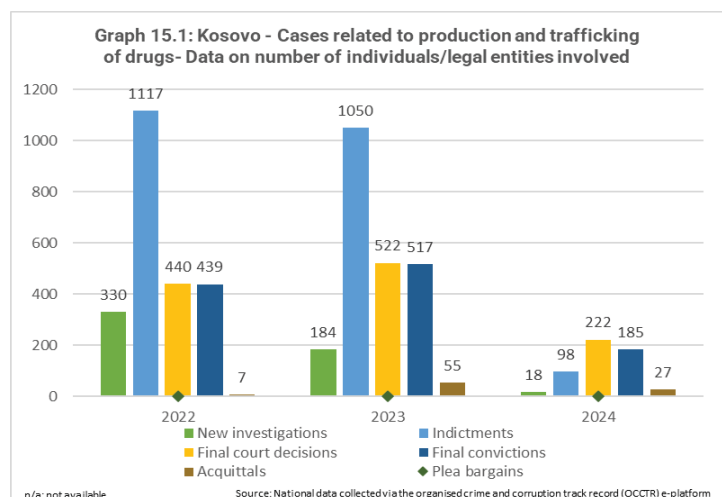
Implementation of the National drug strategy and its action plan, adopted last year, continues to progress well. In November 2024, the MIA adopted a decision to establish an Early Warning System and allocated dedicated staff to it. The National Drugs Observatory, which became operational in 2024, prepared a report about Kosovo's drug situation in line with EU Drugs Agency (EUDA) guidelines and protocols. The report reveals gaps in drug treatment due to the lack of functional health information system.

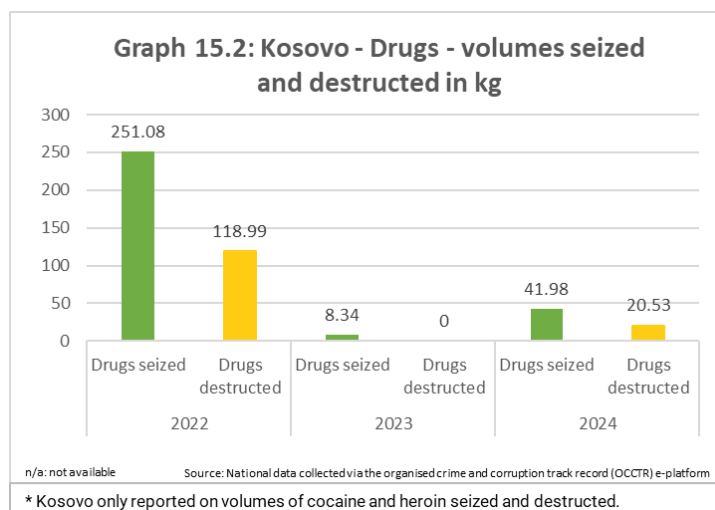
#### Implementation and enforcement capacity

During 2024, the seizures picked up across all types, with the exception of cannabis plants. Despite the absence of a formal protocol for drug destruction, the Kosovo Police successfully destroyed large quantities of narcotic substances in March 2025, following a guideline issued by the Office of the Chief Prosecutor. The numbers of investigations, indictments and convictions for production and trafficking of drugs decreased very significantly, pointing to decreased efficiency in the fight against drugs.

The newly recruited and trained analysts within the Department for Intelligence and Analysis have contributed to a better understanding of the local drugs market, including the number and structure of criminal groups involved. However, analytical work on the drugs market needs to be improved.

Overall, international and regional operational cooperation on drugs remains good, but cooperation with the EUDA should be further strengthened. Additionally, inter-agency cooperation should be further improved. The Ministry of Internal Affairs plays a key role in implementing the Action Plan of the State Strategy Against Drugs and efforts to ensure a comprehensive and effective approach to combating drug-related issues and safeguarding public health and safety in Kosovo.





The Ministry of Health finances the methadone maintenance program, which is implemented across all regional hospitals and correctional facilities, and by the NGO sector. Advocacy and education projects on the risks associated with drug use are implemented. Harm reduction programmes continue to be offered, including needle exchange and HIV prevention kits, as well as voluntary HIV and HCV testing and counselling services, delivered through mobile units and its own centres.

## Fight against terrorism, and

### prevention of radicalisation and violent extremism

The legal framework for the fight against terrorism and countering violent extremism is partially aligned with the EU *acquis*. The fight against terrorism is broadly satisfactory, while the countering of violent extremism needs to be improved. The legal framework for critical infrastructure protection and the resilience of critical entities is partially aligned with the EU *acquis*. Protection of critical infrastructure and the resilience of critical entities needs to be improved.

#### Legal alignment, strategic and institutional frameworks

Kosovo adopted the Law on anti-money laundering and countering the financing of terrorism aiming to align the national legislation with EU *acquis*, but it is under Constitutional Court review on procedural grounds. Kosovo continues to implement its strategy and action plan against terrorism and violent extremism (2023-2028), which is in line with the EU's counter-terrorism strategy and the bilateral implementing arrangement with the EU for the joint action plan on counterterrorism for the Western Balkans. Law on critical infrastructure protection aiming to align the national legislation with EU *acquis* was drafted but remains to be adopted. The drafting of terrorism situation and trend report is in progress.

The Minister of Internal Affairs remains the National Coordinator for the Prevention of Violent Extremism and the Fight against Terrorism, but given the nature of the Minister's other tasks, the focus on interinstitutional coordination remains limited. There was no progress in setting up a national centre for countering terrorism and countering and preventing violent extremism and radicalisation.

The security institutions perform bi-annual joint threat assessments. However, Kosovo should proceed with adopting the amended the Law on critical infrastructure in line with EU *acquis*.

A new community safety strategy and action plan (2025-2029) should be adopted.

#### Implementation and enforcement capacity

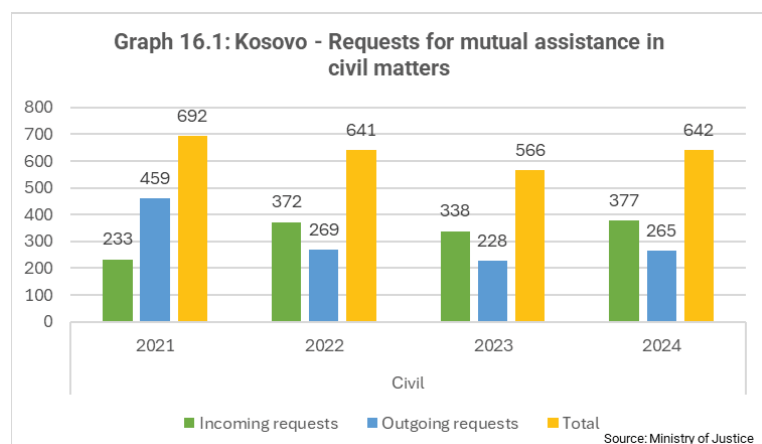
The 2023 Banjska/Banjskë attack was followed by the incident in the Ibër-Lepenc/Ibar-Lepenac canal in November 2024 and two hand grenade attacks against public buildings in April 2025. The threat from religious extremism continues to be assessed as moderate. Judges and prosecutors were trained on different forms of terrorism, and journalists for online radical content. Kosovo needs to continue its work to implement preventive, rehabilitation and reintegration measures.

There were 52 indictments in terrorism related offences and 9 convictions. Indictments against 45 suspects in Banjska/Banjskë case were filed in September 2024. The proceedings started against the 3 detained defendants in June 2025 as most suspects are still at large. The Ibër-Lepenc/Ibar-Lepenac canal attack investigation is ongoing. 10 inmates are serving prison sentences for terrorism-related crimes. The Correctional and Probation Service's work on disengagement and rehabilitation improved, but more effort in this regard is still needed, also in preparation of further releases of individuals convicted for terrorism and radicalised inmates.

Kosovo took a leading role in the rehabilitation and reintegration of returnees from foreign conflicts, since it had the biggest number of departures. 32 men, 8 women and 37 children are reported to be still in Syria. There were no further repatriations of individuals, but one suspected foreign terrorist fighter has returned voluntarily and is in detention. The local multidisciplinary referral mechanism is functioning in five municipalities.

Hateful rhetoric and disinformation related to inter-ethnic tensions, provided by foreign actors, increased, in particular during election period. The authorities should develop effective counter-narratives and strategic communication to counter disinformation and address hateful rhetoric online.

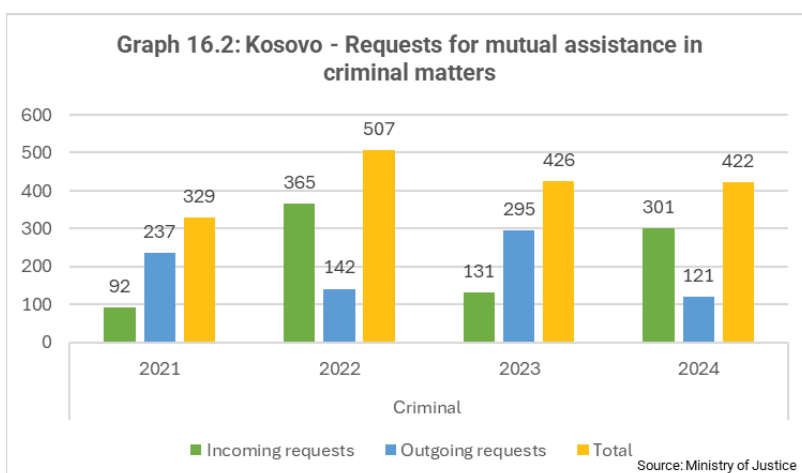
### Judicial cooperation in civil and criminal matters



Judicial cooperation in civil and criminal matters is broadly satisfactory, and the legal framework is partially aligned with the EU *acquis*, to the extent that alignment is already possible. Cooperation between Kosovo and Eurojust is good. The increased number of new cases involving Kosovo (14 for the period 1 May 2024 – 31 July 2025), and the high number of requests and responses exchanged with EU Member States, demonstrate Kosovo's commitment

to combating transnational organised crime.

The number of extraditions has increased. Three new bilateral treaties with Slovenia entered into force on extradition, MLA in criminal matters and transfers of sentenced persons. In January 2025, Kosovo submitted a request for mutual legal assistance to Serbia, related to the attack on the Ibër-Lepen/Ibar-Lepenac canal in the north of Kosovo, to which no response was received. A response to Kosovo's MLA request to Serbia related to the Banjska/Banjskë attacks sent in October 2023 is also still pending. Kosovo's lack of membership in international law enforcement organisations continues to pose a challenge, as mutual legal assistance and cross-border cooperation continue to be based on bilateral treaties between Kosovo and respective EU Member States.



### Legal and irregular migration

The legal framework for management of legal and irregular migration is partially aligned with the EU *acquis* and its management is broadly satisfactory.

#### Legal alignment, strategic and institutional frameworks

Relevant strategic and legal documents are being implemented effectively. The current migration strategy is set to expire in 2025: a new comprehensive and cross-sectoral strategy should be adopted. As for the institutional set-up, the Government Authority on Migration (GAM) remains the advisory body in the area of migration. Within GAM, an early warning mechanism for monitoring the migration trends was set up to monitor developments following the entry into force of the visa-free regime with

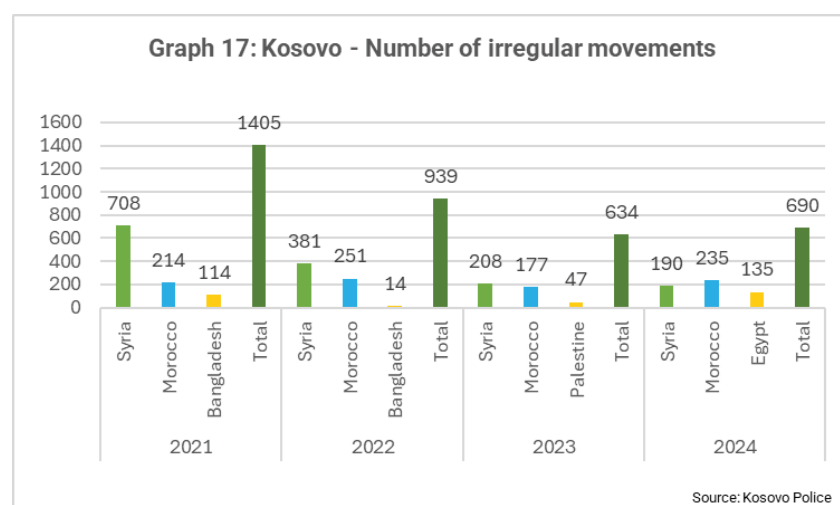
the EU. The institutions continued to strengthen their ability to manage migration through budget allocation, training and better coordination. Opportunities for improvement remain in capacity development, data collection and analysis, as well as staff training and recruitment.

Kosovo revised its contingency plan in cooperation with the EU Agency for Asylum, the European Border and Coast Guard Agency (Frontex) and other international bodies, using a holistic approach. The revised plan further aligns the migration management approach in Kosovo to EU standards and the common European asylum system. This plan is awaiting government's approval.

As there is no readmission agreement with the EU, cooperation on readmission with Kosovo continues bilaterally. The 25 **readmission agreements** with EU Member States and Schengen-associated countries are implemented satisfactorily. In 2024, Kosovo signed a readmission agreement with Lithuania, bringing the total number of agreements with EU Member States to 23. Kosovo finalised negotiations with Latvia and continues negotiations with Portugal, Poland, Ireland, the UK, Pakistan, Côte d'Ivoire, the United States, Jordan, Egypt, Libya, Chad and Australia.

#### Implementation and enforcement capacity

In 2024, the number of new migrant arrivals increased by 54.3 % compared with 2023, from 643 to 992 . 802 migrants were accommodated in the temporary reception centre for migrants in Vranidoll/Vranidol, a 74% increase compared to 2023. 190 persons applied for international protection and were accommodated at the Asylum Center in Magurë/Magura. Most migrants transit through mountain passes, entering from Albania and North Macedonia. There are two reception centres, with a total capacity of up to 350 beds: Magurë/Magura (100) and Vranidoll/Vranidol (250). Reception capacities in Vranidoll/Vranidoll will increase to around 300 by the end of 2025, with the ongoing construction of the new facility. Due to changes in migration routes, cases of migrant smuggling through Kosovo have drastically decreased in 2024 and first half of 2025.



Kosovo is invited to renew its engagement to the Global Alliance to Counter Migrant Smuggling at the occasion of the Global Alliance's second conference scheduled to take place end of 2025.

Even though Kosovo is not a member of Interpol, Kosovo authorities regularly coordinate with it and participate in international police operations. Kosovo Police cooperates with Frontex based on a Working

Agreement and Annual Operational Plan. Due to an increase of controls and border inspections in Kosovo, the number of third country nationals intercepted decreased, which also resulted in a decreased number of returns. Assisted voluntary return continued also with support of IOM.

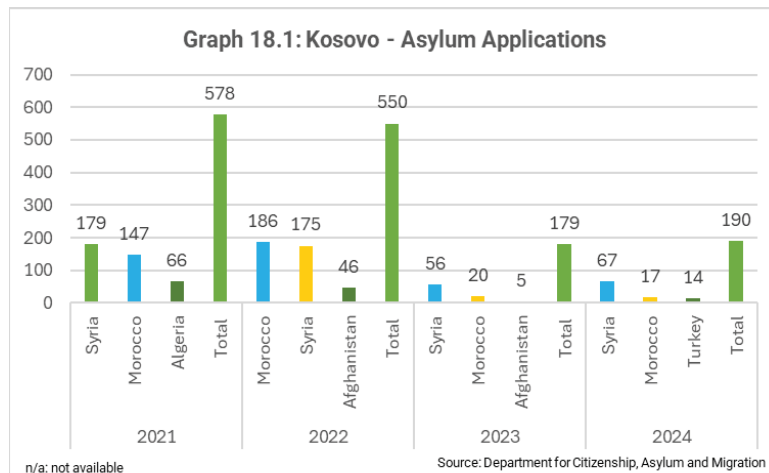
Kosovo is gradually becoming a destination for **labour migrants**. This trend highlights the need for stronger policies to promote humane, regular, orderly migration, including fair international recruitment systems and transparency in private employment services.

Migrant workers lack reliable information on their rights and obligations in Kosovo. Labour migration of Kosovo citizens to EU Member States frequently occurs outside formal structures, relying on social networks. Raising awareness about preventing irregular migration and encouraging regular migration pathways is necessary.

#### **Asylum**

The legal framework on asylum is largely aligned with the EU *acquis*. The management of asylum is broadly satisfactory.

#### Legal alignment, strategic and institutional frameworks

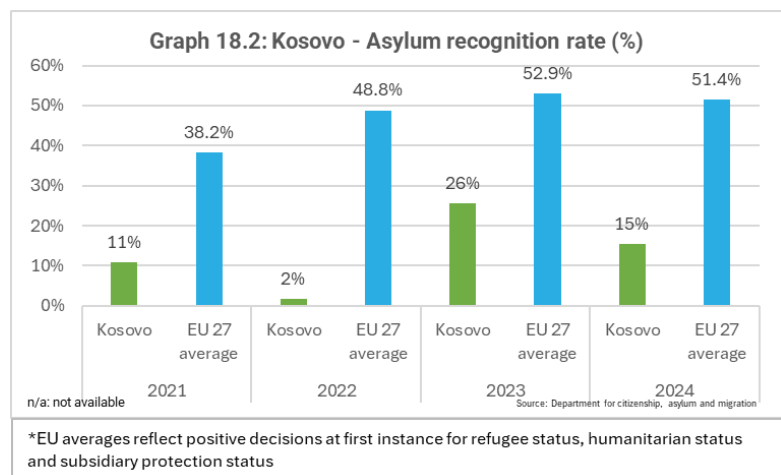


The Kosovo authorities continued to cooperate with the EU Agency for Asylum to implement a bilateral roadmap for cooperation. The administrative capacity of the MIA Department for Citizenship, Asylum and Migration and quality of the refugee status determination procedure should be strengthened, particularly in identifying the country of origin. Limited capacity in biometric devices and the lack of data interoperability affect the efficiency of registration and the subsequent processing of asylum

claims. Kosovo preserved appropriate **reception conditions** with the functioning of the temporary reception centre. Registration is still carried out outside the centre, lacking appropriate profiling and referrals.

#### Implementation and enforcement capacity

In 2024, the number of applicants for **international protection** increased by 6%, compared with 2023. Kosovo accommodated these applicants at the temporary reception centre for migrants and provided them with certificates and identity cards. In 2024, 195 final decisions were made, a slight decrease compared with 2023 (204): 17 persons received international protection a decrease compared with 2023 (49 persons). Separately, 70 decisions were issued for temporary protection (65 initial grants and 5 extensions), representing a significant increase compared with 2023 (19 decisions). The quality of the procedure for determining refugee status needs to be improved, in particular regarding the country of origin. Authorities increased the institutional provision of free legal aid translation.



#### Visa policy

Visa policy is not fully aligned with that of the EU, in particular the list of countries whose nationals require a visa to enter the EU. The list of visa free countries diverges by 16 countries. Kosovo should progressively align its legislation with EU visa policy, with at least one country per year between 2025 and 2027. Kosovo unilaterally adopted a decision allowing Bosnia and Herzegovina ID card holders to enter Kosovo without a visa, starting from January 1, 2025.

Since 1 January 2024, holders of Kosovo passports enjoy visa-free travel to the EU. Kosovo had a long information campaign on rights and obligations, which was also aimed at non-majority communities. In 2024, Kosovo was included in EU Visa Suspension Mechanism Report.

Since the beginning of 2024, some EU Member States reported a substantial increase in unfounded asylum applications lodged by Kosovo citizens: in 2024, 5640 applications were lodged (+135%



compared to 2023). As part of the steps taken to address the issue, Kosovo and the local Schengen cooperation group have established an information sharing mechanism to monitor asylum trends.

### **Schengen governance and external borders**

The legislative and strategic framework for the management of Kosovo borders is largely aligned with the EU *acquis*. The management of borders is broadly satisfactory.

#### Legal alignment, strategic and institutional frameworks

Kosovo Border Police employs around 1500 officers, an increase of 7% compared to the previous year. While this is still below the optimal level, it is sufficient to cover three regional directorates and Pristina Airport. The National Centre for Border Management (NCBM) is functioning well. Kosovo needs to set up the National Coordination Centre functionalities as part of the NCBM, in accordance with Frontex Regulation.

Kosovo should adopt a Law on State Border Control and Surveillance. Currently, the legislative framework on integrated border management (IBM) and its implementation is at a level that meets the EU's minimum requirements for border control. However, some legislative updates and the new IBM Strategy are delayed.

#### Implementation and enforcement capacity

Kosovo Police largely meets EU standards for border security. Kosovo has been implementing inter-agency cooperation to fight cross-border crime and smuggling, as defined in IBM law. Kosovo's cooperation with Frontex remains good. Frontex continues to support border management authorities. Border infrastructure and equipment remain underdeveloped.

