

## 2012 Annual Programme

### Support to Public Administration Reform: 01/2012/1

#### 1 IDENTIFICATION

<b>Project Title</b>	Support to Public Administration Reform (Public Finance and Statistics)
<b>CRIS Decision number</b>	2012/022-940
<b>Project no.</b>	01
<b>MIPD Sector Code</b>	1. Public Administration Reform
<b>ELARG Statistical code</b>	02.32
<b>DAC Sector code</b>	15111; 16062
<b>Total cost (VAT excluded)<sup>1</sup></b>	€3.5 million
<b>EU contribution</b>	€3.5 million
<b>Management mode</b>	Centralised
<b>EU Delegation in charge</b>	European Union Office in Kosovo *
<b>Implementation management</b>	European Union Office in Kosovo
<b>Implementing modality</b>	Services, Twinning
<b>Project implementation type</b>	C01
<b>Zone benefiting from the action(s)</b>	Kosovo

#### 2 RATIONALE

##### 2.1 PROJECT CONTEXT: ISSUES TO BE TACKLED AND NEEDS ADDRESSED

###### Activity 1 - Public Finance:

This project aims to support the Ministry of Finance of Kosovo (MoF) in three areas: participation in more integrated economic and fiscal surveillance frameworks; improvement of the fiscal decentralisation process in Kosovo; and, strengthening the budgeting process

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<sup>1</sup> The total project cost should be net of VAT and/or of other taxes. Should this not be the case, clearly indicate the amount of VAT and the reasons why it is considered eligible.

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

through improvement of the use of the Public Investment Programme (PIP) and Budget Development Management Systems (BDMS).

In the Council Conclusions of December 2009, the Council encouraged the Commission to integrate Kosovo into the economic and fiscal surveillance framework. As part of the EFP preparation, Kosovo will be expected to make an assessment of the sustainability of its external position, including an analysis of competitiveness issues, and to identify the main structural obstacles to growth and key policy measures intended to address these obstacles.

Drafting the EFP requires a concise analysis of recent economic developments, presentation of a medium-term macroeconomic scenario, advanced fiscal analysis and presentation of policy priorities and their implementation. In this regard, the Central Budget Department is responsible for preparation of MTEF, the Department for Economic Policies is responsible for the creation of a coherent medium and long term macro-fiscal framework, and newly established Department for European Integration and Policy Coordination has the responsibility to ensure compatibility of policies, plans and strategies of MoF with EU standards. Under this component, the project will support the Central Budget Department, Department for Economic Policies (Macroeconomic and Fiscal Policy Divisions) as well as the Department for European Integration and Policy Coordination within the Ministry of Finance.

As regards fiscal decentralisation, a twinning contract for "strengthening the human resources and the institutional capacity of the Kosovo local public administration – European Cooperation for Stronger Municipalities" is currently being implemented and will conclude its activities in July 2012. Under this project, Kosovo municipalities are being supported in exercising their planning, management and service delivery functions in accordance with European best practice. Assistance is also provided to municipalities in order to have the systems and human resources capacity to administer Kosovo decentralisation in accordance with legislative requirements and with accountability to citizens. Further intervention in this area will need to focus on promoting changes at central level with a view of aligning the responsibilities of the municipalities with the financial means made available to them. Reforms should go into the direction of delegating more autonomy to municipalities to manage the block grants and their own source revenues. Finally, capacity should be built at local level (municipalities) regarding public financial management, budget planning, budget execution and design of fiscal policy (and capacity to raise taxes) in order to improve service delivery to the citizens.

As regards the budgeting process, the EU has been supporting the Budget Department in the Ministry of Finance through consecutive service contracts. As a result of this assistance two systems were designed: the Budget Development Management System (BDMS) and the Public Investment Programme (PIP). BDMS is used to prepare and submit the annual budget, while PIP is used to prepare the capital budget. The two systems are interlinked with a platform and through this PIP submissions are fed into the BDMS.

Under the latest EU project, the two systems have been further consolidated in the Ministry of Finance, Budget Department. Utilisation has expanded to line ministries and municipalities. Selected budget organisations (line ministries and municipalities) have received extensive training in using the systems and preparing comprehensive capital projects proposals.

Further assistance would be needed in order to support the systems' sustainability especially during times of the budget calendar when the systems are mostly used (budget preparation

and submission and mid-year review). The use of the information contained in the system for decision making will be another aspect of this component.

### **Activity 2 – Statistics:**

This project will support the Kosovo Agency of Statistics (KAS). Quality statistics is vital for the design of economic policy and play an important role in monitoring the situation and progress in poverty reduction, economic development and all fields to be negotiated in the process of European integration.

Official statistics are used for decision-making by policy makers, businesses and society at large. They are an essential tool for the development of democratic and market oriented societies. Building a sustainable statistical system according to EU and international standards is a demanding and lengthy process. Kosovo is at very early stage of this process. According to the Progress Report 2011, there has been some improvement as regards the statistical infrastructure. A CEO was finally appointed in autumn 2011 for a three-year period and the Law on Official Statistics entered into force in December 2011. In addition, KAS expects to hire new staff with adequate qualifications in the near future. However, the organizational capacities of KAS remain weak which hampers the production of core statistical products. The Statistical Agency needs to improve and standardise its internal procedures and in order to ensure more efficient data production and better use of the available resources. Therefore, building professional capacity in the various departments of KAS, evaluating and reorganising workflows and procedures and establishing a quality management system for the key processes in the production of statistics are the main focus in this component.

Furthermore, the project will address economic statistics and information technology. The issues to be tackled in the field of economic statistics are improvement of business and macro-economic