Kosovo advanced its regional cooperation and law enforcement coordination. Kosovo and North Macedonia formalised a joint border crossing point (BCP) agreement in November 2024, which became operational in April 2025. Regular joint patrols continue with Albania, North Macedonia and Montenegro. Kosovo is an active participant in the trilateral Police Cooperation Centre based in Montenegro.

Despite operational Interim Common Crossing Points (CCPs) with Serbia, progress on establishing six permanent CCPs, as per the IBM Technical Protocol, is limited. While Kosovo opened two, Serbia has not reciprocated. Similarly, two completed CCPs, Kapi and Izvor, remain non-operational despite being fully constructed and staffed, as no agreement has been reached to allow traffic. Kosovo introduced measures to combat corruption, such as deploying body cameras on border police, rotating staff and appointing newly recruited officers directly to border crossing points.

### **Counterfeiting of the euro (criminal law aspect)**

The relevant legislation on suppression of counterfeit currency is partially aligned with the EU *acquis*. The Criminal Code needs to be further aligned with the relevant EU *acquis*. Kosovo has competent authorities and procedures in place to address counterfeit money. In 2024, relevant authorities investigated one case of counterfeiting of currency, arrested 15 people and filed 11 criminal charges. Kosovo Police took part in the International Operation for Counterfeiting Money supported by Europol. Kosovo continued its participation in Pericles activities. The Central Bank took action to effectively address the issue of counterfeit euro coins.

## **2.3. ECONOMIC DEVELOPMENT AND COMPETITIVENESS**



<i>Table 19:</i>	<b>2016-21</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Kosovo - Key economic figures</b>	average			
<b>GDP per capita</b> (% of EU-27 in PPS)	22	24	27	30
<b>Real GDP growth</b>	4.0	4.3	4.1	4.4
<b>Activity rate of the population aged 15-64 (%)</b> , total	40.1	38.6	40.7	43.3
<i>female</i>	20.2	22.0	24.2	25.9
<i>male</i>	59.9	55.5	57.8	60.6
<b>Unemployment rate of the population aged 15-64 (%)</b> , total	22.8	12.6	10.9	10.8
<i>female</i>	27.6	16.5	18.2	18.0
<i>male</i>	21.2	11.0	7.7	7.7
<b>Employment of the population aged 15-64</b> (annual growth %)	4.5	5.4	5.4	-2.6
<b>Nominal wages</b> (annual growth %)	2.6	7.6	9.4	12.1
<b>Consumer price index</b> (annual growth %)	1.5	11.6	4.9	1.6
<b>Exchange rate against EUR*</b>	1.0	1.0	1.0	1.0
<b>Current account balance</b> (% of GDP)	-7.1	-10.3	-7.5	-8.9
<b>Net foreign direct investment, FDI</b> (% of GDP)	3.4	6.3	6.7	6.0
<b>General government balance</b> (% of GDP)	-2.8	-0.5	-0.2	-0.3
<b>General government debt</b> (% of GDP)	18.2	20.0	17.5	16.9
* The euro is used as a de facto domestic currency				
<i>Sources: Kosovo Agency of Statistics, Central Bank of Kosovo, Ministry of Finance, World Bank and IMF</i>				

### 2.3.1. The existence of a functioning market economy

#### Economic governance

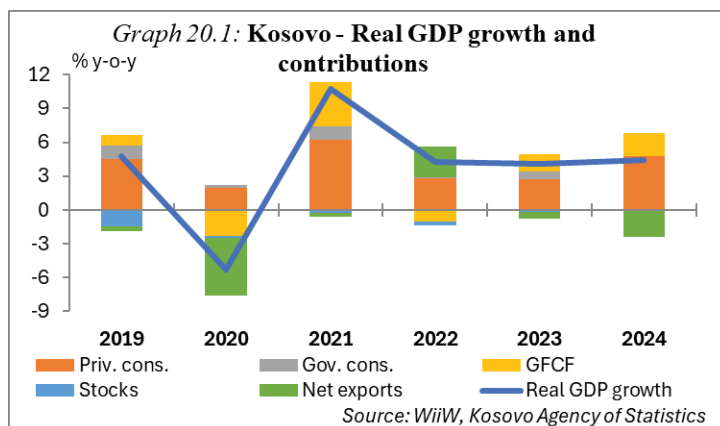
**Overall, Kosovo's macro-economic policies remained prudent.** The budget was nearly balanced in 2024, despite surging capital and social spending<sup>3</sup>. Government initiatives to improve public investment management resulted in stronger execution rates. Kosovo's performance under the two-year Stand-By-Arrangement (SBA), as well as the Resilience and Sustainability Facility with the International Monetary Fund (IMF), was strong, and both programmes were successfully concluded.

**The policy guidance set out in the conclusions of the Economic and Financial Dialogue of 14 May 2024 has been partially implemented.** The spending structure slightly improved compared to 2023, with a small increase in the share of public capital spending. Tax revenue grew robustly, partly due to improved tax compliance and some formalisation gains. Financial oversight of POEs has been strengthened but amendments to the POEs' law to improve their corporate governance are still pending. For 2025-2027, Kosovo's Economic Reform Programme (ERP) aims to maintain stable public finances while complying with fiscal rules and supporting economic growth through higher public investment.

#### Macroeconomic stability

**Kosovo's economic growth accelerated in 2024 on the back of stronger private consumption and public investment.** Real GDP growth picked up to 4.4%, up from 4.1% in 2023, and slightly above the

<sup>3</sup> Social transfers surged by 22% year-on-year, reflecting government measures ahead of the 9 February parliamentary elections, including higher child benefits and non-contributory pensions.

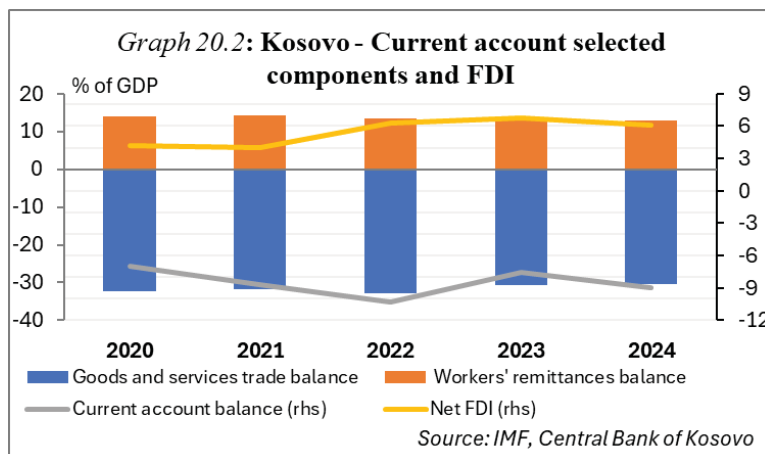


average growth rate of 4% in 2016-2021. Private consumption growth accelerated on the back of growing bank lending and rising real disposable incomes, boosted by increasing wages and social transfers. Furthermore, a surge in gross fixed capital formation resulted from a strong increase in public investment. Public consumption growth slowed markedly, partly due to the high base in 2023. Net exports had a negative contribution to growth, mainly due to an acceleration in real imports growth. Economic activity slightly slowed in

the first quarter of 2025, with real GDP growth easing to 3.6% y-o-y, from 4.1% in the preceding quarter. Kosovo's per capita GDP remains the lowest in the Western Balkan region, standing at 30% of the EU average in 2024, but higher than the average of 22% in 2016-2021.

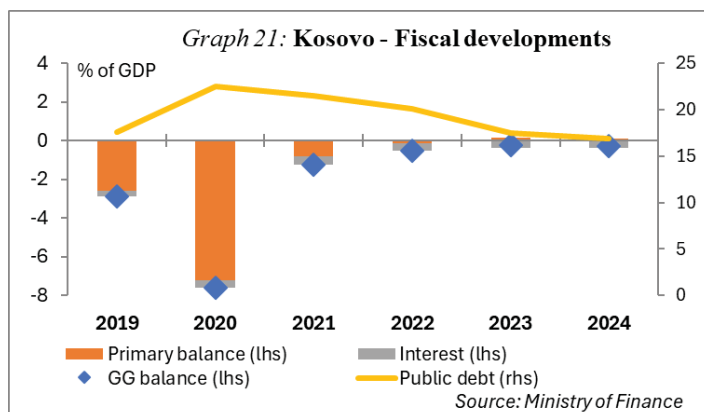
### Kosovo's external position deteriorated in 2024.

The current account deficit rose to nearly 9% of GDP, up from 7.5% in 2023. The key drivers were a notable decline in the secondary income surplus, partly due to the moderate fall of remittances as a share of GDP, coupled with a slight increase in the merchandise trade deficit. This more than offset the rise in the services trade surplus by 0.6 pps., to 17.4% of GDP. The primary income surplus remained broadly stable at 2.1% of GDP. Further unofficial services exports and remittances were reflected in large errors and omissions (2.5% of GDP)



in the balance of payments. In the first quarter of 2025, the current account deficit deteriorated, with its rolling 4-quarter total widening to 9.1% of GDP. In 2024, this deficit was mainly financed by net foreign direct investment (FDI) inflows, which decreased by 0.7 percentage points (pps.) to 6% of GDP, with the bulk directed to real estate as well as financial and insurance services. At end-2024, official reserve assets amounted to 2 months of imports of goods and services.

### Annual inflation slowed to an average of 1.6% in 2024, well below the 4.9% rate registered in 2023, mainly driven by lower commodity prices in international markets.



However, consumer price inflation picked up to an average of 2.8% y-o-y in the first half of 2025 and further to 4.3% and 4.5% y-o-y in July and August respectively, mainly due to accelerating prices for electricity, food and non-alcoholic beverages. On 16<sup>th</sup> April, the Energy Regulatory Office Board had approved a linear electricity tariff increase of 16.1% for all consumer categories, which came into force on 1<sup>st</sup> May.

**Robust tax revenue growth and surging capital and social spending resulted in the budget remaining close to balance in 2024.** The headline fiscal deficit marginally rose to 0.3% of GDP in

2024 (from 0.2% in 2023), which corresponds to a surplus of 0.5% of GDP under the fiscal rule's definition<sup>4</sup>. This outcome resulted from an 8.2% increase in public revenues, partly due to improved tax compliance and some formalisation gains, that was slightly outpaced by budget expenditure growth (8.4%). Public capital spending rose strongly by 16.7% y-o-y; however, it only reached around 75% of the budget allocation, reflecting remaining weaknesses in implementation capacity. Roughly in line with the budget plan, current expenditure grew by 6.4% y-o-y, mainly on the back of increased spending on goods and services (8.2%), transfers and subsidies (3.2%) and wages (10%). The latter increase was due to the implementation of the law on public-sector wages and the rise in the amount paid from court rulings<sup>5</sup>. Government deposits slightly increased to 4.1% of GDP.

**Public debt is low and falling, while the domestic investor base for government debt remains narrow.** On the back of a marginal primary surplus and high nominal GDP growth, the public debt-to-GDP ratio fell to 16.9% of GDP at end-2024, the lowest level since 2017, and down from 17.5% one year earlier. It further declined to 16% of GDP at end-June 2025. In 2024, domestic debt, which is held by a narrow investor base, fell marginally by 0.8% year-on-year. In March 2025, the share of domestic debt held by the KPST stood at 46%, while the Central Bank of Kosovo and commercial banks held a further 24% and 21%, respectively. Foreign debt, owed mostly to international donors, rose by 12% in 2024. This includes loans from the International Monetary Fund, the World Bank, and the European Investment Bank. However, the political deadlock has hindered the ratification of new external financing agreements with international financial institutions. In May 2025, Fitch Ratings reaffirmed its 'BB-' sovereign credit rating, with a stable outlook, that Kosovo had obtained for the first time in April 2024, improving the prospects of accessing international financial markets in future.

**There has been some progress in fiscal governance.** The 2025 budget includes slightly lower blanket allocations compared with the previous year's one, improving fiscal transparency. A stand-alone annual fiscal risk analysis for POEs, limited to high-risk POEs, was published in October 2024. The distribution and supply of electricity in northern Kosovo were normalised in 2024 as the electricity supply company *Elektrosever* has started bill collections, thus generated savings and reduced fiscal risks. In 2024, there was a strong increase in public capital spending even though the recurring under-execution of the capital budget points to remaining weaknesses in the planning and implementation of public investment projects. The spending overrun on war veterans' pensions has not been resolved, due to the absence of a reclassification of beneficiaries.

**A track record of prudent fiscal policies created space for a planned strong fiscal impulse in 2025.** The 2025 budget expects the headline deficit to widen significantly to 2.8% of GDP, mainly through an arguably very ambitious further surge in public investment. Nevertheless, the budget appropriately aims to keep the deficit (according to the fiscal rule's definition) at the prescribed ceiling of 2% of GDP, maintaining the credibility of Kosovo's well-functioning set of fiscal rules.

### Functioning of product markets

#### *Business environment*

**Some progress was made in improving the business environment.** In September 2024, the new Law on sustainable investment came into force, following a review by the Constitutional Court. The purpose of the Law is to create a comprehensive legal framework to protect and promote sustainable investment in Kosovo. In November 2024, the Assembly adopted the law on the Register of Beneficial Owners, which was an important step in combating money laundering and terrorist financing, by identifying the

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<sup>4</sup> The fiscal rule places a cap on the fiscal deficit of 2% of forecast GDP, excluding capital projects financed by privatisation proceeds and donors ('investment clause'). This exemption for donor-financed investment can be invoked until 2026, provided the public debt ratio remains below 30% of GDP. A further rule stipulates that the increase in the public wage bill cannot exceed the nominal GDP growth rate of the latest calendar year available at the time the consolidated budget is being prepared. Government deposits used as fiscal buffers are legally required to stay at 4.5% of GDP as long as the government uses privatisation proceeds. The debt rule requires that public and publicly guaranteed debt cannot exceed 40% of GDP.

<sup>5</sup> The law came into force in February 2023 setting the value of the wage coefficient at EUR 105 for 2023 and EUR 110 for 2024. Most of the rulings concerned unbudgeted allowances obtained by teachers, doctors, and other public employees through collective agreements.

ultimate beneficial owners of businesses. The government also adopted a new administrative burden prevention and reduction programme (2025-2028) and its action plan for 2025-2026. There was an acceleration in settling commercial disputes. In 2024, 4 276 first-instance judgments and 2 693 second-instance judgments by the Commercial Court were published.

**Efforts to further reduce the informal sector continue.** In the reporting period, the Tax Administration of Kosovo (TAK) made progress in upgrading its compliance risk management techniques, using information from financial and tax databases to better identify tax evasion, and supporting further formalisation of the economy. Under the new law on the administration of tax procedures, TAK started establishing data-sharing arrangements with commercial banks, the CBK and other government agencies, to enable systematic access to bulk third-party data for better compliance monitoring.

#### *State influence on product markets*

**The State aid policy framework is partially aligned with EU rules and principles while steps were taken to fully liberalise the electricity market.** The existing framework lacks a unified approach to State aid as well as a comprehensive strategy and cost-benefit assessments for the aid and subsidies granted. The Assembly has still not appointed the State Aid Commission, the institution ensuring State aid control and adopting decisions on State aid schemes. The liberalisation of electricity prices for businesses with an annual turnover of more than EUR 10 million or employing more than 50 employees became effective on 1 June 2025.

#### *Privatisation and restructuring*

**The creation of a sovereign fund has been delayed.** The law on the establishment of a sovereign fund was adopted by the Assembly in mid-December 2023, but it is being reviewed by the Constitutional Court. The fund is expected to take over socially owned enterprises<sup>6</sup> and assets currently managed by the Privatisation Agency of Kosovo (PAK) as well as some POEs overseen by the Ministry of Economy, once their financial performance improves. However, establishing the fund will not be sufficient to resolve the persistent problems related to poor financial performance and management of POEs. In the reporting period, the comprehensive review of the assets of PAK continued, identifying assets suitable for transferring to the sovereign fund.

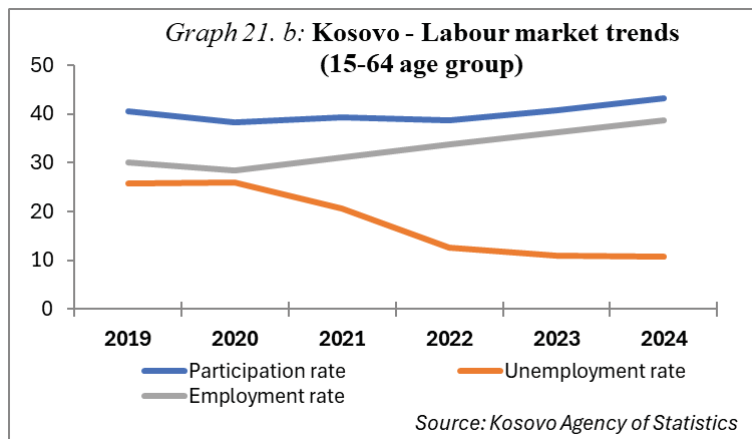
#### Functioning of the financial market

**The banking sector continued to expand robustly while maintaining adequate capitalisation and liquidity buffers.** The average return-on-equity ratio remained high, although it fell to 17.6% in July 2025 from 19.9% at end-2024. The non-performing loans ratio stood at a historically low level of 1.9% at end-2024, while it slightly increased to 2.1% at end-July 2025. The ratio of banks' regulatory capital to risk-weighted assets rose to 16.2% at end-2024 and further to 17.4% at end-July 2025, comfortably exceeding the regulatory minimum of 12%. Bank loan growth slightly accelerated to an average of 14.3% in 2024 from 14.1% a year before, and further to 19.9% year-on-year in the first half of 2025, largely due to a faster pace of credit growth to households, including for consumption purposes. Bank deposits' average growth slowed to 10% in 2024 from nearly 14% one year earlier, before accelerating to 14.3% year-on-year in the first half of 2025. Data gaps, in particular in the area of private sector indebtedness and the real estate sector, hinder analysis and financial sector supervision.

#### Functioning of the labour market

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<sup>6</sup> Socially owned enterprises were considered to be shared social property in the former Yugoslavia.



Despite significant employment gains, the labour market is characterised by still very low participation, high unemployment and large gender gaps. Labour force survey results continue to be published in Kosovo with large delays with the latest available data referring to 2024 as a whole. In line with the robust economic activity, the employment rate increased to 38.6%, up from 36.3% in 2023. Meanwhile, the unemployment rate

declined by 0.1 pp. to 10.8%, despite the increase in the labour force participation rate to 43.3% from 40.7% in 2023. The gap between male and female employment rates (55.9% and 21.2%, respectively) widened. In 2024, the share of young people (aged 15-24) not in employment, education or training (NEET) decreased to 31.4%, from 33.4% a year before. Weak labour market outcomes contribute to continuously high emigration rates.

### 2.3.2. The capacity to cope with competitive pressure and market forces in the EU

#### Education and innovation

**Inadequate quality of education and misalignment with labour market needs remains a key structural obstacle.** Kosovo ranked 81st and last in the 2022 cycle of the ECD Programme for International Student Assessment (PISA), while unemployment among tertiary education graduates is still high. This is due to inadequate quality and relevance of education, which are undermined by an absence of quality learning materials in schools, a lack of initial training and continuous professional development for teachers, and an insufficient number of inspectors for teachers' assessment. On teacher development, in December 2024, an advanced teaching license examination was launched. The 12 dual education profiles piloted over the last two years continue to be implemented facilitating the transition from school to the labour market.

**Little progress has been achieved in improving Kosovo's research and innovation system.** Budget allocation for research and development, at 0.1% of GDP, is far below the 0.7% required by law. Participation in the Horizon Europe programme has further potential. Since its launch, Kosovo has submitted 171 project applications, of which 15 were considered successful, receiving total EU funding of EUR 1.59 million and resulting in a very low success rate of 9.36%. The Law on Innovation and Entrepreneurship aims to encourage innovative activities in Kosovo as well as establish the Innovation Fund, but its adoption by the Assembly is pending.

#### Physical capital and quality of infrastructure

**Large infrastructure gaps limit Kosovo's full economic potential and output.** There has been no progress on the Pristina – Merdare motorway or the 'Peace Highway', as Kosovo has not yet negotiated the loan agreements for the project with supporting international financial institutions. The rehabilitation works for Rail Route 10 continued at a slow pace. The tendering of signalling systems and telecommunications, which is of utmost priority, is still delayed, due to lack of financing. The feasibility study for the railway connection between Durrës and Pristina has been finalised. The transport system continues facing significant challenges related to safety, inadequate maintenance, and limited administrative capacity of regulatory institutions.

**Despite recent efforts to diversify the energy supply and increase efficiency, the energy sector remains a key obstacle to economic growth.** Over 90% of electricity is produced by two outdated, highly unreliable and polluting lignite power plants, posing serious health and environmental risks. Kosovo also suffers from major technical and commercial losses in the distribution and transmission



grids due to poor infrastructure (nearly 22% of electric power output in 2023)<sup>7</sup>. The lack of energy security gives rise to significant costs for business and represents one of the biggest obstacles to attracting FDI. In December 2024, Kosovo inaugurated its intra-day electricity market coupling with the Albanian power exchange (ALPEX). Kosovo has launched its first tender for up to 100 MW of wind energy, with bids received in late February. The second phase of the tender procedure, where three qualified companies bid with technical and financial proposals is under way.

**The digital transformation of the economy is advancing gradually.** Although Kosovo is the leader in the Western Balkan region with 98.6% of households having some form of internet access in 2023 (OECD, 2024), and with 100% broadband coverage, challenges remain in developing high-speed broadband infrastructure, including limited private sector investment capacities, an outdated cable network, and delays in 5G development. The e-commerce sector is still in its early stages. Progress in public sector digitalisation has been slow, with only 10% of all public services currently offered online, most of which are merely informational (OECD, 2024). However, Kosovo made some progress in the area of digital services with 230 online services now available on the e-Kosova platform. In the reporting period, the government launched the piloting phase of the national electronic identification (eID) system.

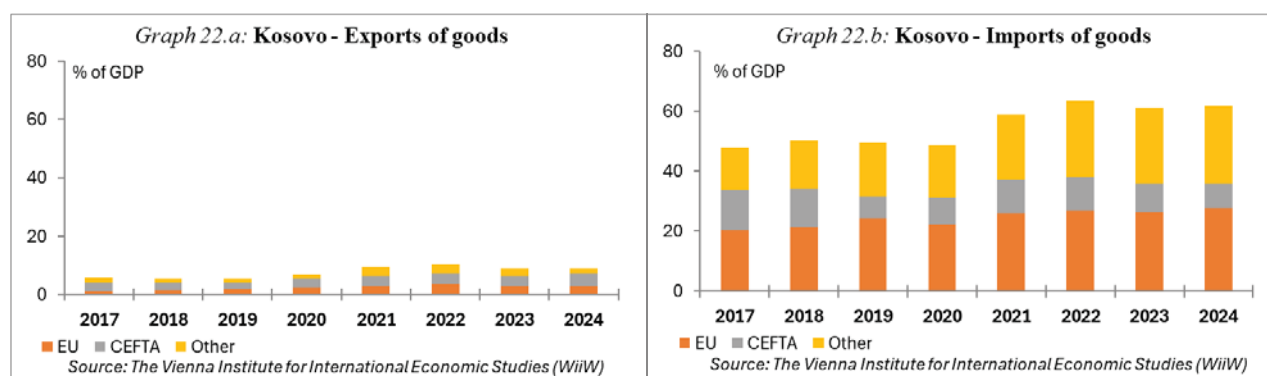
#### Sectoral and enterprise structure

**The services sector continued to dominate economic activity in 2024, providing almost 46% of gross value added (GVA).** The sectoral structure of GVA shows a gradual increase in the share of wholesale and retail trade, to 14.3% in 2024, up from less than 13% in 2019, while the share of construction remained broadly unchanged at around 8% in this period. Industry represented 18.5% of gross value added in 2024, but Kosovo's manufacturing base remains narrow, relying mainly on mineral mining and processed metal products. The share of agriculture in GVA remained virtually unchanged at around 7% in 2024, compared to 5 years before. At the same time, the share of real estate activities fell by 1.3 pps. to 5.6% compared to 2019.

**The private sector is dominated by small firms which still facing difficult access to finance.** SMEs and family-run businesses account for 81.3% of employment in non-financial businesses and generate 81% of Kosovo's total value added. Kosovo's Reform Agenda aims at supporting the creation and scaling-up of start-ups and micro, small and medium-sized enterprises (MSMEs) specialised in ICT and green and circular economies, by establishing an Innovation Fund and business incubators. Some progress was made with various financing options available through the Kosovo Credit Guarantee Fund (KCGF), but access to finance is overall still limited, affecting mostly smaller businesses.

#### Economic integration with the EU and price competitiveness

**The EU remained Kosovo's largest trading partner while services exports have expanded rapidly.** In 2024, the EU accounted for 44.7% of Kosovo's total imports of goods, lower than in 2019 (49.1%), while the CEFTA partners' share decreased by 1 pp. to 13.4%. In early October 2024, Kosovo started lifting restrictions on imports of Serbian goods, imposed in mid-June 2023. The EU's share in Kosovo's merchandise exports remained unchanged in 2024 compared to 2019, at 33.2% while the CEFTA



<sup>7</sup> Kosovo's Energy Regulatory Office (2024), *Annual Report 2023*.



countries' share rose to 45.2%, up from 43%. Trade openness (i.e. the total value of exports and imports) stood at 114.3% of GDP in 2024, significantly higher than in 2019 (85.8%), on the back of a much higher value of both goods and services trade. Kosovo's services exports are significantly larger than its goods exports, and are dominated by travel services (mainly related to diaspora tourism from Western Europe), followed by ICT service exports, which have been growing rapidly in recent years.

**The EU remains the main investor in Kosovo.** Net FDI inflows fell by around 4% in 2024. The bulk of inflows was on the back of significant diaspora investment in real estate, followed by financial and insurance activities. Substantial concentration in these sectors (93.5% of FDI inflows) does little to improve Kosovo's export capacity. The EU's share in Kosovo's net FDI stock reached 43.8% in 2024, up from 34.6% in 2019. The shares of Germany and Switzerland (two countries with large diasporas from Kosovo) increased to 19.4% and 18.7%, respectively, in 2024, up from 13% for each of them in 2019. Concerns over external competitiveness have increased as real wages grew by 12.7% in 2024<sup>8</sup>, supported by a raise in the minimum wage effective from 1 October 2024.

## 2.4. PUBLIC PROCUREMENT, STATISTICS, FINANCIAL CONTROL

### Chapter 5 – Public procurement

*EU rules ensure that the public procurement of goods, services and works in any Member State is transparent and open to all EU companies on the basis of non-discrimination and equal treatment.*

#### Institutional set-up and legal alignment

The **legal framework** on public procurement remains partially aligned with the EU public procurement *acquis*. The draft laws on public procurement and on public-private partnerships/concessions have been pending approval by the Ministry of Finance, Labour and Transfers for over four years. The drafting of the implementing legislation for both laws has not started.

The functional independence of the Procurement Review Body (PRB) which is underlined by the EU *acquis*, still needs to be reflected in the draft law on public procurement. The Inter-Institutional Cooperation Protocol has facilitated good cooperation and coordination between public procurement and rule of law institutions and the Kosovo National Audit Office.

#### Implementation and enforcement capacity

In 2024, the **public procurement market** accounted for 9.3% of GDP, an increase from 8.2% in 2023. While the total number of signed contracts decreased slightly from 10 183 in 2023 to 10 012 in 2024, their total value rose to EUR 941 million, up from EUR 810 million in 2023. Contracts awarded based on the best price-quality ratio criterion represented 13.5% of the total value in 2024, compared to 14.2% in 2023. The average number of bids per tender remained stable at 3.5.

The PPRC supports the use of the best price-quality ratio criterion through training initiatives, yet the lowest price criterion remains predominant, accounting for 86.9% of public contracts awarded, up from 85.8% in 2023. The use of negotiated procedures without prior publication of contract notices has dropped significantly from 13.5% in 2023 to 5.71% in 2024, and to which is positive. However, improvements in planning are needed along with a continued reduction in negotiated procedures and a decrease in annulled procurement activities, which stood at 24% in 2024.

A significant milestone was achieved with the e-procurement's system interconnection to the Kosovo Financial Management and Information System, which is now technically interoperable. In 2024, the PPRC conducted its first public auction through the e-procurement platform *e-prokurimi*, marking an important step towards further digitising administrative processes.

The PPRC and PRB continue to operate with insufficient technical and human capacities. The **capacity to manage public procurement processes** varies. In 2024, 1 322 procurement officials and economic operators received training. The Kosovo administration should refrain from using the service contracts to hire regular personnel.

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<sup>8</sup> IMF (2025), Republic of Kosovo, Fourth Reviews Under the Stand-By Arrangement and the Arrangement Under the Resilience and Sustainability Facility, No 25/112.

Public procurement remains susceptible to irregularities and corruption. The Kosovo National Audit Office identified several shortcomings in this area, noting that procurement processes were often delayed, non-compliant with legal requirements, poorly planned and frequently bypassing public procurement procedures.

#### Efficient remedy system

The legislation on the **right to legal remedy** is partially in line with the EU *acquis*. Appeals against procurement awards can be lodged through the e procurement platform. However, the PRB board is still incomplete, with its President currently serving in an acting capacity. The PRB continues to rely on short-term external expertise, which is recommended only for reviewing specific cases. This should be replaced with long-term qualified legal review experts to ensure transparent, efficient and quality decisions on complaints.

### **Chapter 18 – Statistics**

*European statistics are developed, produced and disseminated by EU Member States, guided by the principles and quality criteria elaborated in the Regulation on European statistics, such as professional independence, impartiality, reliability, accessibility, and statistical confidentiality. Common rules are in place for the methodology, production and dissemination of statistical information, which are further specified in sectoral legislation that constitute the EU acquis on statistics.*

On **statistical infrastructure**, coordination of the statistical system is weak and KAS should be further empowered to improve statistical governance and coordination and access administrative data sources. KAS should also implement legal provisions guaranteeing access to individual records in administrative data sources held by other public institutions. Recent restrictions in this respect negatively impact the production of statistics and the maintenance of statistical registers. KAS's infrastructure and capacities are in a constant need of upgrading.

On **classifications and registers**, efforts were made to upgrade to NACE Rev 2.1 to align with the EU *acquis*. Existing registers (agriculture, business and households), as well as the population register, need upgrading.

On **macroeconomic statistics**, alignment with the European System of Accounts (ESA) 2010 is ongoing. In September 2024, KAS published GDP data by economic activity and expenditure approach for 2008-2023, based on ESA 2010. Methodological inconsistencies remain. Data gaps remain in national accounts main aggregates, supply, use and input-output tables, as well as in foreign direct investment statistics. Kosovo has not provided any excessive deficit procedure notifications, nor any government finance statistics to Eurostat in 2024 and 2025. The harmonised index of consumer prices is regularly published. As regards purchasing power parities (PPP), relevant sectoral surveys and questionnaires have been initiated, and some data were sent to Eurostat.

Structural **business statistics** are limited and lack distinction between public and private investments or by sectors. The last industry statistics on manufactured goods were published in December 2023 and foreign affiliate statistics are not available. Tourism and transport statistics are not aligned with the EU *acquis*, while statistics on development and innovation are not produced on a regular basis. ICT statistics were not published since 2023.

In the area of **social statistics**, only demographic statistics are broadly in line with the EU *acquis*. The results of the recent population and household census were published in December 2024, which should support evidence-based policymaking. Statistics on income and living conditions (regular EU-SILC survey) are produced annually, with efforts ongoing to align data quality with the EU *acquis*. Social welfare statistics are produced on a monthly basis, whereas labour market statistics are only partially produced. Labour force survey data has not been transmitted to Eurostat. Kosovo still does not produce statistics on the labour cost index, the structure of earnings data or job vacancies. Public health and crime statistics are not yet in line with the EU *acquis*. KAS does not systematically compile gender-disaggregated data.

For **agricultural statistics**, KAS publishes data on annual agricultural crops, livestock production and orchards. The agricultural holding survey is regularly produced and aligned with the EU *acquis*. Supply

balance sheets and the agriculture labour index are not yet produced regularly. Preparations for the agricultural census in 2026 have started.

**Energy and environment statistics** remain partially in line with the EU *acquis*. The lack of energy efficiency indicators remains an obstacle to reporting on energy savings. There has been some progress on air emission accounts and environmental taxes, although data are not yet aligned with the EU *acquis*.

## **Chapter 32 – Financial control**

*The EU promotes the reform of national governance systems to improve managerial accountability, sound financial management of income and expenditure, and external audits of public funds. The financial control rules further protect the EU's financial interests against fraud in the management of EU funds and protect the euro against counterfeiting.*

### Public internal financial control

The strategic and legal framework for public internal financial control (PIFC) is broadly in place, while the implementation of the comprehensive PFM strategy (2022-2026) is lagging behind, with persisting challenges in integrating managerial accountability into the administrative practice and culture at both central and local levels of administration.

The coordinating and monitoring role of the Central Harmonisation Unit's (CHU) and its transparency can be further enhanced through regular and effective evaluation of the performance of management and control systems, publication of the annual PIFC report and diligent follow-up reporting on the implementation of the CHU recommendations.

Kosovo has a functionally independent internal audit, guided by risk assessment and supported by strategic and annual planning and a comprehensive methodology. Internal audit covers 99% of the country budget, but quality is affected by low staffing. Despite certified auditors, only half of internal audit units meet staffing requirements and 25.6% of public entities lack legally required internal audit function. Addressing these capacity gaps remains a priority.

### External audit

To achieve full alignment with international standards Kosovo needs to adopt a new law to streamline and extend the mandate of the National Audit Office (NAO), competences and accountability and, in due course, anchor the independence of NAO in the Constitution.

The NAO has advanced with the implementation of its strategic plan (2023-2026), with 68% of the targets achieved, and, in 2025, adopted a new IT Audit Strategy 2025-2027 to support the digitalisation of the audit process and management.

The external audit capacity and quality have improved with the adoption of new Quality Management Guidelines. The NAO has increased its focus on performance audits by conducting more audits, following up on all 2019 recommendations, and successfully piloting a system to monitor their implementation. However, the implementation of NAO recommendations remains insufficient, with only 37% completed. Compliance among publicly owned enterprises is especially weak, at just 25%, further eroding accountability.

Parliamentary oversight is gradually improving, as evidenced by 21 meetings of the Committee for Oversight of Public Finance, held to discuss 24 audit reports in 2024. The NAO has The Balkan Barometer ranks NAO as the most trusted institution at regional level. More user-friendly publication of audit findings, recommendations, and follow-up will further enhance external audit transparency and support the NAO's already proactive communication efforts in effectively reaching local authorities, the public, CSOs, academia, and the media.

### Protection of the EU's financial interests

No progress has been made in this area. Kosovo needs to align its legislation with the Directive on the fight against fraud to the Union's financial interests by means of criminal law, and clearly define its strategic priorities in combating fraud and corruption with EU funds. Kosovo must significantly enhance and digitalise irregularity management, establish an anti-fraud coordination service (AFCOS)

and corresponding network, and ensure adequate administrative capacity and methodological framework to guarantee effective detection, management and reporting of irregularities and fraud.

#### Protection of the euro against counterfeiting

The system for tackling euro counterfeiting is at an early stage, although some alignment with the EU *acquis* has been achieved through the Law on the Central Bank of Kosovo (CBK) and the Criminal Code. However, Kosovo needs to upgrade the legal framework, establish the National Counterfeit Centre at the CBK, the National Central Office at the Ministry of Internal Affairs, the National Analysis Centre and the Coin National Analysis Centre at the Forensic Agency, and create a coordination mechanism to ensure timely data exchange. The cooperation agreement between the CBK and the European Central Bank in the area of prevention and detection of counterfeiting of euro banknotes has still to be finalised. Kosovo is recommended to ratify the Geneva Convention, to upscale the fight against counterfeit currency.

### **3. GOOD NEIGHBOURLY RELATIONS AND REGIONAL COOPERATION**

Good neighbourly relations and regional cooperation form an essential part of Kosovo's EU integration process. They help bring about stability, reconciliation and a climate conducive to constructively addressing open bilateral issues and legacies of the past.

Kosovo maintained its engagement in a number of regional cooperation initiatives such as the Central European Free Trade Agreement (CEFTA – where it has been holding the chairmanship since 1 January 2025), the Energy Community, the Transport Community, the South-East European Cooperation Process (SEECP) and the Regional Cooperation Council.

The fifth annual **EU-Western Balkans Summit** took place in Brussels in December 2024, reaffirming the EU membership perspective of the Western Balkans and exploring measures to further advance gradual integration.

Kosovo has actively engaged in the regional dimension of the **Growth Plan for the Western Balkans**, participating in both ministerial and leaders' meetings.

On the **Common Regional Market (CRM)**, at the Berlin process summit in London in October 2025, the leaders of the region endorsed a revised and streamlined action plan to implement the Green Agenda for the Western Balkans, adopted a Western Balkans Climate Adaptation Roadmap and committed to make progress in the promotion of regional mobility and implementation of relevant regional agreements and CEFTA decisions. Kosovo signed the fifth mobility agreement on access to higher education and admission to studies in the Western Balkans and adopted the CRM action plan 2025-2028. So far, Kosovo has ratified four out of the five regional mobility agreements. The **roadmap for roaming** between the Western Balkans and the EU entered the first phase of implementation.

Kosovo took over the **CEFTA** Chairmanship from 1 January 2025. The implementation of 12 decisions was agreed by the CEFTA Joint Committee in October 2024, following an agreement between CEFTA members that allowed decision making in the organisation to be unblocked. A decision was finally taken on the appointment of a Director of CEFTA after the post had been vacant for two and a half years. This had a significant negative impact of the work of CEFTA and, for a short period, saw the Commission suspend its support.

The unresolved fate of **missing persons**, who disappeared during the conflicts of the 1990s, remains a key issue in the Western Balkans. Since April 2024, Kosovo authorities clarified the fate of 26 missing person cases. As of April 2025, 1 590 persons remain missing as a consequence of the conflict.

During the reporting period, two *ad-hoc* sessions of the Pristina-Belgrade Working Group on Missing Persons took place, followed by technical discussions, including sessions of the Sub-Working Group on Forensic Issues (SWG) and the Analysis Team. Delegations reached several agreements: to address a list of prioritised locations of alleged gravesites, to conduct six joint field excavations (ongoing), to jointly examine five sets of human remains at the Pristina Institute of Forensic Medicine and to repatriate four sets of remains from Pristina to Belgrade.



The SWG technical session planned for January 2025 was postponed. Nevertheless, in March 2025, the ICRC facilitated a joint meeting between forensic experts from both Delegations to address cases of unidentified human remains. In June 2025, ICRC chaired a WG meeting on Missing Persons, where both parties committed to address several prioritised locations of alleged gravesites in Kosovo and Serbia. Delegations agreed to resume meetings at technical level, and the next session of the sub-WG on Forensic Issues should take place in mid-September 2025 in Belgrade.

The terms of reference of the Joint Commission to oversee the implementation of Declaration on Missing Persons endorsed at the high-level, EU-facilitated Dialogue meeting on 2 May 2023 were agreed in December 2024, marking the first step in implementation.

Kosovo maintained good relations with **Albania**. The assemblies of Albania and Kosovo held a joint plenary session in December 2024. On 18 March 2025, Kosovo, Albania and Croatia signed trilateral declaration on defence to promote defence capabilities and counter hybrid threats.

Kosovo has good neighbourly relations with **Montenegro**. Although there were no high-level meetings, the two continued cross-border cooperation under the 2021-2027 IPA III Cross Border Cooperation programme.

Kosovo had continuing good bilateral relations with **North Macedonia**. On 18 November 2024, both governments held a joint session in Pristina where they announced the establishment of joint checkpoints at the two main border crossings.

Relations with **Bosnia and Herzegovina** have evolved, with rare but occasional, bilateral meetings. The Prime Minister visited Sarajevo in December 2024, and Bosnia and Herzegovina's foreign minister visited Pristina in May 2025. Even though Bosnia and Herzegovina has not ratified the Agreement on Freedom of Movement with Identity Cards under the Berlin Process, Kosovo unilaterally abolished the visa requirement for ID-card holders from Bosnia and Herzegovina on 1 January 2025.

Kosovo continued to maintain good relations with **Türkiye**, including in the political, defence, economic and cultural sectors. In December 2024, Kosovo's PM has signed an agreement with Türkiye's state-owned defence manufacturer, Machinery and Chemical Industry Co. (MKE), to establish an ammunition factory in Kosovo.

**Georgia, Moldova and Ukraine** have no formal relations with Kosovo, as they do not recognise Kosovo's independence. **Serbia and Bosnia and Herzegovina** have also not recognised Kosovo, but they interact as part of regional cooperation.

#### 4. NORMALISATION OF RELATIONS BETWEEN KOSOVO AND SERBIA

The EU-facilitated Dialogue on normalisation of relations between Kosovo and Serbia continued in the reporting period with regular Dialogue meetings on the level of Chief Negotiators.

Both Kosovo and Serbia are expected to implement all of their respective obligations stemming from the Agreement on the Path to Normalisation and its Implementation Annex, as well as all past Dialogue agreements, in line with the official recommitment made in September and October 2024 respectively. This includes the establishment of the Association/Community of Serb Majority Municipalities (A/CSM). Kosovo is expected to start the process leading its establishment, while Serbia is expected to start delivering on its obligations from the Agreement in parallel by initiating the recognition of Kosovo's documents, symbols and institutions. The Agreement is valid and legally binding for the parties and any formalities, including related to its adoption or "formalisation", should not stand in the way of making progress in its implementation. The constructiveness of the Parties will be assessed based solely on their own implementation performance. Normalisation of relations and implementing their Dialogue commitments remain essential conditions on the European path of both Parties and both risk losing important opportunities in the absence of progress.

In January 2025, the Council appointed Peter Sørensen as EU Special Representative for the Belgrade-Pristina Dialogue, to assist High-Representative/Vice-President in taking forward the normalisation talks.

During the reporting period, the situation in the north of Kosovo remained calm but fragile. In November 2024, an attack on the Ibër-Lepenc/Ibar-Lepenac canal in the north of Kosovo took place for which perpetrators still have to be apprehended and brought to justice. In summer 2025, a series of arrests by both Kosovo and Serbia, including the Assistant Director of the Serbian Office for Kosovo Igor Popović (later released), temporarily negatively affected the normalisation process. In this context, Serbia is expected to comply with the 2015 Justice Agreement stipulating that criminal proceedings for offences in Kosovo are to take place in principle in front of Kosovo courts, notably in the case of arrest of Arbnor Spahiu. Kosovo repeatedly conducted activities contrary to its obligations under the Dialogue, including police operations against Serbia-supported structures and services in the north. Kosovo also arrested and immediately deported Kosovo citizens working for Serbian security structures and constructed two new bridges in Mitrovica in the vicinity of the main bridge. These actions are not in line with the spirit of normalisation. The EU expressed concerns about the recurrent lack of coordination by Kosovo and the negative impact on local communities and their access to basic public and social services, while reiterating that the actions undermine efforts towards sustained de-escalation – most recently in its statement of 16 May 2025. Serbia repeatedly conducted activities contrary to its obligations under the Agreement on the Path to Normalisation by lobbying against Kosovo's membership in international organisations. The normalisation process continues to be impacted by insufficient steps by Serbia to ensure accountability for the violent attack by armed Kosovo Serb assailants against Kosovo Police on 24 September 2023 in Banjska/Banjskë, which constituted the gravest escalation in recent years.

When it comes to the state of play on implementation of all Dialogue agreements:

- The withdrawal of Kosovo Serbs from Kosovo institutions in November 2022 and the boycott of local elections in the north of Kosovo in April 2023 violate Serbia's Dialogue obligations and they constitute severe backsliding in Serbia's compliance with the April 2013 "First agreement of principles governing the normalisation of relations" and direct violation of the Justice Agreement of 2015. At the time of reporting, both Parties are not complying with the 2013 "First agreement of principles governing the normalisation of relations" and the 2015 Justice Agreement. The EU welcomed the participation of Kosovo Serbs in the parliamentary elections on 9 February 2025 and local elections in Kosovo on 12 October 2025 as a first step towards return of Kosovo Serbs to Kosovo institutions. The EU recalls that the return of Kosovo Serb officials to Kosovo institutions, including judiciary and law enforcement, has to be done in accordance with past Dialogue agreements and with full respect for Kosovo's legal framework.
- There has been no further progress on the implementation of the August 2015 Agreement, which laid down the principles for establishing the A/CSM. Kosovo and Serbia are urged to engage constructively on the establishment of the A/CSM based on the European Draft Statute presented to the Parties in October 2023 with no further delay. This obligation forms a part of the implementation of the Agreement on the Path to Normalisation of Relations, which the Parties are expected to advance on, as recalled by the European Council in October 2023. The status of Serbia-supported structures and services in Kosovo needs to be addressed in line with agreements reached in the EU-facilitated Dialogue and Kosovo law and not through uncoordinated measures.
- The works on the *Austerlitz* bridge in Mitrovica, as well as additional assessments and consultations have been completed. The position of the EU remains that the bridge should be opened. The opening has to be coordinated with security partners.
- The implementation of the 2013 and 2015 Energy agreements and 2022 Energy Roadmap continued. Serbia is encouraged to allocate cross-border capacities to Kosovo and fulfil its longstanding obligation under the Energy Community Treaty.
- As regards the technical Dialogue agreements (2011-2012), some are not or only partially implemented. Until sustainable solutions are found, both Parties need to remain committed to the continued implementation of the Arrangements on Regional Representation and Cooperation, which enables Kosovo's participation in regional forums. Neither Party should block the work of regional forums over bilateral disputes. The implementation of the Agreements on cadastre and acceptance of university diplomas agreements is still pending due



to non-implementation by Serbia. Serbia also has yet to address the issue of re-located Serbian administrative customs structures with Kosovo denomination that operate from within Serbia.

- On IBM, the Interim Common Crossing-Points (CCPs) between Kosovo and Serbia continue to be operational. Only two of the six permanent CCPs have been established (Merdare and Mutivodë/Mutivode). Serbia still has not established permanent CCPs to be hosted by their side (Jarinje/Rudnica, Končulj/Dheu i Bardhë and Depce/Muçibabë), which led to a suspension of EU funds for this project in July 2018. In addition, Serbia needs to engage constructively to enable the construction of the third CCP hosted by Kosovo in the north of Kosovo at Tabavije/Bërnjak-Tabalije/Brnjak. Additional efforts are required from Serbia to close illegal roads and bypasses to ensure exclusive use of official crossing points for goods and persons entering into or leaving Kosovo. While a first discussion on harmonisation of phytosanitary and veterinary certificates took place at technical level on 23 April 2025, Serbia should allow the resumption of the EU-facilitated joint IBM meetings at all levels (local, regional and central).
- On freedom of movement, the EU welcomes the phasing out of plates with Kosovo cities' denomination issued by Serbia and the mutual recognition of licence plates, which took place in December 2023 and January 2024. The full implementation of the Freedom of Movement agreements still requires additional steps. In this context, Kosovo is encouraged to offer an effective registration process to all citizens for obtaining personal documents and Kosovo licence plates.
- Both Parties need to fully respect the Telecoms Agreement and not put its hitherto successful implementation at risk in any way. The Parties are also expected to engage constructively and find through the Dialogue sustainable solutions to the remaining issues such as frequency harmonisation and postal services.
- The processing of mutual legal assistance (MLA) requests has been stopped by Serbia. Serbia needs to resume the MLA processing immediately in line with established and previously respected practice and address also pending requests. Judicial cooperation in criminal matters and civil cases is covered by MLA and not police cooperation.
- Both Parties need to respect the Arrangements for Official Visits in good faith and without preconditions. Almost no visits took place during the reporting period. Both Kosovo and Serbia need to allow the visits of their respective Chief Negotiator, other government officials and religious authorities when they are announced and conducted in line with the Arrangements, which has not always been the case. Official visitors are expected to refrain from divisive statements or behaviour.
- Limited progress has been made in the implementation of the political Declaration on Missing Persons adopted in May 2023 with the 17 December 2024 agreement on the Terms of Reference for the Joint Commission to be established as per the Declaration. The Parties are encouraged to refrain from politisation of this humanitarian issue and start implementing the Declaration immediately by holding a first meeting of the Joint Commission.

Overall, Kosovo and Serbia have participated in the Dialogue, but they need to demonstrate more serious and constructive commitment to advance the normalisation process. Moving forward, Kosovo and Serbia also need to make further substantial efforts to avoid actions that undermine stability and rhetoric that is not conducive to dialogue and reconciliation.

## 5. EUROPEAN STANDARDS

### CLUSTER 2: INTERNAL MARKET

This cluster covers: the free movement of goods (Chapter 1); freedom of movement for workers (Chapter 2); right of establishment and freedom to provide services (Chapter 3); free movement of capital (Chapter 4); company law (Chapter 6); intellectual property law (Chapter 7); competition policy (Chapter 8); financial services (Chapter 9), and consumer and health protection (Chapter 28).

## Chapter 1 – Free movement of goods

*The free movement of goods ensures that many products can be traded freely across the EU based on common rules and procedures. Where products are governed by national rules, the principle of the free movement of goods prevents these rules from creating unjustified barriers to trade.*

### General principles

Regarding the **general principles**, there was no progress to align with the New Legislative Framework in the areas of, market surveillance and compliance of products and mutual recognition of goods.

### Non-harmonised areas

The screening of Kosovo's legislation to eliminate trade barriers and to ensure alignment with the obligations under **Articles 34-36** of the Treaty on the Functioning of the European Union (TFEU) continues to progress slowly due to limited capacity and human resources.

### Harmonised area: quality infrastructure

The **Standardisation** Agency is still not able to become a full member of the Committee for Standardisation (CEN)/European Committee for Electro-technical Standardisation (CENELEC) due to the status of Kosovo. Its online e-standard system remains partly compatible with that of CEN/CENELEC; alternative solutions are needed to adopt standards more quickly. A new Regulation on internal organisation and systematisation of jobs has been adopted. The **Accreditation** Directorate of Kosovo (DAK) has not yet signed a European Accreditation Multilateral Agreement (EAMLA). The number of conformity assessment bodies in Kosovo has increased to 73.

The newly adopted Law on the Central Inspectorate of **Market Surveillance** is currently under Constitutional Court review on procedural grounds. During the reporting period, 4742 market surveillance inspections were carried out, leading to 559 fines, and 136 cases were sent to the court. The **Metrology** Agency is not yet an associated member of the European Association of National Metrology Institutes (EURAMET). The standardisation, accreditation, metrology and market surveillance bodies still have insufficient capacity and staffing.

### Harmonised area: sectoral legislation

There was no progress on alignment with the EU '**new and global approach**' *product acquis*. There was also no progress on alignment with the EU '**old approach**' *product acquis*, including on vehicles, REACH and chemical labelling (CLP), or on **procedural measures**. Sufficient staffing to implement the EU *acquis* in these areas needs to be ensured.

## Chapter 2 – Freedom of movement for workers

*Citizens of one EU Member State have the right to work in another Member State and must be given the same working and social conditions as other workers.*

Regarding **access to the labour market**, there were no legislative developments in the reporting period. Kosovo's legislation remains not aligned with the EU *acquis* on access to the labour market. Work permits are still required for EU nationals and their family members to be eligible to work in Kosovo. Kosovo's Employment Agency issued 193 short-term work permits in 2024, of which 53% (102) were for EU nationals. There are no quotas for such permits. EU citizens do not have access to public posts.

There has been no progress on preparatory work for participating in the **European network of employment services (EURES)**.

On the **coordination of social security systems**, one new agreement was signed with Croatia. The negotiations on two other agreements (with Austria and Türkiye) were finalised, and are awaiting signature by the government, and ratification by the Assembly. Negotiations on a similar agreement are ongoing with Slovenia.

There was no progress on the **European Health Insurance Card (EHIC)** over the reporting period.

### Chapter 3 – Right of establishment and freedom to provide services

*EU natural and legal persons have the right to establish themselves in any Member State and to provide cross-border services. For certain regulated professions, there are rules on mutual recognition of qualifications. EU rules on postal services focus on improving the quality of universal service, gradual market opening to competition, and the establishment of an independent regulator.*

On the **right of establishment and freedom to provide services**, Kosovo remains partially aligned with the EU *acquis* on services. The implementation of the action plan to align with the Directive on services in the Internal Market (2024-2026) is progressing slowly, due to a persistent lack of administrative capacities within the Ministry for Industry, Entrepreneurship and Trade, and insufficient inter-institutional coordination.

Further efforts are needed to transform the point of single contact (PSC) into a user-friendly online service delivery point. The number of professions registered therein has slightly increased. Kosovo has yet to ratify the CEFTA Additional Protocol 6 on trade in services.

On **postal services**, Kosovo's postal market has been opened to competition and the legislation is compliant with the Postal Services Directive. Kosovo still needs to align its legislation with the Regulation on cross-border parcel delivery services. There is one universal service provider and 29 other operators active in the postal market. The national regulatory authority needs to be strengthened to monitor and enforce the new rules in the postal market.

Some progress has been made in the area of **regulated professions**. A concept document for a draft law on the **recognition of professional qualifications** is pending submission to the government for approval. Additionally, a new act that defines minimum training requirements for professions benefiting from automatic recognition is also under preparation. Universities that award qualifications for these seven sectoral professions have approved revisions to their training programs, and some have started aligning these programs with the Directive on the recognition of professional qualifications. Existing laws regulating these professions have been reviewed for compliance with the EU *acquis* with the help of technical assistance, and a List of Regulated Professions has been published. However, the Division for Regulated Professions within the Ministry of Education remains understaffed and needs strengthening, along with other ministries that serve as competent authorities.

### Chapter 4 – Free movement of capital

*In the EU, capital and investment must be able to move without restrictions, with common rules for cross-border payments. Banks and other economic operators apply certain rules to support the fight against money laundering and terrorist financing.*

The area of **capital movements** is largely liberalised and aims to align with the EU *acquis*. Although Kosovo has enacted a regulation on foreign exchange risks, it sets out maximum limits of net open foreign currency position for banks as a percentage of their capital. These limits constitute restrictions to the free movement of capital.

Kosovo made good progress in the area of **payments**. In December 2024, the Law on payment services was adopted, aiming to align further with the EU Payment Services Directive (PSD2), but its enforcement is pending due to an ongoing review by the Constitutional Court on procedural grounds. On 24 May 2025, the Central Bank of Kosovo joined the European Automated Clearing House Association (EACHA) to share experience related to instant payment solutions.

While cash payments continue to dominate the economy, good progress has been made in increasing electronic payments by 9.5%, and payment transactions by 16.3% during 2024. There was also an increase in the number of licensed financial institutions in 2024, primarily in the northern municipalities of Kosovo, which has expanded the coverage of payment services and promoted financial inclusion for underserved customers.

In December 2024, Kosovo adopted a new **Law on anti-money laundering and combating terrorist financing** (AML/CFT), aiming for further alignment with the fourth and fifth Anti-Money Laundering Directives. However, this Law is also awaiting review by the Constitutional Court on procedural

grounds. Following the Constitutional Court's decision in June 2024, which declared the Law on the State Bureau for Verification and Confiscation of Unjustified Assets unconstitutional, an amended version of this Law was adopted by the Assembly in December 2024 but was again challenged in the Constitutional Court. Once the Law takes effect, additional measures will be necessary for implementation and procedures for cooperation with the State Bureau and other relevant institutions.

A new Law on the Register of Beneficial Owners came into force in December 2024 and is pending implementation. It aims to enhance transparency of ownership and control, by introducing the Central Register of Beneficial Owners. Additionally, the adopted Law on Crypto Assets aims to partially align with the EU *acquis* on AML/CFT. Kosovo should develop secondary legislation for effective implementation.

Supervisory capabilities in the fight against money laundering and terrorist financing have improved. The Central Bank shifted from a rule-based to the risk-based supervision framework by adopting a manual on risk-based supervision for the prevention of money laundering and combating the financing of terrorism, as required by international and FATF standards. In March 2025, the Interagency Working Group on National Risk Assessment and Management completed the national risk assessment on money laundering and terrorist financing.

In 2024, Kosovo received 886 suspicious transaction reports, similar to the 888 reports received in 2023. Kosovo still needs to strengthen inter-institutional cooperation to address these issues effectively (*on AML/CFT see also under chapter 24 - Justice, freedom and security*).

## Chapter 6 – Company law

*The EU has common rules on the formation, registration and disclosure requirements of a company, with complementary rules for accounting and financial reporting, and statutory audit.*

On **company law and corporate governance**, Kosovo's legislation is partially aligned with the EU *acquis*. The draft Law on business organisations has been finalised and has completed public consultation. However, it still requires approval from the government and adoption by the Assembly. This law should regulate specific fields required by the EU company law *acquis*, that are still missing in Kosovo's legislation, such as the minimum capital requirement, shareholders' rights (including the encouragement of long-term shareholder engagement), company takeover bids and the disclosure of information about companies and their branches. In addition, the law should comply with the Directive on the use of digital tools and the Directive on cross-border operations, including mergers, divisions and conversions.

The Kosovo Business Registration Agency needs to improve its technical infrastructure, specifically its database, and implement concrete plans to connect with the Business Register Interconnection System (BRIS) by the time of EU accession. Since June 2025, it has been possible to submit company registration applications online via the e-Kosova platform, and the business register has introduced the option of issuing registration certificates digitally, bearing an official electronic seal and signature. Further efforts to digitalise the registration process are ongoing.

On **company reporting**, Kosovo's legislation is only partially aligned with the EU *acquis*. In December 2024, Kosovo adopted amendments to the Law on Accounting, Financial Reporting and Audit, but these amendments are currently under review by the Constitutional Court due to procedural concerns, along with other legislation. The existing Law requires that information, including financial statements, be disclosed by both the Business Registration Agency and the Kosovo Council for Financial Reporting. Over the past year, the Kosovo Council for Financial Reporting has resumed its reporting activities and the publication of accounting documents. However, the mandates of the Council and its bodies –which include the Public Audit Oversight Board, the Investigation and Disciplinary Committee, the Licensing Committee and the Accounting and Auditing Standards Committee -- expired in December 2024. Additionally, current reporting requirements do not mandate the publication of companies in specific legal situations, such as those under insolvency proceedings. There is still no legal obligation to publish financial statements and audit reports for public and private limited liability companies in the business register.



**Statutory audits** in Kosovo comply with international standards, however reporting requirements for large companies are not enforced.

## Chapter 7 – Intellectual property law

*The EU has to a large extent harmonised rules for the legal protection and enforcement of intellectual property rights (IPR), covering notably patents, biotechnological inventions and pharmaceuticals, including supplementary protection certificates (SPCs), trade marks, designs, geographical indications (GIs), including craft and industrial GIs, as well as copyright and related rights.*

The new Law on **copyright and related rights** entered into force in October 2023 and Kosovo started adopting key sub-legal acts, including a Regulation on procedures for granting and revoking licences of collective management organisations and a Regulation on the procedure and selection of mediators in copyright matters. Despite legislation seeming to be partially aligned with the EU *acquis*, practical implementation poses challenges, particularly regarding enforcement mechanisms and institutional capacity. The Office for Copyright and Related Rights continues operating with just one staff member, highlighting the urgent need for additional resources to ensure effective implementation. Moreover, a collective management organisation (CMO) for literary and visual rights holders has yet to be established.

During the reporting period, enforcement institutions and police forces seized at least 3 275 pirated goods and copyright-infringing materials.

In the field of **industrial property rights**, the Industrial Property Agency remains understaffed, despite reforms to its internal structure, and progress in digitalisation of services, starting to improve online registers. Although there are laws governing patents, trademarks, designs, trade secrets, and topographies of semiconductor products, the Agency still lacks a comprehensive strategy for industrial property. Kosovo's new Industrial Property Programme for 2025-2027 aims to strengthen the system in line with international best practices, promote economic growth along with social and technological development and combat counterfeiting.

In 2024, the Agency received 2 171 applications for trademark protection, 11 for patents and 65 for industrial designs. It registered 2 188 trademarks, three patents and 40 industrial designs. Additionally, the Agency issued 8 716 official documents, resolved 323 trademark oppositions, and published eight Official Bulletins listing 4 397 industrial property objects.

Some **enforcement** actions have been carried out, however, the State Intellectual Property Council and the Task Force against Piracy remain under-resourced and lack effective coordination tools, such as an integrated e-platform. Lengthy procedures and weak sanctions continue to hinder IPR enforcement. Kosovo Customs has reported again multiple large-scale seizures this year.

While the Commercial Court handles IPR-related cases efficiently, collaboration with the European Union Intellectual Property Office (EUIPO) remains limited, hindering access to necessary support and resources.

Copyright infringement remains a concern, especially in the publishing and education sectors, as shown by the Anti-Piracy Task Force's seizure of approximately 3 000 school and academic books in September 2024 and its continued actions in 2025. The capacities of enforcement bodies remain limited, and coordination gaps persist, underscoring the need for stronger policies and institutional support for authors and creators.

Collaboration with the EU, EFTA, and the U.S. Department of Commerce highlights Kosovo's efforts to align its IPR framework with international standards and best practices. Engaging in discussions about effective IPR enforcement and cross-sector collaboration is crucial for addressing challenges related to piracy and counterfeiting.

## Chapter 8 – Competition policy

*EU rules protect free competition. These include antitrust rules against restrictive agreements between companies and abuse of dominant position and also include rules on concentrations between companies*



*which would significantly impede effective competition. EU rules also set out a system of State aid control. Governments are only allowed to grant State aid if restrictive conditions are met, with a view to preventing distortion of competition.*

#### Antitrust and mergers

The **legislative framework** on antitrust and mergers is partially aligned with the EU *acquis*, but no progress has been made in further alignment.

On the **institutional framework**, the Kosovo Competition Authority (KCA) implements the legal framework and the Kosovo Competition Commission (KCC) acts as the decision-making body.

On the **capacity to enforce competition**, the KCC was fully functional in 2024, but one member resigned in February 2025 after his election to the Assembly. The KCA needs additional staff to cope with the growing workload and requested approval for 11 new positions.

Institutional collaboration with the Procurement Review Body has improved, but the KCA faced challenges from the public and media during its study on bid-rigging in public procurement.

On **implementation**, by April 2025, the KCA had issued 36 decisions on prohibited agreements, dominant market positions and mergers in sectors such as telecommunications, steel processing, cement, essential products and energy and two professional opinions. The KCA faced significant pressure from the media, public institutions and the public regarding its investigations, particularly those related to bid-rigging in public procurement, high prices for essential goods and market concentration.

Progress was made in enforcing competition rules by imposing fines or remedies following decisions taken by the KCA, albeit to a limited extent. Case numbers remain low, no dawn raids were carried out, and the leniency programme was not utilised. Training for Kosovo judges and prosecutors by the KCA on key aspects of competition law was discontinued due to a lack of specific expertise within the KCA. However, the KCA conducted awareness-raising and advocacy efforts for judges in the field of competition law.

#### State aid

The **legislative framework** on State aid remains broadly aligned with the EU *acquis*, but no progress was made in view of further amending the legislative framework during the reporting period to reflect recent changes at EU level. The draft Law on State aid, and other significant by-laws related to horizontal aid, including block exemptions, services of general economic interest (SGEI) and regional aid, have not yet been adopted.

On the **institutional framework**, there has been no progress in addressing the expired mandate of the State Aid Commission, and the government has not established a new Commission. As a result, State aid control remains on hold. The State Aid Department, as part of the Ministry of Finance, Labour and Transfers, is responsible for assessing State aid proposals, drafting reports for the State Aid Commission, and updating the State aid inventory. All management positions within the Department have been filled, and recruitment for 10 additional staff positions is yet to be conducted, pending the establishment of a new government.

On **implementation**, without a functioning State Aid Commission, no decisions could be made during the reporting period. For the third consecutive year, annual reports on State aid have not been submitted to the Assembly for adoption. The State Aid Department re-started the training of local and regional State aid providers during spring 2025.

#### Liberalisation

Public undertakings in Kosovo are subject to both the Law on competition and the Law on State aid. Kosovo does have commercial monopolies in accordance with Article 37 TFEU. In addition to providing information to aid-granting institutions at central and local levels, awareness of the need to apply State aid rules should also be raised with regard to the activities of publicly owned enterprises.

## Chapter 9 – Financial services

*EU rules aim at ensuring fair competition among financial institutions, and the stability and integrity of financial markets, namely in the field of banking, insurance, supplementary pensions, investment services and securities. They include rules on authorisation, operation and supervision of these institutions.*

**On banks and financial conglomerates,** Kosovo amended the Law on banks, aiming to further align its legal framework with the *acquis* on capital requirements and on the bank recovery and resolution framework. However, the Law on banks was challenged at the Constitutional Court and is pending a Court's review. Most of the provisions in relation to capital and liquidity are now based on EU legislation. 6. The CBK adopted a new regulation that sets macroprudential capital buffer requirements for banks in Kosovo to ensure financial stability and contain systemic risks. It also adopted a roadmap for the implementation of the Supervisory Review and Evaluation Process (SREP), based on the European Banking Authority's (EBA) norms and new guidelines. Institutional capacity, data collection and technological tools need to be enhanced to effectively implement SREP. The financial sector remains resilient with high capitalisation levels of the predominantly foreign-owned banking sector. Although credit risk remains contained, risks exist as a result of rapid credit expansion in the household segment. As regards alignment with the EU *acquis* on bank recovery and resolution, the amended Law on banks introduces the so-called Official administration process which provides for the power of the CBK to appoint an Official administrator. A fully-fledged recovery and resolution framework, including a functioning resolution authority and a resolution fund, is yet to be established. Whereas the Kosovo Deposit Insurance Fund has increased its available financial means and the target fund ratio, Kosovo should further align with the EU Deposit Guarantee Scheme Directive.

Regarding **insurance and occupational pensions**, there was no progress in liberalising prices or aligning Motor Third Party Liabilities tariffs based on risk assessments. Due to status issues, Kosovo remains outside the green card system. During the reporting period, there was no progress or development in relation to occupational pensions.

**Securities markets and investment services** are still in their early stages, as are most activity centres on the market for government bonds, auctioned by the CBK. Kosovo's financial market infrastructure is not in line with the EU *acquis* and no progress was made over the reporting period.

**On sustainable and digital finance**, the CBK approved a roadmap for managing and overseeing climate and environmental risks in the financial sector. The Kosovo Credit Guarantee Fund can guarantee up to 80% of loan portfolios of financial institutions to MSMEs in areas such as energy efficiency and sustainable agriculture. So far, the Fund has issued EUR 414 million in guarantees and EUR 799 million in guaranteed loans. Kosovo should continue efforts to align its legislative framework with the EU *acquis* on digital finance.

## Chapter 28 – Consumer and health protection

*EU rules protect consumers' economic interests also ensure product safety, prevent dangerous imitations and establish liability for defective products. The EU also guarantees a high level of protection of public health and in particular also ensures high common standards for tobacco control, blood, tissues, cells and organ, and human and veterinary medicinal products. The EU also has rules for upholding patients' rights in cross-border healthcare and in preparing for and responding to serious cross-border health threats, including communicable diseases.*

### Consumer protection

On horizontal aspects, the new consumer protection law was adopted in the Assembly but returned by the President for reconsideration. Enforcement of consumer rights and private sector remains limited. The administrative capacities in the area of market surveillance and product safety need to be further strengthened (*see also Chapter 1 on market surveillance*). Kosovo is yet to align with the new *acquis* on general product safety, and there is no rapid alert system in place for safety-related information concerning consumer products. On non-safety issues, the weakness of consumer rights organisations remains a challenge.

## Public health

On **public health** policy, Kosovo adopted its 2025-2030 Health Sector Strategy, relevant by-laws, administrative instructions and clinical protocols. However, the implementation of the initiated reforms in the health sector has been slow, and the quality of healthcare remains a concern. Health expenditure, as part of the overall GDP, remains low compared to regional counterparts and significantly lower than the EU average, yet even allocated health funding is not fully used. Out-of-pocket expenditures are estimated to be around 40%. Despite improvements, life expectancy at birth remains lower than the EU average. Child mortality declined but remains the highest in the region and significantly higher than the EU average.

Kosovo made very limited progress towards achieving Universal Health Coverage (UHC). There is still a lack of strategic purchasing resulting in significant inefficiencies in the health system.

Work on Kosovo's **e-Health** information system is ongoing. The Ministry of Health has developed a new digital health governing structure and has adopted a Digital Health Blueprint to guide the health information system.

**Non-communicable diseases (NCDs)** are the leading cause of death, while actions to reduce the NCDs risk factors are scarce. Standardised clinical protocols for the prevention and treatment of NCDs are not available. The Law on **tobacco control** is still not enforced comprehensively.

**Mental health** services remain integrated. Kosovo is currently in the process of revising the Law on mental health to better align it to the EU *acquis*.

While the legislation on **blood, tissues, cells and organs** is partly aligned with the EU *acquis*, implementation is hampered by a lack of capacity and resources. In 2024, Kosovo established a Division for Biomedicine to advance on this area.

On **communicable diseases** and serious **cross-border threats to health**, Kosovo strengthened its capacities by including all 74 diseases as per EU recommendations and adopted its first-ever National Action Plan for Health Security. Routine immunisation is improving, reaching 89 per cent coverage in 2024; however, coverage remains below 40% among Roma, Ashkali, and Egyptian communities. Kosovo achieved 85% coverage for the new Human Papilloma Virus (HPV) vaccine among the first cohort.

There has been no progress on alignment on **patients' rights in cross-border healthcare**, on human and veterinary **medicinal products**, which are all partially aligned with the EU *acquis*, or on **health technology assessment**. There were also no developments on reducing the harmful use of alcohol, on **drug abuse and prevention**, or on **nutrition and physical activity**. Kosovo needs to implement stricter controls on prescriptions of antimicrobials for human and veterinary use to bolster its efforts on antimicrobial resistance.

The **cancer screening** programme in Kosovo, is not performed systematically. The cancer registry is not yet fully functional. The list of essential medicines has been updated.

**Health inequalities** continue to remain a serious concern. The financial burden has been particularly difficult for the vulnerable and poor segments of society including people with chronic conditions. Women's access to healthcare and sexual and reproductive health (SRH) services is legally recognized in Kosovo. However, challenges remain in ensuring that all individuals have equitable access to these services, including children with disabilities.

On anti-corruption with regard to health protection, MoH launched its Institutional Integrity Plan with the view of promoting transparency and accountability by ensuring fulfilment of its role in protection and improvement of citizens' health in Kosovo.

## CLUSTER 3: COMPETITIVENESS AND INCLUSIVE GROWTH

This cluster covers: digital transformation and media (Chapter 10); taxation (Chapter 16); economic and monetary policy (Chapter 17); social policy and employment (Chapter 19); industrial policy

(Chapter 20), science and research (Chapter 25); education and culture (Chapter 26); and the customs union (Chapter 29).

## Chapter 10 - Digital transformation and media

*The EU supports the smooth functioning of the internal market for electronic communications, electronic commerce and audiovisual services. The rules protect consumers and support the universal availability of modern services.*

In the area of **electronic communications**, 107.3% of households had access to the internet in Q2 2025 (also possibly indicating several connections per household). Kosovo has 100% broadband coverage.

Challenges remain in developing high-speed broadband infrastructure, including limited private sector investment capacities, an outdated cable network. While the legislative framework for broadband cost reduction is aligned with the EU *acquis* (BCRD Directive), administrative burdens related to construction works persist due to incomplete harmonisation of legacy legislation. Kosovo needs to align with the European Electronic Communications Code, finalise the new Law on electronic communications, and align with the EU Gigabit Infrastructure Act (revising the Broadband Cost Reduction Directive), the EU Connectivity Toolbox and the revised Guidelines on State aid for developing broadband networks.

The resources of the Electronic and Postal Communications Regulatory Authority remain disproportionally limited. Alignment with the Digital Services Acts and Digital Markets Act needs to be stepped up.

Kosovo made some progress in the area of **digital services** with 230 online services now available on the e-Kosova platform. Only 10% of public services are available online. Kosovo still needs to align with the EU *acquis* on open data and the reuse of public-sector information. Kosovo should also align with the European Interoperability Framework and the Interoperable Europe Act. Authorities need to ensure and facilitate equal access to online services for everyone and to step up action to align the legal framework with the Digital Services Act (DSA) and Digital Markets Act (DMA).

Regarding **digital trust and cybersecurity**, on the Law on Cybersecurity, authorities in Kosovo must accelerate efforts to transpose and implement the NIS 2 Directive by end of 2025. The government has adopted 8 out of 14 pieces of secondary legislation stemming from the Law on cybersecurity. The government needs to operationalise both the Cybersecurity Agency and the National Cyber Security Council. A State Cybersecurity Training Centre has been established and a working group has prepared a list of Operators of Essential Services (OES) and Digital Service Providers (DSP) of essential and important entities. Authorities also need to develop comprehensive policies to ensure a safer internet for children. The upgraded Kosovo Police Cybercrime Directorate is expanding its staff from nine to 24 officers. Kosovo needs to continue the implementation of the EU 5G Cybersecurity Toolbox measures.

Kosovo should ensure alignment with the new EU Digital Identity Framework. The deployment of the government's national eID and eWallet is progressing with the launch of the piloting phase.

Kosovo is invited to fully align with the EU's Artificial Intelligence Act, ensuring the necessary enforcement structures.

On **media**, in January 2025 the IMC lost quorum, with the number of members shrinking to three. Overall, this hindered its decision-making ability, including during the electoral campaign (*See the fundamental rights section in chapter 23*).

## Chapter 16 - Taxation

*EU rules on taxation cover value-added tax, excise duties and aspects of corporate taxation. They also cover cooperation between tax administrations, including the exchange of information to prevent tax evasion.*

In the area of **indirect taxation**, VAT rates are aligned with the EU *acquis*. During the reporting period, TAK collected revenues in the amount of over EUR 977 million, representing an 11.6% increase



compared to the same period last year. The tax debt in arrears collected during the same timeframe amounted to EUR 179 million, or an 8% increase compared to 2024. VAT refund applications were treated within 25.4 days on average.

On **administrative cooperation and mutual assistance**, due to status issues, Kosovo has not been able to join the BEPS inclusive framework or the OECD -Council of Europe Convention on Mutual administrative assistance on tax matters. No new double taxation agreements were signed. TAK made significant progress in establishing procedures and drafting transfer pricing rules in compliance with OECD guidelines. TAK should continue to build technical and human capacities in the area of transfer pricing aiming at preventing tax evasion through profit shifting. TAK should prioritise tackling international tax avoidance and evasion practices while building technical capacities to manage international tax risks. Progress was made in the implementation of modern Compliance Risk Management methodologies. No formal tax gap assessment has been performed so far.

On **operational capacity and digitalisation**, TAK continued to advance in service digitalisation and service delivery, particularly by stepping up the fight against informal employment and non-declaration of taxes. Joint teams with other law enforcement institutions in Kosovo in the area of money laundering represent an important step in fighting tax evasion crimes. TAK needs to further strengthen professional capacities and improve the effectiveness of tax audit functions. The IT infrastructure of the TAK remains outdated.

## Chapter 17 – Economic and monetary policy

*EU rules require the independence of central banks and prohibit them from directly financing the public sector. Member States coordinate their economic policies and are subject to fiscal, economic and financial surveillance.*

Fiscal policy remains the main macroeconomic policy instrument, as Kosovo lacks an independent **monetary policy** and does not have standard monetary policy tools at its disposal. Kosovo's use of the euro as a legal tender is fully distinct from the membership in the euro area.

The CBK completed an internal reorganisation and strengthened its human resources framework to attract and retain talent. An ongoing review will guide amendments to the CBK law with the aim of further strengthening governance. A new division for cybersecurity has been created to strengthen capacities. In April 2025, the CBK approved a new cybersecurity strategy for 2025-2028.

On **economic policy**, fiscal rules are well-established in legislation and are mostly complied with. In the reporting period, the Ministry of Finance, Labour and Transfers, started working on a new Budget Framework Law (BFL) to update the fiscal framework in place since 2008. Among others, the BFL will modernize fiscal rules, aligning them more closely with the EU's new fiscal governance framework. While the medium-term expenditure framework (MTEF) is comprehensive and contains clear expenditure ceilings, there is a need to better link the annual budgetary process with the medium-term policy. To this end, strong political will and interinstitutional cooperation are necessary to transform the budget into a policy-planning tool and strengthen the medium-term budgetary framework. In addition, Kosovo still needs to establish an independent fiscal review body and enhance budget oversight. Efforts should continue towards a complete set of annual and quarterly national accounts. *(See also chapter 18)*

The 2025-2027 **Economic Reform Programme** (ERP) was submitted on time. The ERP projects a robust acceleration of economic activity in 2025-2027, mainly on the back of strong increases in investment and private consumption. However, there are significant downside risks to this outlook notably linked to weaknesses in the public investment management, geopolitical and trade tensions, sluggish economic activity in the main trading partners, and lower-than-expected remittances from the diaspora. The policy guidance set out in the conclusions of the Economic and Financial Dialogue of May 2024 has been partially implemented.



## Chapter 19 – Social policy and employment

*EU rules in the social field include minimum requirements for labour law, equality and non-discrimination, and health and safety at work. They also promote social inclusion and social protection, and social dialogue at European level.*

On **labour law**, in 2024, the Labour Inspectorate introduced a pilot Electronic Case Management System to improve the efficiency of inspection procedures. In parallel, the Ministry of Finance, Labour, and Transfers launched an online occupational safety and health course on the e-Kosova platform. During 2024, the number of reported non-fatal occupational accidents rose to 505, up from 319 in 2023. The number of occupational fatalities decreased from 11 in 2023 to seven in 2024. A new Law on compulsory health insurance was adopted through an accelerated procedure in December 2024 but is under Constitutional Court review on procedural grounds.

Kosovo postponed again the adoption of the amendments to the legislation on **labour** and on **health and safety at work**, which would ensure further alignment with the EU *acquis*. The government has however further increased the minimum wage from EUR 264 to EUR 350.

**Social dialogue** remains limited. The mandate of the Social Economic Council (SEC) expired in 2023, and no new members were appointed. The requirement by authorities that trade unions representing the public sector digitalise the registration of their members has resulted in significantly lower membership numbers, and the existing unions risk failing the current legal criteria to become SEC members. Trade unions in the private sector are almost non-existent. The capacity building of social partners, particularly in the private sector, needs to step up.

On **employment policy**, Kosovo has adopted a new employment and labour market strategy for 2024-2028 and its action plan. The overall activity rate stood at 43.2% in 2024, a slight increase compared to 2023 (40.7%). The huge gender gap, however, persists as 60.6% of those active in the labour market are men and only 25.9% are women.

Regarding labour force participation and unemployment rate, *see the statistical annex and the section on the functioning of the labour market under 2.3. Economic criteria.*

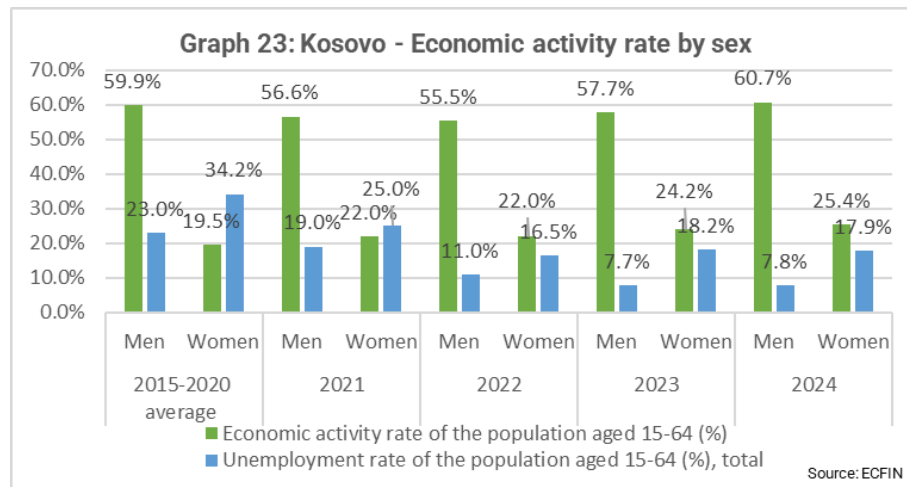
The piloting of the Youth Guarantee Implementation Plan, which was launched in two municipalities in May 2024 continued. The government finalised the restructuring plan for the Employment Agency. The labour market information system supporting evidence-based policymaking and planning is outdated and lacks operational capacity in critical areas.

On **social protection and inclusion**, first payments for social assistance scheme (SAS) beneficiaries qualified based on the new criteria started in October 2024, with 4 067 families having benefited by 31 August 2025. The reform is expected to modernise the service delivery systems into an integrated management information system (IMIS) and provide tailored training and other active labour market programmes. The procurement procedures for IMIS are ongoing. To address the insufficient capacities of the centres for social work at the local level, a substantial number of staff were recruited in the framework of the SAS project implementation. As part of the employment activation measures within the project, the employment services either provided training to or placed into employment 100 beneficiaries out of 4 000 participants identified as eligible to enter the labour market. Matchmaking efforts are ongoing for an additional 1 000 jobs offered by employers who have registered with the agency to recruit workforce.

Respective departments at the central level (the Department for Social Services and the Department for Child Protection) are understaffed. Kosovo should continue its efforts to ensure equal access of persons with disabilities to institutions, quality services, employment and education. Some steps were made in early 2025 with new regulations on status of blind, paraplegic and tetraplegic persons. The capacity of municipalities concerning service planning and delivery, data collection, gender analysis and integrated care is weak. No changes are registered regarding the number of children involved in work, an issue that is particularly prevalent among Kosovo Roma and Ashkali communities.

A national contact point for the **European Child Guarantee** has been nominated. Children with disabilities experience discrimination in access to quality preschool and other educational institutions

as well as to health and social services. Furthermore, children in vulnerable situations, such as those without parental care, living on the streets and victims of violence, or children from marginalised communities, including Roma, Ashkali and Egyptian children, encounter barriers in accessing equal opportunities.



More effort is needed to address **discrimination against women in employment and social policy**, particularly with regard to hiring procedures, promotion and pay. There are gaps in the implementation of legislation on equal opportunities. In the area of **equality between women and**

**men in employment and social policy**, increasing the availability of affordable child and elderly care services can help boost women's labour force participation. The labour inspectors and judges lack the knowledge to better address the issue of gender-based discrimination. In the area of **non-discrimination in employment and social policy**, Kosovo needs to align with the EU *acquis* as regards to the Employment Equality Directive and the Racial Equality Directive.

On the preparation for the **European Social Fund**, Kosovo has concluded the negotiations with the EU on its participation in the Employment and Social Innovation Strand of the European Social Fund+. The agreement is pending ratification in the parliament. (see also Chapter 22 – Regional policy and coordination of structural instruments).

## Chapter 20 – Enterprise and industrial policy

*EU industrial policy strengthens competitiveness, facilitates structural change and encourages a business-friendly environment that stimulates small and medium-sized enterprises (SMEs).*

As regards **enterprise and industrial policy**, Kosovo has a comprehensive strategy for industrial development and business support 2023-2030 in place. Kosovo needs to dedicate additional resources and close financing gaps for its successful implementation as the implementation rate of planned activities is below 40%, with 28% not implemented at all. A new Law on bankruptcy was adopted in 2024, further aligning the legal framework with the EU *acquis* on insolvency proceedings, preventive restructuring frameworks, the discharge of debt and disqualifications. The law on sustainable investments entered into force in September 2024. The adoption of the strategy to reduce the informal economy is delayed. The establishment of the beneficial ownership register began in August 2025. The government continued its dialogue with the private sector through formal platforms. The Ministry of Industry, Entrepreneurship and Trade increased support through grants for SMEs as part of the implementation of the strategy for industrial development and business support 2030.

Concerning **policy instruments**, the Kosovo Investment and Enterprise Support Agency is being transformed into the new Agency for Support to Enterprises and Innovation within the Ministry of Industry, Entrepreneurship and Trade, as per the new Law on sustainable investments. The establishment of the Agency for Investments and Export is facing delays. While the two agencies are expected to play an important role in assisting companies and attracting FDI, as well as in providing after-care services for investors, the delays in the functionalisation of the agencies leave these issues unaddressed. Industrial parks, two of which are turned into eco-industrial areas, succeed in internationalising domestic enterprises as suppliers to FDI establishments.

Weak institutions and a lack of timely and professional responses to legitimate requests by businesses remain a major challenge. Inadequate capacities and resources, prolonged administrative procedures and insufficient inter-ministerial coordination perpetuate the lack of a functioning filing system/institutional memory within Kosovo's authorities. This presents obstacles for SMEs to access business support services and obtain permits and licences, which are further exacerbated by excessive and time-consuming paperwork. Kosovo continued to extend services available on its e-government platform, at too slow a pace though to lower sizably the administrative costs to enterprises (*see also chapter 10*) and contribute to reduce informal business practices. On dispute settlements, the Commercial Court has improved its efficiency in solving cases. Online mediation remained a viable tool for dispute resolution. Self-employed persons face a low tax burden and incorporated SMEs benefit from corporate income tax incentives.

Access to finance remains a barrier to the growth of micro, small and medium-sized enterprises (MSMEs). Efforts to diversify the financing resources, including by updating its legal framework to allow for private equity investment funds, venture capital or Business Angel Networks, needs to continue. Small businesses continued to benefit from robust support in accessing bank finance through extensive credit guarantee schemes and public credit lines offered by the Kosovo Credit Guarantee Fund. By September 2025 the Fund has expanded enabling loans worth EUR 944.2 million to MSMEs in the sectors of production, service agriculture and trade, including start-up firms and women-owned businesses.

Kosovo participates in the SME Pillar of the Single Market Programme.

Kosovo has yet to align with the EU Late Payment Directive.

In the area of **sectoral initiatives**, Kosovo's Strategy for tourism 2024 – 2030 and action plan for the first two years of its implementation are in place. A first monitoring report on activities implemented in 2024 was published in June 2025. A strategy for natural resources is under development.

## Chapter 25 – Science and research

*The EU provides significant support for research and innovation. All Member States can participate in the EU's research and innovation programmes and benefit from them, especially where there is scientific excellence and solid investment in research and innovation.*

There has been no major progress in terms of legislation. The Law on innovation and entrepreneurship and the Smart Specialisation Strategy remain in draft version.

The financing of scientific research is not separately identified; it is part of a general budget for higher education institutions, which is funding scientific research and innovation as well as Universities. Funding of innovation support measures has started but needs further strengthening. Kosovo is encouraged to make use of the opportunities made available by the European Institute of Innovation and Technology.

Kosovo's participation in the EU framework programme for research and innovation remains low. Since the launch of **Horizon Europe** in 2021, Kosovo has submitted 171 project applications of which 15 were successful amounting to EUR 1.59 million in funding, resulting in a success rate of 9.36%.

Kosovo became a member of the European Digital Innovation Hubs Network in April 2025 with the inauguration of its first European Digital Innovation Hub.

## Chapter 26 – Education and culture

*The EU supports cooperation in education and culture through funding programmes and the coordination of Member State policies through the 'open method of coordination'. The EU and the Member States must also prevent discrimination and ensure quality education for children of migrant workers, including those from disadvantaged backgrounds.*

On public spending, Kosovo's planned budget for education and research for 2024 was EUR 474 million (4.5% of GDP, compared to EU average of 4,6%). The actual expenditure amounted to EUR

447 million, 94% of the planned amount. Budget allocations for early childhood education and care increased to a projected 9.03% of the overall education sector budget for 2025.

Following positive developments in early childhood education and care, the Ministry of Education, Science, Technology and Innovation (MESTI) has started the implementation of compulsory pre-primary class (children aged 5) for the academic year 2024/2025.

In March 2025, the government approved the Strategic Document and Action Plan for Early Childhood Intervention 2025-2030, with a special emphasis on children with developmental delays and disabilities. Despite some progress in strengthening education and promoting inclusivity, children with disabilities continue to lack adequate support, which affects approximately 8% of those aged 2–17.

Although Kosovo is making efforts to improve the quality of basic/pre-university education, the implementation of Kosovo's education strategy for 2022-2026 lags behind. Funding for basic public education continues to decrease, dropping by 4.7% from 2023 to 2024.

Kosovo took part to the Teaching and Learning International Survey (TALIS 2024). Kosovo is participating to PISA 2025. The most recent PISA 2022 results show that the average 15-year-old student in Kosovo has almost 4.5 years of learning behind peers in the EU.

While a slight increase was observed in pre-school enrolment, the number of pupils in primary and lower secondary education continued to decline. Girls account for 48.4% of all pupils in primary and lower secondary education. The attendance among Kosovo Roma, Ashkali, and Egyptian children is much lower, with only 31% of them reaching upper-secondary education as compared to 87% nationwide. Many LCs (Learning Centres), which provide supplementary educational and psycho-social support to children of these communities, have closed due to a lack of financial and institutional support.

New textbooks for the Albanian language and mathematics were adopted for the 2024-2025 school year. A new Law on textbooks remains to be adopted.

In December 2024, Kosovo launched an advanced teaching license exam and continued investing in teacher training. However, progress stalled in integrating the EU-developed peer-led quality assurance model into the national system. Although some municipalities still apply the model, its broader rollout has been delayed due to the introduction of new teacher licensing legislation.

The 12 VET dual education profiles piloted over the last two years continue to be implemented. The first dual VET graduates will finish their studies/training in 2025. However, the concept document on a new VET Law still needs to be finalised. In smaller municipalities, the limited availability of companies capable of hosting VET students risks excluding a significant portion of youth from dual education opportunities. To ensure inclusivity, parallel models of VET education, specifically school-based VET, should be maintained and harmonised.

In June 2025, Kosovo joined the European Alliance for Apprenticeships (EAfA). National, regional and local stakeholders should be activated to join EAfA to support VET and apprenticeships through pledges.

On **higher education**, in July 2025, the Kosovo Accreditation Agency became a member of the European Quality Assurance Register for Higher education, demonstrating Agency's quality assurance processes full compliance with the European standards and guidelines.

Kosovo is not a member of the European Higher Education Area (Bologna process). There are three higher education institutions from Kosovo, which participate in the European Universities Alliances as associated partners.

Progress was made in advancing digital education, including through the roll-out of the national platform *Shkollat.org* and the establishment of a Department of Technology and Digitalisation at the Ministry of Education. However, digital literacy in Kosovo remains well below the EU standards and gaps remain in teacher training, connectivity, and access to devices, particularly for children from disadvantaged groups. Sustained investment and stronger governance are needed to align digital education reforms with EU priorities on inclusion, employability, and the green and digital transitions.



Kosovo benefits from the international dimension of the 2021-2027 Erasmus+ programme. Kosovo is not taking part to the European Education Area working groups 2021-2025. Following Kosovo's accession to the e-Twinning programme in January 2024, teachers and school staff across early childhood, primary, and secondary education institutions have gained access to an online platform for collaboration and project development at both national and international levels. In January 2025, Kosovo became a member of the Electronic Platform for Adult Learning in Europe (EPALE).

In March 2025, Kosovo became a candidate member of the European Educational Research Association (EERA).

Regarding **youth**, Kosovo continued implementing its Strategy for Youth 2024-2032. The implementation of the first action plan under the Strategy, covering the period 2024-2026, is however still in an early stage and facing various challenges, including limited coordination and lacking youth engagement.

Kosovo has adopted its first National **Sports** Strategy 2025–2030 and continued to participate in the European Week of Sport.

Kosovo still needs to develop a **culture** strategy. The Law on art and culture was adopted. Kosovo is not a party to the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions. Kosovo takes part to the culture strand of Creative Europe, but it cannot participate in the MEDIA strand until it aligns the Law on the Independent Media Commission with the EU's Audiovisual Media Services Directive.

## Chapter 29 – Customs union

*All Member States are part of the EU customs union and follow the same customs rules and procedures. This requires legislative alignment as well as adequate implementing and enforcement capacity and access to and interoperability with EU electronic customs environment.*

In the area of **customs legislation**, Kosovo continued to develop secondary legislation to implement the new Customs and Excise Code in line with EU requirements. Kosovo has 28 mutual administrative agreements and memoranda of understanding on customs matters in place, including the SAA Protocol on mutual customs cooperation. In December 2024, Kosovo signed the mutual administrative agreement with Saudi Arabia. Due to statehood issues, there was no progress on Kosovo's application to become an observer under the Common Transit Convention (CTC). A total of 12 authorised economic operators (AEO) are currently licenced. Border controls are performed based on risk approach, in line with the Revised Kyoto Convention and the related EU Customs Blueprints. On the rules of origin, Kosovo applies the rules of origin of the revised Pan-Euro Mediterranean (PEM) Convention and the transitional provisions as from 1 January 2025. The legislation on customs measures governing Intellectual Property Rights (IPR) and export controls for cultural goods is aligned with the EU *acquis*. Kosovo Customs systematically exchanges data on the cross-border movement of goods among Western Balkans economies. Confiscation of articles that violated IPR during the reporting period amounted to approximately EUR 12 million.

Kosovo has abolished and reduced fees for exporters/importers at inland customs terminals, with import fees being entirely abolished at the customs terminals in: Vërmica/Vrbnica, Mitrovica, Merdarë/Merdare, Pejë/Peć, Dheu i Bardhë/Bela Zemlja, Ferizaj/Uroševac and Port of Durrës and Porto Romano in Albania. Around 70% of customs clearance happens in publicly owned terminals. Customs clearance performed in the Port of Durrës increased by 17% in comparison to last year.

A Joint Investigation Team concerning customs fraud has been established comprising Kosovo Customs, the Tax Administration of Kosovo and law enforcement institutions in Kosovo. Over EUR 170 million of additional revenues were collected during 2024 as a result of the fight against customs fraud. By cooperating with the European Anti-Fraud Office (OLAF), Kosovo should further strengthen combating customs fraud. Kosovo Customs has started to implement the use of electronic tax stamps for tobacco and alcoholic beverages. Kosovo Customs has laid the foundations for the use of Artificial Intelligence (AI) in the area of risk management and is implementing the integration of AI in the



Business Intelligence platform. In this regard, Kosovo Customs should still adopt an IT strategy and action plan. Prevention and fight against undue practices within Kosovo Customs should be prioritised and enhanced further. Kosovo Customs has an accredited and operational Customs Laboratory and is participates as observer in some activities of the Customs Laboratories European Network, thus contributing to trade facilitation, the fight against illicit cross-border activities and the safety of the general public.

On **administrative and operational capacities**, Kosovo participates in the EU programme Customs 2020 and in different fora at the World Customs Organisation. Kosovo Customs made significant progress in the recruitment of new customs officers. The organisational and administrative structure of Kosovo Customs is currently under review. As regards office infrastructure, work remains to be done to meet international standards. To support and strengthen its border control for trade facilitation capacities Kosovo has been offered donations of cargo scanners by key international partners.

#### CLUSTER 4: THE GREEN AGENDA AND SUSTAINABLE GROWTH

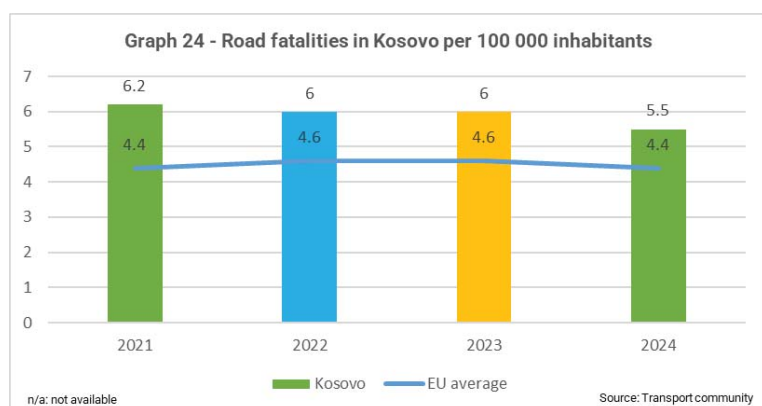
This cluster covers: transport (Chapter 14); energy (Chapter 15); trans-European networks (Chapter 21); and environment and climate change (Chapter 27).

#### Chapter 14 – Transport policy

On **transport matters**, Kosovo remained actively engaged in the activities of the Transport Community. However, Kosovo must strengthen its administrative and operational capacities to enhance coordination and ensure the timely implementation of infrastructure projects. Further efforts are required to align with and implement the EU *acquis* across all areas of the transport sector including passenger rights in all modes of transport and to ensure the timely execution of the next generation Transport Community Action Plans endorsed in 2025. Kosovo should also begin addressing transport-related climate resilience, promote the use of alternative fuels, and develop sustainable urban mobility plans that adhere to EU environmental and social standards.

On **road transport**, some progress was made with the introduction of two one-stop crossing point systems in Bllacë/Blace - Hani i Elezit/Elez Han and Gllboçica/Jažince between Kosovo and North Macedonia. Kosovo adopted the Law on roads and the action plan on Intelligent Transport Systems (ITS), but further efforts are needed to align with the EU *acquis* on social and market rules in road transport. Kosovo also needs to set up a road asset management system. The existing crash data system is not yet compliant with the common accident data set (CADaS) protocol. Kosovo should increase efforts to raise awareness about road safety. With 97 road fatalities reported in 2024, Kosovo is still far from reaching the UN's target of maximum 56 in 2030. Alignment with the Directive on road infrastructure safety management is still pending. Creating a system to increase the capacity of road safety inspectors and auditors remains a priority.

Kosovo made limited progress in implementing the **rail transport** *acquis*. The Railway Regulatory Agency, which performs the functions of a regulatory body as well as a licensing, safety and interoperability authority, published several legislative acts mainly pertaining to the technical specifications of interoperability. While the market for rail transport services is open, however, poor infrastructure impacts its functionality. To date, the public operator *Trainkos* runs only one passenger connection, while the only two local freight connections are covered by *Trainkos* and privately owned Railtrans. The railway legislation still needs to be fully aligned with the market and technical pillars of



the Fourth Railway Package. The drafting of a Law on railway and a Law on railway safety and interoperability is still ongoing.

**Air transport** continues to face many challenges arising from Kosovo's non-membership in several international civil aviation organisations. The NATO-led Kosovo Force (KFOR) still manages and coordinates the Kosovo airspace. The institutional shortcomings of the Air Navigation Service Agency and the Civil Aviation Authority, as well as the lack of revenue from the airspace management, remain issues. Despite 2 outstanding issues to complete the first-phase items of the European Common Aviation Area (ECAA), Kosovo adopted 5 regulations of the second-phase items on aviation safety.

On **multimodal transport**, the implementation of the action plan to the 2023-2030 multimodal transport strategy remained slow. Kosovo has not yet aligned with the Combined Transport Directive.

Concerning **passenger rights**, Kosovo should increase its efforts to implement the EU *acquis* in this field in all other modes of transport.

## Chapter 15 - Energy

*EU energy policy covers energy supply, infrastructure, the internal energy market, consumers, renewable energy, energy efficiency, nuclear energy, nuclear safety, and radiation protection.*

Kosovo remains heavily reliant on outdated, highly polluting coal-fired power plants, posing serious health and environmental risks. Kosovo needs to accelerate the environmental upgrade of the Kosovo B thermal power plant and decommission the non-operational units of the Kosovo A thermal power plant.

Kosovo made only limited progress on the **security of supply** and is non-compliant with the **oil acquis**, since its storage capacity fulfils only 50% of the required demand. The adoption of the draft law on compulsory oil stockholding remains pending. There are no procedures in place to release emergency oil stocks. To date, Kosovo does not plan to develop **gas** infrastructure. Transposition of the Risk Preparedness Regulation in electricity sector is still to be completed.

Regarding the **internal energy market**, alignment with the Electricity Integration Package is pending as adoption of the Laws on energy and electricity remains delayed. In December 2024, Kosovo inaugurated its intraday electricity market coupling with Albania after the successful day-ahead market coupling in January 2024. In September 2024, the connection agreement between Kosovo Transmission System Operator (KOSTT) and the European Network of Transmission System Operators – ENTSO-E was signed for additional two years, introducing penalties for unintended deviations. Deviations of Kosovo's control area continued in December 2024 and January 2025, reaching higher levels in February 2025 and violating the thresholds.

The distribution and supply of electricity in northern Kosovo were regulated in 2024 following the completion of all necessary contracts between the electricity supply company *Elektrosever*, Kosovo Energy Distribution Services (KEDS) and KOSTT. The supply of smart electricity meters for households and commercial consumers started in December 2024. To date, 11 000 smart meters were delivered (around 50% of the total meters needed), of which 9 200 were installed. The Serbian transmission system operator EMS has yet to determine net transmission capacities at the interconnection with Kosovo, which prevents cross-border capacities from being allocated to the market participants.

The bulk supply agreement (BSA) between the Kosovo Electricity Supply Company (KESCO) and the Kosovo Electricity Corporation (KEK) continues to block the electricity market. However, with the decision of the Energy Regulatory Office (ERO), approximately 1300 commercial consumers have entered the liberalised electricity market in June 2025. In April 2025, the ERO Board approved a linear tariff increase of 16.1% for all consumer categories. Kosovo needs to create a comprehensive register of vulnerable consumers and set a national objective to support energy-poor households and vulnerable groups, in line with the relevant legislation and NECP objectives. ERO is understaffed and its economic and functional independence has to be ensured by relevant legislation and its adequate enforcement resources.

Concerning **renewable energy sources (RES)**, Kosovo needs to adopt secondary legislation to the Law on renewables to complete alignment with the Renewable Energy Directive (RED II). In December 2024, Kosovo launched the first wind auction covering up to 100 MW capacity. However, Kosovo needs to increase efforts to meet ambitious targets set by the three-year auction plan (630 MW to be awarded by 2025), Energy Strategy (total RES installed capacities at 490 MW in 2025 and 1600 MW in 2031) and Energy Community (32% RES share in gross final energy consumption in 2030, also outlined in the draft NECP). To date, Kosovo awarded 100 MW of new RES capacities within the three-year auction plan, has the total installed RES capacity of 333 MW while RES share in gross final energy consumption is 19.26%. Following the establishment and operationalisation of the electronic registry for Guarantees of Origin (GOs), Kosovo needs to adopt disclosure rules and the calculation of the residual energy mix to achieve an operational GO system.

On **energy efficiency**, good progress was achieved with the implementation of energy efficiency measures in the residential and private sectors as part of the Energy Support Package financed by the EU. Kosovo needs to adopt a new Law on energy efficiency as well as secondary legislation to implement the Law on the energy performance of buildings. To increase energy efficiency as outlined in the energy strategy, Kosovo needs to mobilise additional financing and strengthen the institutional capacity to implement and monitor the associated savings. Kosovo is not aligned with **energy labelling** and eco-design *acquis*.

Regarding **governance**, Kosovo needs to accelerate the implementation of its 2022-2025 energy strategy action plan to achieve its ambitious objectives. To date, the progress has been slow. Kosovo needs to establish robust monitoring frameworks for both the overarching strategy for 2022-2031 and its detailed implementation plans. Adoption of the National Energy and Climate Plan (NECP) has been increasingly delayed and needs to be done as soon as possible.

There has been no progress on **nuclear** energy, nuclear safety and radiation protection *acquis*. Kosovo should accelerate its efforts to align with Euratom legislation and to participate in European Community Urgent Radiological Information Exchange (ECURIE) and European Radiological Data Exchange Platform (EURDEP).

## Chapter 21 – Trans-European Networks

*The EU promotes trans-European networks (TENs) in the areas of transport, telecommunications and energy to strengthen the internal market and contribute to growth and employment.*

Progress on the Trans-European **Transport** Network (TEN-T) is limited, mainly due to insufficient inter-institutional capacities to ensure realistic cost-benefit analysis, EU standards, public procurement rules, state aid and environmental impact assessments.

There is no progress on the Pristina – Merdare motorway or the ‘Peace Highway’. The works on the railway on the Western Balkans Eastern Mediterranean Corridor (Rail Route 10) between Bllacë/Blace - Hani i Elezit/Elez Han and Fushë Kosovë/Kosovo Polje are close to finalisation. The crossing with North Macedonia is completed but still not opened for joint operations. Work on the other section between Fushë Kosovë/Kosovo Polje and Mitrovica continued at slow pace. The final section from Mitrovica to Lešak/Leshak is suspended. The tendering of signalling systems and telecommunications, which is vital for trains to reach speeds over 100 km/h, remains delayed. The feasibility study for the railway connection between Durrës and Pristina through Gjakovë/Đakovica has been finalised.

On Trans-European Networks for **Energy** (TEN-E), while the old TEN-E Regulation 347/2013 was aligned and implemented, Kosovo still needs to align its legislation with the revised TEN-E Regulation 2022/869. Kosovo still needs to develop its regional electricity connections in line with the Central and South-Eastern Europe Energy Connectivity (CESEC) action plan on electricity and renewable energy and the Projects of Energy Community Interest (PECI), in particular reconfiguration of 400 kV grid and new 400 kV interconnection Albania-Kosovo.

## Chapter 27 – Environment and climate change

*The EU promotes strong climate action, sustainable development and protection of the environment. EU rules contain provisions addressing climate change, water and air quality, waste management, nature protection, industrial pollution, chemicals, noise and civil protection.*

### Environment

Concerning **horizontal legislation**, there is some level of alignment with the EU Environmental Liability and Environmental Crime Directives. In 2024, MESPI strengthened the enforcement of environmental legislation through the establishment of a Green Task Force (GTF). As a result of its operations, over 200 court decisions ruled that illegal constructions were unlawful. Moreover, 25 cease-and-desist orders, 30 administrative fines and 25 referrals to the Prosecutor's Office for further legal action were ordered for breaches of environmental law. GTF mandate ended on 31 December 2024, and it is unsure how environmental liability will be institutionalised on a more permanent basis.

The quality of the preparation and implementation of investment in compliance with the Environmental Impact Assessment and the Strategic Environmental Impact Assessment Directives remains an issue.

Further efforts are needed to revise and adopt relevant documents to implement commitments under the Energy Community's Decarbonisation Roadmap. Despite MESPI's efforts to fill the vacant positions, the capacities of the environmental authorities at both central and local levels to implement the environmental *acquis*, remain limited, which seriously hampers progress in the sector. Insufficient funding creates a key obstacle to the implementation of the strategic framework. Public awareness of the importance of environmental protection remains limited and increasingly urgent.

There was no progress relating to **air quality**. It continues to present a major health risk amid delays in the implementation of appropriate remedial measures to curb air pollution. Emissions of SO<sub>2</sub>, NO<sub>x</sub> and dust increased in 2024 compared with 2023 and exceeded emission ceilings.

The implementation of **waste management** legislation saw limited progress. The adoption of the Law on waste is pending. The implementing legislation related to the introduction of the deposit refund system (DRS) for beverages was modified, resulting in delays in establishing the DRS. The number of illegal dumpsites increased by 13.6% during the reporting period, bringing the total from 403 in 2024 to 458 in 2025.

The inspection capacity of the central-level institutions needs to be increased as a matter of urgency. The inter-municipal waste management plans need to be approved and implemented. Kosovo also needs to start a reform of communal enterprises, ensure proper management of industrial and hazardous waste and boost the circular economy. The Kosovo Electricity Company needs to conduct an environmental and social impact assessment for hazardous waste storage.

On **water management**, the adoption of a new Law on water and the approval of river basin management plans are pending. The river basin authority was reinforced with 13 new employees, however, capacities of other institutions at both central and local levels remain low and need further strengthening. The lack of identification of agglomerations and sensitive areas in line with the Urban Waste Water Treatment Directive as well as the absence of a sludge management strategy hamper progress in the infrastructure. There was no progress in aligning the legislation on water management and floods with the EU *acquis* in the reporting period. More efforts are necessary for the reduction of water losses and the management of water protection zones.

Kosovo made limited progress on **nature protection**. The identification of potential Natura 2000 sites is at a very early stage. Protected areas lack appropriate management and continue to be polluted and poorly maintained. They also suffer from illegal activities and insufficient implementation and enforcement capacities at central and local levels. The adoption of a strategy for environmental protection and sustainable development for 2024-2033 remains pending. There was also no progress in aligning legislation on nature protection. Kosovo made very limited progress in implementing the Law and strategy on forestry. Deforestation and illegal logging remain a matter of serious concern, with 40% of the public forests being subject to uncontrolled or illegal harvesting activities.



There was no progress in aligning with the *acquis* on **industrial pollution**, and the implementation of industrial pollution prevention and control is very slow. Hazardous mining waste as well as industrial discharge into rivers and industrial dumpsites continue to pose serious threats to soil, water and health. Significant efforts are needed to align with the Industrial Emissions Directive and to ensure proper implementation and monitoring.

There was no progress in aligning with the EU *acquis* on **chemicals**. The implementation of the relevant legislation remains at a low level. Kosovo still needs to improve the implementation of the regulatory framework on the export and import of hazardous chemicals.

No progress was registered in aligning with the EU *acquis* on **noise**.

On **civil protection**, the coordination between the central and local levels remains inadequate. Kosovo needs to update its disaster risk assessment in accordance with the applicable regulations. Kosovo should make more effort to prepare legislation as well as a governance and financial framework on the prevention, preparedness and response to natural and other disasters. Kosovo should improve coordination among responsible authorities in large-scale disasters. Kosovo is not part of the Union Civil Protection Mechanism (UCPM).

### Climate change

Kosovo should step up its efforts to align with the EU climate *acquis*. The necessary secondary legislation following the adoption of the Law on climate change in 2023 should be adopted. Kosovo should urgently align with and implement the monitoring, reporting, verification and accreditation (MRVA) *acquis* for the purpose of introducing carbon pricing and aligning with the EU Emissions Trading System (ETS). The National Adaptation Plan and the NECP need to be adopted as soon as possible.

Kosovo adopted its first voluntary Nationally Determined Contributions (NDC) in March 2025 and should ensure its implementation. The capacity of the relevant institutions needs to be significantly enhanced by increasing the number of staff working on climate policy. To date, MESPI has established a climate dedicated unit and should ensure it becomes fully operational. Awareness raising needs to be strengthened and cooperation with the private sector should be more efficient.

## **CLUSTER 5: RESOURCES, AGRICULTURE AND COHESION**

This cluster covers: agriculture and rural development (Chapter 11); food safety, veterinary and phytosanitary policy (Chapter 12); fisheries and aquaculture (Chapter 13); regional policy and coordination of structural instruments (Chapter 22); and financial and budgetary provisions (Chapter 33).

### **Chapter 11 - Agriculture**

*The EU's common agricultural policy supports farmers and ensures Europe's food security. It helps tackle climate change and the sustainable management of national resources; maintains rural areas and landscapes across the EU; and keeps the rural economy alive by promoting jobs in farming, agri-food industries and associated sectors. This requires strong management and control systems. There are also common EU rules for marketing standards, quality policy and organic farming.*

On **horizontal issues**, the Ministry of Agriculture, Forestry and Rural Development (MAFRD) is the national programme for agriculture and rural development for 2023-2027. However, the support measures remain to be aligned with the EU *acquis*. Kosovo needs to further strengthen its capacities and take additional steps towards the development of an integrated administration and control system (IACS), and a farm sustainability data network (FSDN).

On **the common market organisation**, Kosovo still needs to adopt the implementing legislation for the Law on market organisation for agricultural products.

On **quality policy**, the registration process and control need to be strengthened and aligned with the EU *acquis*.



On **organic farming**, legislation needs to be aligned with the EU *acquis* and the national organic action plan 2023-2026 needs to be implemented.

On the **fight against corruption**, Kosovo has appointed contact persons to coordinate complaints, corruption reports, and related issues, as regulated under the Law on civil servants, which applies to all public institutions.

Kosovo needs to amend and adopt the Law on agricultural land and the action plan to address the loss and degradation of farmland.

## **Chapter 12 – Food safety, veterinary and phytosanitary policy**

*The EU food acquis including EU hygiene rules for foodstuff production ensures a high level of food and feed safety and a high-level protection of consumers' interests. Animal health and welfare and the safety of food of animal origin are safeguarded together with the quality of seeds, plant protection material, the protection against harmful organisms and animal nutrition.*

In the area of **general food safety**, Kosovo still needs to adopt implementing legislation on the Law on food, and the strategy for aligning with the EU *acquis* in the field of veterinary and phytosanitary policy. The financial and human resources of the Food and Veterinary Agency remain insufficient to ensure full implementation of the EU *acquis*. Additional resources are needed, especially for official controls, the establishment of an epidemiological unit, and to implement a risk-based approach to controls.

The Agency continued to implement the national plan for the control and monitoring of food and animal disease and completed the obligatory proficiency testing schemes with EU reference laboratories as part of the laboratory accreditation.

In the area of **veterinary policy**, Kosovo's government has yet to adopt a Law on animal health and repeal the 2004 Law on veterinary. The Food and Veterinary Agency did not adopt a five-year disease monitoring and control plan due to a lack of government-allocated resources. As regards rabies, Kosovo ensured the financing means for oral vaccination campaign for 2025 and 2026 spring and fall. Moreover, Kosovo approved EU cofinanced programmes for 2025-2027 for African swine fever, avian influenza and rabies.

Resources for the control of animal health and welfare (e.g. at farm level, during transportation, in slaughterhouses and in livestock markets) remain insufficient. Additionally, animal movements remained under-reported and controls are yet to be strengthened. Completing the alignment of its legislation with the EU animal welfare legislation and ensure adequate resources for its implementation remains necessary. Kosovo made no progress in identifying basic cross-compliance measures in the areas of food safety, animal health and welfare.

On the **placing of food, feed and animal by-products on the market**, Kosovo selected the economic operator for the existing rendering plant for the processing of animal by-products. The approval of the establishment and implementation of a system for the collection and safe disposal of Category 1 animal by-products remains crucial. Kosovo sent to the European Commission its national residue monitoring plan.

On **food safety rules** and its **specific rules for feed**, no development was reported.

In the area of **phytosanitary policy**, Kosovo approved the concept document on plant health. However, the alignment of the sector with the EU *acquis* still needs to be improved. Strengthening actions with regard to surveys, early detection and eradication of pests remain crucial.

Kosovo has yet to start working on the development of the legal basis for novel food and **genetically modified organisms**.

## **Chapter 13 – Fisheries and aquaculture**

*The common fisheries policy lays down rules on fisheries management, protects living resources of the sea and limits the environmental impact of fisheries. This includes setting catch quotas, managing fleet*

*capacity, rules on control and inspection, rules on markets and aquaculture, and support for fisheries and coastal communities. Further, it promotes a sustainable aquaculture.*

Kosovo has only inland fishing and aquaculture and therefore part of the EU *acquis* on fisheries is not applicable. Kosovo needs to adopt a law on fisheries and aquaculture to align with the EU *acquis*.

The adoption of a comprehensive national strategy for inland fisheries and aquaculture, incorporating market, environmental, and social dimensions and the alignment of legislation with the *acquis* is still pending.

Kosovo should focus on developing a **market policy** and data collection system including species inventory and production statistics in line with the *acquis*. Kosovo should also significantly increase the administrative capacity for market policy development, legal approximation, policy enforcement, and inter-agency coordination as well as **inspection and control** aligned with EU best practices.

There was no development concerning **resource and fleet management, structural action, state aid, aquaculture and international agreements**.

## **Chapter 22 – Regional policy and coordination of structural instruments**

*Regional policy is the EU's main tool for reducing regional disparities and investing in sustainable and inclusive socio-economic growth. It is operating through 'shared management' between the Commission and EU Member States. The implementation of cohesion policy programmes requires appropriate administrative capacity on programme and project level, the establishment of systems of sound financial management and control and also the fulfilment of other EU *acquis* elements such as environmental or public procurement legislation.*

On the **legislative framework** underpinning regional development, some progress was achieved, with the adoption of implementing legislation on strategic and operational planning, management, and monitoring of the regional development. However, there has been no progress in enhancing the local self-governance nor on the enabling conditions for sustainable and inclusive growth (*see also chapters 5, 8, 15, 17, 19 and 27*). To address persisting regional disparities, Kosovo needs to build and implement cohesive regional development strategies, significantly empower local authorities, actively promote participatory decision-making, strengthen inter-municipal cooperation, step up funding, optimise resource sharing, and enhance service delivery.

Kosovo has yet to complete the **institutional framework** for the management of EU funds and ensure adequate platform for sector-based policy dialogue with multiple central and local stakeholders.

The **administrative capacity** of the national IPA coordinator and line ministries involved in programming and managing the EU funds has been strengthened but remains weak overall due to delays in the public administration reform and a lack of effective training mechanisms.

On **programming**, Kosovo adopted an ambitious Reform Agenda, under the Reform and Growth Facility and proposed an investment pipeline. As priority, Kosovo has to enhance and mature its public investment management to ensure independent and transparent assessment of costs and benefits, and adopt solid single and sector project pipelines, based on sound, transparent and inclusive public investment selection and management methodology. This is essential to achieving its energy, climate, environmental and social objectives as well as advancing on regional development. Kosovo should also establish structured and inclusive sector-based policy dialogue to enhance and guide the programming of EU funds.

Kosovo is implementing three IPA cross-border cooperation programmes with Albania, North Macedonia, and Montenegro for 2021-2027. Kosovo does not participate in Interreg transnational and interregional cooperation programmes that cover the Western Balkans.

Some progress was achieved on the **monitoring and evaluation** of EU assistance with enhanced steer by the National IPA Coordinator and RGF National Coordinator team, and improved reporting on the use of the EU funds. Further effort is needed to streamline the monitoring and reporting lines, including on the Reform and Growth Facility.

The **financial management, control and audit systems for the EU funds** remain at an early stage. To ensure effective protection of the EU financial interests, Kosovo needs to align its implementing legislation with the EU standards, strengthen the internal controls, bolster audit capabilities and improve irregularity detection and reporting capacities. The establishment of a functioning anti-fraud coordination network remains a priority.

On **fight against corruption** with the EU funds, Kosovo has to focus on robustly implementing the relevant legislation, optimising the use of the existing anti-corruption tools and putting in place new ones, and enhancing the quality of detection and investigation of corruption cases (See also Chapters 23, 5 and 32).

## CLUSTER 6: EXTERNAL RELATIONS

This cluster covers: external relations (Chapter 30).

### Chapter 30 – External relations

*The EU has a common commercial policy towards third countries, based on multilateral and bilateral agreements and autonomous measures. There are also EU rules in the field of humanitarian aid and development policy.*

On the **common commercial policy**, Kosovo has yet to ratify CEFTA Additional Protocols on trade facilitation, trade in services, and dispute settlement. Kosovo continued to make progress in implementing the Common Regional Market (CRM) Mobility Agreements and technical measures of the CRM action plan for 2021-2024, including by unilaterally granting freedom of movement with ID cards to the citizens of Bosnia and Herzegovina. In April 2025, Kosovo and North Macedonia inaugurated joint border crossing points in Bllacë/Blace - Hani i Elezit/Elez Han and Gllloboçicë/Globočice – Jazhincë/Jažince, providing for swifter mobility.

Disagreements relating to Kosovo's representation and denomination in **CEFTA** were resolved, allowing for the adoption of key decisions during the Joint Committee meetings in October 2024 and March 2025, the latter under Kosovo's chairmanship. Kosovo is chairing CEFTA effectively despite the scarce human resources. There is an urgent need to strengthen the capacities of the Ministry of Industry, Entrepreneurship and Trade to enable Kosovo to fulfil its commitments under the CRM 2 action plan for 2025-2028 and implement CEFTA additional protocols and decisions.

In October 2024, Kosovo ended the suspension of all imports of finished goods of Serbian origin, introduced in June 2023, replacing this with a system of manual checks at one Common Crossing Point (Merdarë/Merdare). All Serbian goods must currently pass through this crossing point. The government announced that the manual checks would be suspended and a normal flow of imports and transits through all crossing points would resume once border scanners are delivered and installed.

Kosovo's Law on **dual-use goods** is aligned with the latest EU *acquis* and regularly updates its list of dual-use items in line with that of the EU. Kosovo is neither a participant nor an adherent to the Australia Group. As regards **bilateral agreements with third countries**, Kosovo has free trade agreements with Türkiye and the United Kingdom. Negotiations with the European Free Trade Association (EFTA), initiated in June 2022, were concluded, and the free trade agreement was signed in January 2025 but has yet to enter into force pending domestic ratification procedures by the respective signatories. Kosovo has yet to align with the EU *acquis* on screening of foreign direct investments.

There was limited progress in the areas of **development policy** and **humanitarian aid**. As a recipient of aid programmes, Kosovo does not provide humanitarian aid to third countries in a systematic manner and has no development aid agency. Kosovo is encouraged to start the process of creating a legal framework covering international cooperation, development policy and humanitarian aid, in accordance with EU policies and principles. Kosovo is also encouraged to build dedicated administrative structures.

## ANNEX I – RELATIONS BETWEEN THE EU AND KOSOVO

The EU-Kosovo Stabilisation and Association Agreement (SAA) entered into force in April 2016, providing a framework for political dialogue and covering cooperation in a variety of sectors. Since 2016, five Stabilisation and Association Council meetings and seven cycles of subcommittee meetings have taken place. Since June 2023, in line with the EU measures *vis-à-vis* Kosovo, meetings of SAA bodies have been put on hold. From May 2025, the EU has taken some steps to gradually lift the measures. The next steps remain conditional on sustained de-escalation in the north. The Commission intends to further lift these measures provided an orderly transfer of local governance in the north is achieved after the second round of the local elections and de-escalation is sustained.

On 30 October 2024, the Assembly approved the NPEI. This programme sets out steps and priorities for the implementation of the SAA as well as other reforms for Kosovo's European path.

Kosovo formally submitted its application for EU membership on 15 December 2022.

Visa liberalisation for Kosovo entered into force on 1 January 2024, allowing Kosovo biometric passport holders to travel to the EU without a visa for a period of stay of 90 days within any 180-day period. Visa requirements were also lifted for holders of passports issued by the Serbian Coordination Directorate.

On 9 October 2024, Kosovo adopted its Reform Agenda under the Reform and Growth Facility (Growth Plan for the Western Balkans), which allocates up to EUR 882 million to Kosovo for the period until end 2027. The Reform Agenda covers reform milestones in the areas of: (i) governance, public administration reform and public financial management; (ii) green and digital transition; (iii) private sector development; (iv) human capital development and retention; and (v) fundamentals and the rule of law. However, Kosovo's ratification of the Facility and Loan agreements, a prerequisite for Kosovo to receive pre-financing and any disbursement of funds for reform implementation under the Facility, remains pending.

The Instrument for Pre-accession Assistance (IPA) III allocations under the bilateral strand reached EUR 246 million for 2021-2025, of which 35.3% for fundamental reforms, which includes funding for civil society, funding under the individual measures for migration and border management, and assistance for Kosovo's participation in programmes such as Erasmus+, the Single Market Programme, the Citizens, Equality, Rights and Values Programme, Creative Europe, the Customs programme, the Fiscalis programme, Horizon Europe, Digital Europe, Programme for Employment and Social Innovation and the Justice programme. The remaining 64.7% of the EU funding is focused on sustainable and inclusive growth. To enhance access to EU initiatives and funds and to support the development of national restoration plans, Kosovo is participating as observer in two pilot projects under the Technical Support Instrument.

Kosovo continues to benefit from the implementation of the EU assistance of EUR 602 million under the Instrument for Pre-accession II (2014-2020), 44% of which targets democracy, governance, rule of law and human rights while 56% has been allocated for competitiveness and growth.

Kosovo also receives supplementary support under the multi-country and regional programmes and under three cross-border cooperation programmes with Albania, North Macedonia and Montenegro.

Since 2009, under the Western Balkans Investment Framework (WBIF), the EU provided EUR 300 million in grant funding for investment and technical assistance, along with loans totalling EUR 451 million, mobilising a total of EUR 2 billion in investment for infrastructure projects.

In the context of the Economic and Investment Plan (EIP), Kosovo benefits of EU funding of EUR 145.8 million, mobilising EUR 723 million of total investment for priority high impact projects.

The adoption of measures *vis-a-vis* Kosovo in mid-2023 also affected financial assistance. The programming of the remaining IPA III funds has been put on hold, along with the approval of WBIF projects. The launching of procurement procedures and signature of contracts has been suspended. Following the start of the gradual lifting of the measures, four technical assistance projects in support of possible future investments under the Reform and Growth Facility have been re-submitted to the WBIF Board and subsequently approved in July.

The Kosovo Specialist Chambers (KSC) and the Specialist Prosecutor's Office (SPO), set up to investigate and prosecute allegations stemming from the 2011 Council of Europe Report, continued resolving ongoing

cases. In 2024, the KSC first instance court rendered its second judgment in a war crime case; the case is under appeal. The KSC also issued a new verdict against three defendants charged with the offences against administration of justice and received another indictment for obstruction of justice. These cases show the challenges that the KCS faces, including in terms of obstruction of justice, sentences enforcement and compensation of Kosovan victims.

Since 2008, the European Union Rule of Law Mission in Kosovo (EULEX) has been assisting Kosovo authorities in strengthening sustainable and independent rule of law institutions. Under its current mandate (extended until June 2027), EULEX has only limited executive functions. It continues to perform monitoring and advisory activities. As well, through its Formed Police Units, it continues to have the role of the second security responder. EULEX also assists the KSC/SPO with logistical and operational support, in compliance with its mandate and Kosovo legislation.

Frontex is sending officers to several border-crossing points in Kosovo based on mutually agreed operational plans. Additionally, it provides other border management-related support such as advice on setting up a national coordination centre.

To date, according to the government, Kosovo has been recognised by 120 countries, including 22 EU Member States.

During the reporting period, the UN Secretary-General continued to provide regular updates on the implementation of the mandate of the UN Mission in Kosovo (UNMIK). The NATO-led Kosovo Force (KFOR) has sustained its effort to ensure a safe and secure environment. As of March 2025, it is staffed by 4 686 personnel from 29 contributing nations.

Kosovo continued to condemn Russia's unjustified and unprovoked military aggression against Ukraine and implement restrictive measures against Russia and Belarus. In 2024, Kosovo began providing military assistance to Ukraine. Together with partner nations, Kosovo is helping to train Ukrainian soldiers in the UK under the aegis of 'Op Interflex'.



## ANNEX II – STATISTICAL DATA

### STATISTICAL DATA (as of 11/09/2025)

Basic data	Note	2012	2020	2021	2022	2023	2024
Population (thousand)		1 780 i	1 782 i	1 798 i	1 774 i	:	:
Total area of the country (km²)		10 908 w	10 905 w	10 905 w	10 905 w	10 905 w	10 905 w

National accounts	Note	2012	2020	2021	2022	2023	2024
Gross domestic product (GDP) (million national currency)		4 797	6 772	7 958	8 896	9 680	10 305 p
Gross domestic product (GDP) (million euro)		4 797	6 772	7 958	8 896	9 680	10 305 p
GDP per capita (euro)		2 695 i	3 800 i	4 426 i	5 015 i	:	:
GDP per capita (in purchasing power standards (PPS))		:	:	:	:	:	:
GDP per capita (in PPS), relative to the EU average (EU-27 = 100)		:	:	:	:	:	:
Real GDP growth rate: change on previous year of GDP volume (%)		1.7	- 5.3	10.7	4.3	4.1	4.4 p
Employment growth (national accounts data), relative to the previous year (%)		:	:	:	:	:	:
Labour productivity growth: growth in GDP (in volume) per person employed, relative to the previous year (%)		:	:	:	:	:	:
Unit labour cost growth, relative to the previous year (%)		:	:	:	:	:	:
*3 year change (T/T-3) in the nominal unit labour cost growth index (2015 = 100)		:	:	:	:	:	:
Labour productivity per person employed: GDP (in PPS) per person employed relative to EU average (EU-27 = 100)		:	:	:	:	:	:
Gross value added by main sectors							
Agriculture, forestry and fisheries (%)		9.1	8.9	8.6	9.2	9.0	8.8 p
Industry (%)		23.4	24.1	23.6	23.3	22.8	23.4 p
Construction (%)		10.4	9.3	10.6	10.7	10.1	9.8 p
Services (%)		57.2 i	57.7 i	57.2 i	56.9 i	58.2 i	58.0 pi
Final consumption expenditure, as a share of GDP (%)		100.4	98.8	95.9	97.5	96.7	96.6 p
Gross fixed capital formation, as a share of GDP (%)		30.7	29.7	32.9	32.5	31.5	31.5 p
Exports of goods and services, relative to GDP (%)		24.5	21.7	33.4	38.6	39.6	41.9 p
Imports of goods and services, relative to GDP (%)		56.8	53.9	65.2	71.4	70.3	72.3 p
Gross fixed capital formation by the general government sector, as a percentage of GDP (%)		:	:	:	:	:	:

Business	Note	2012	2020	2021	2022	2023	2024
Industrial production volume index (2015 = 100)		:	:	:	:	:	:
Number of active enterprises (number)		36 886 w	40 056 w	45 468 w	46 157 w	48 317 w	:
Birth rate: number of enterprise births in the reference period (t) divided by the number of enterprises active in t (%)		9.4 w	:	:	:	:	:

Death rate: number of enterprise deaths in the reference period (t) divided by the number of enterprises active in t (%)		5.5 w	2.6 w	:	:	:	:
People employed in SMEs as a share of all persons employed (within the non-financial business economy) (%)		:	80.9 iw	82.1 iw	67.3 iw	67.3 iw	:
Value added by SMEs (in the non-financial business economy) (EUR million)		:	:	:	:	:	:
Total value added (in the non-financial business economy) (EUR million)		:	:	:	:	:	:

<b>Inflation rate and house prices</b>	Note	2012	2020	2021	2022	2023	2024
Consumer price index (CPI), change relative to the previous year (%)		:	0.2 d	3.4 d	11.6 d	4.9 d	1.6 d

<b>Balance of payments</b>	Note	2012	2020	2021	2022	2023	2024
Balance of payments: current account total (million euro)		- 293.1	- 472.2	- 694.6	- 917.0	- 729.1	- 914.6
Balance of payments current account: trade balance (million euro)		- 2 050.1	- 2 573.2	- 3 567.0	- 4 287.2	- 4 598.3	- 4 926.8
Balance of payments current account: net services (million euro)		499.6	391.6	1 034.9	1 367.5	1 625.5	1 791.4
Balance of payments current account: net balance for primary income (million euro)		153.6	164.0	150.9	119.8	202.8	218.2
Balance of payments current account: net balance for secondary income (million euro)		1 103.7	1 545.4	1 686.2	1 881.8	2 040.9	2 002.6
Net balance for primary and secondary income: of which government transfers (million euro)		401.6	276.6	233.7	295.9	301.8	292.7
*3 year backward moving average of the current account balance relative to GDP (%)		- 10.8	- 6.8	- 7.1	- 8.7	- 8.9	- 8.9
*Five year change in share of world exports of goods and services (%)		:	12.7	47.3	34.2	47.1	55.3
Net balance (inward - outward) of foreign direct investment (FDI) (million euro)		213.3 w	286.6 w	320.4 w	556.9 w	650.1 w	622.6 w
Foreign direct investment (FDI) abroad (million euro)		15.8 w	59.1 w	100.3 w	175.2 w	190.0 w	224.9 w
of which FDI of the reporting economy in the EU-27 countries (million euro)		:	16.5	26.5	37.8	40.8	:
Foreign direct investment (FDI) in the reporting economy (million euro)		229.1 w	345.7 w	420.7 w	732.0 w	840.1 w	847.4 w
of which FDI of the EU-27 countries in the reporting economy (million euro)		:	152.1	215.6	388.9	392.8	:
*Net international investment position, relative to GDP (%)		11.8	- 12.3	- 11.5	- 17.9	- 18.8	- 20.6
Year on year rate of change in gross inflow of remittances (in national currency) from migrant workers (%)		:	14.5 i	14.5 i	13.7 i	13.8 i	:

<b>Public finance</b>	Note	2012	2020	2021	2022	2023	2024
General government deficit / surplus, relative to GDP (%)		:	:	:	:	:	:
General government gross debt relative to GDP (%)		:	:	:	:	:	:
Total government revenues, as a percentage of GDP (%)		:	:	:	:	:	:
Total government expenditure, as a percentage of GDP (%)		:	:	:	:	:	:

<b>Financial indicators</b>	Note	2012	2020	2021	2022	2023	2024
Gross external debt of the whole economy, relative to GDP (%)		31.6 iw	37.2 iw	37.1 iw	38.6 iw	39.6 iw	41.1 piw
Gross external debt of the whole economy, relative to total exports (%)		129.0 w	171.2 w	111.2 w	100.0 w	100.0 w	97.9 w
Money supply: M1 (banknotes, coins, overnight deposits, million euro)		:	:	:	:	:	:
Total credit by monetary financial institutions to residents (consolidated) (million euro)		:	:	:	:	:	:
*Annual change in financial sector liabilities (%)		:	:	:	:	:	:

*Private debt, consolidated, relative to GDP (%)		:	:	:	:	:	:
Interest rates: day-to-day money rate, per annum (%)		:	:	:	:	:	:
Euro exchange rates: average of period (1 euro = ... national currency)		1 w	1 w	1 w	1 w	1 w	1 w
Trade-weighted effective exchange rate index, 42 countries (2015 = 100)		:	:	:	:	:	:
*3 year change (T/T-3) in the trade-weighted effective exchange rate index, 42 countries (2015 = 100)		:	:	:	:	:	:
Value of reserve assets (including gold) (million euro)		215.8	46.3	168.9	67.6	- 44.0	69.7

### External trade in goods

	Note	2012	2020	2021	2022	2023	2024
Value of imports: all goods, all partners (million euro)		2 462	3 297	4 684	5 639	5 914	6 355
Value of exports: all goods, all partners (million euro)		267	475	756	920	863	941
Trade balance: all goods, all partners (million euro)		- 2 195	- 2 822	- 3 929	- 4 719	- 5 051	- 5 414
Terms of trade (export price index / import price index * 100) (number)		87.4 iw	92.6 iw	101.4 iw	87.5 iw	81.6 piw	:
Share of exports to EU-27 countries in value of total exports (%)		40.3 iw	34.4 iw	31.5 iw	33.9 iw	32.3 iw	33.2 iw
Share of imports from EU-27 countries in value of total imports (%)		42.1 iw	45.9 iw	44.3 iw	42.4 iw	43.0 iw	44.7 iw

### Demography

	Note	2012	2020	2021	2022	2023	2024
Crude rate of natural change of population (natural growth rate): number of births minus deaths (per thousand inhabitants)		11.4 e	7.4 p	5.5	:	:	:
Infant mortality rate deaths of children under one year of age (per thousand live births)		11.4	:	:	:	:	:
Life expectancy at birth: male (years)		:	:	:	:	:	:
Life expectancy at birth: female (years)		:	:	:	:	:	:

### Labour market

	Note	2012	2020	2021	2022	2023	2024
Economic activity rate for persons aged 20–64: proportion of the population aged 20–64 that is economically active (%)		42.5 w	42.9 w	43.9 w	43.2 w	45.1 w	:
Employment rate for persons aged 20–64: proportion of the population aged 20–64 that are in employment (%)		29.7 w	32.3 w	35.1 w	37.9 w	40.3 w	:
Male employment rate for persons aged 20–64 (%)		46.6 w	48.8 w	51.9 w	55.7 w	59.4 w	:
Female employment rate for persons aged 20–64 (%)		12.4 w	16.0 w	18.5 w	20.5 w	22.0 w	:
Employment rate for persons aged 55–64: proportion of the population aged 55–64 that are in employment (%)		25.8 w	30.9 w	32.1 w	32.1 w	32.8 w	:
Employment by main sectors							
Agriculture, forestry and fisheries (%)		4.6 w	4.8 w	2.8 w	2.2 w	2.4 w	:
Industry (%)		19.0 w	16.3 w	14.8 w	13.3 w	12.9 w	:
Construction (%)		9.5 w	11.1 w	10.5 w	11.0 w	11.8 w	:
Services (%)		66.9 w	67.9 w	71.9 w	73.4 w	72.9 w	:
People employed in the public sector as a share of total employment, persons aged 20–64 (%)		35.0 w	28.7 w	28.3 w	27.7 w	27.4 w	:
People employed in the private sector as a share of total employment, persons aged 20–64 (%)		65.0 w	71.3 w	71.7 w	72.3 w	72.6 w	:

Unemployment rate: proportion of the labour force that is unemployed (%)		30.9 w	25.8 w	20.6 w	12.5 w	10.8 w	:
Male unemployment rate (%)		28.1 w	23.4 w	18.9 w	11.0 w	7.6 w	:
Female unemployment rate (%)		40.0 w	32.2 w	24.9 w	16.5 w	18.2 w	:
Youth unemployment rate: proportion of the labour force aged 15–24 that is unemployed (%)		55.3 w	49.1 w	38.0 w	21.4 w	17.3 w	:
Long-term unemployment rate: proportion of the labour force that has been unemployed for 12 months or more (%)		18.5 w	18.4 w	14.5 w	8.1 w	7.7 w	:
Unemployment rate for persons (aged 25–64) having completed at most lower secondary education (ISCED levels 0-2) (%)		43.9 w	30.2 w	27.6 w	21.8 w	22.6 w	:
Unemployment rate for persons (aged 25–64) having completed tertiary education (ISCED levels 5-8) (%)		11.6 w	17.0 w	13.7 w	9.7 w	6.7 w	:

<b>Social cohesion</b>	Note	2012	2020	2021	2022	2023	2024
Average nominal monthly wages and salaries (national currency)		383 w	466 w	484 w	521 w	570 w	:
Index of real wages and salaries (index of nominal wages and salaries divided by the inflation index) (2016 = 100)		:	:	:	:	:	:
Gini coefficient		:	45 w	57 w	:	:	:
Poverty gap		:	46.6 w	65.0 w	:	:	:

<b>Standard of living</b>	Note	2012	2020	2021	2022	2023	2024
Number of passenger cars relative to population size (number per thousand population)		:	164.4 iw	179.3 iw	191.2 iw	:	:
Number of mobile phone subscriptions relative to population size (number per thousand population)		:	1 095.0 ew	1 072.0 ew	:	:	:
Mobile broadband penetration (per 100 inhabitants)		:	84.5 ew	88.4 ew	88.2 ew	88.2 ew	:
Fixed broadband penetration (per 100 inhabitants)		:	21 ew	22 ew	23 ew	23 ew	:

<b>Infrastructure</b>	Note	2012	2020	2021	2022	2023	2024
Density of railway network (lines in operation per thousand km <sup>2</sup> )		30.5 iw	30.5 iw	30.5 iw	30.5 iw	30.5 iw	30.5 iw
Length of motorways (kilometres)		:	:	:	:	:	:

<b>Education, Innovation and Research</b>	Note	2012	2020	2021	2022	2023	2024
Percentage of persons aged 30-34 with a tertiary education level (ISCED 2011 levels 5 to 8)		9.3 w	29.1 w	32.3 w	30.9 w	30.6 w	:
Percentage of persons aged 30-34 with a tertiary education level (ISCED 2011 levels 5 to 8), males		12.1 w	28.1 w	30.8 w	26.3 w	23.9 w	:
Percentage of persons aged 30-34 with a tertiary education level (ISCED 2011 levels 5 to 8), females		6.5 w	30.3 w	34.0 w	35.9 w	37.4 w	:
Participation in early childhood education (children aged 3 and over)		:	:	:	:	:	:
Participation in early childhood education (children aged 3 and over), males		:	:	:	:	:	:
Participation in early childhood education (children aged 3 and over), females		:	:	:	:	:	:
Low achieving 15-year-olds in reading		:	:	:	:	:	:
Low achieving 15-year-olds in mathematics		:	:	:	:	:	:
Low achieving 15-year-olds in science		:	:	:	:	:	:

Early leavers from education and training: proportion of persons aged 18-24 with at most lower secondary education (at most ISCED 2011 level 2) who are not in further education or training		18.4 w	7.8 w	7.0 w	7.8 w	7.7 w	:
Early leavers from education and training: proportion of men aged 18-24 with at most lower secondary education (at most ISCED 2011 level 2) who are not in further education or training		:	:	:	:	:	:
Early leavers from education and training: proportion of women aged 18-24 with at most lower secondary education (at most ISCED 2011 level 2) who are not in further education or training		:	:	:	:	:	:
Proportion of persons aged 25-64 having participated in education and training (last 4 weeks)		:	:	:	:	4.5 w	:
Proportion of persons aged 25-64 having participated in education and training (last 4 weeks), men		:	:	:	:	4.3 w	:
Proportion of persons aged 25-64 having participated in education and training (last 4 weeks), women		:	:	:	:	4.8 w	:
Exposure of vocational education and training (VET) graduates to work-based learning (% of population aged 20-34)		:	:	:	:	:	:
Share of individuals having at least basic digital skills (% of population aged 16-74)		:	:	:	:	:	:
Share of individuals having at least basic digital skills (% of population aged 16-74), males		:	:	:	:	:	:
Share of individuals having at least basic digital skills (% of population aged 16-74), females		:	:	:	:	:	:
Public expenditure on education relative to GDP (%)		4.1 iw	4.6 iw	4.3 iw	3.9 iw	4.1 iw	:
Gross domestic expenditure on R&D relative to GDP (%)		:	:	:	:	:	:
Government budget appropriations or outlays on R&D (GBAORD), as a percentage of GDP (%)		:	:	:	:	:	:
Percentage of households who have internet access at home (%)		:	96.4	:	:	:	:

<b>Environment</b>	Note	2012	2020	2021	2022	2023	2024
Index of greenhouse gas emissions, CO <sub>2</sub> equivalent (1990 = 100)		:	:	:	:	:	:
Energy intensity of the economy (kg of oil equivalent per 1 000 euro GDP at 2015 constant prices)		484.4	413.9	405.0	358.0	:	:
Electricity generated from renewable sources relative to gross electricity consumption (%)		1.5	5.3	5.1	6.7	:	:
Road share of inland freight transport (based on tonne-km) (%)		:	:	:	:	:	:

<b>Energy</b>	Note	2012	2020	2021	2022	2023	2024
Primary production of all energy products (thousand TOE)		1 749	1 901	1 937	1 796	1 560	:
Primary production of crude oil (thousand TOE)		0	0	0	0	0	:
Primary production of solid fuels (thousand TOE)		1 496	1 562	1 591	1 543	1 290	:
Primary production of gas (thousand TOE)		0	0	0	0	0	:
Net imports of all energy products (thousand TOE)		650 i	787 i	942 i	858 i	983 i	:
Gross inland energy consumption (thousand TOE)		2 384	2 665	2 888	2 662	2 552	:
Gross electricity generation (GWh)		5 943	6 711	6 892	6 998	6 353	:



<b>Agriculture</b>	Note	2012	2020	2021	2022	2023	2024
Agricultural output volume index (at producer prices) (2015 = 100)		88.2 w	100.0 w	95.2 w	93.9 w	93.7 w	:
Utilised agricultural area (thousand hectares)		426.0	421.1	421.2	421.4	421.6	:
Livestock numbers: live bovine animals (thousand heads, end of period)		:	261.4	260.5	250.9	247.5	:
Livestock numbers: live swine (thousand heads, end of period)		:	45.4	47.4	45.4	43.7	:
Livestock numbers: live sheep and live goats (thousand heads, end of period)		:	241.7 i	241.4 i	233.5 i	235.0 i	237.2 i
Raw milk available on farms (thousand tonnes)		:	:	:	:	:	:
Harvested crop production: cereals (including rice) (thousand tonnes)		439.1	529.1	504.4	518.7	477.2	:
Harvested crop production: sugar beet (thousand tonnes)		:	:	:	:	:	:
Harvested crop production: vegetables (thousand tonnes)		90.1	169.4	165.0	175.6	170.2	:

**Source: Eurostat and/or the statistical authorities in Kosovo**

: = not available

d = definition differs

e = estimated value

p = provisional

i = Eurostat estimate

w= data supplied by and under the responsibility of the national statistical authority and published on an "as is" basis and without any assurance as regards their quality and adherence to EU statistical methodology

m = missing value / data cannot exist

\* = Macroeconomic Imbalance Procedure (MIP) indicator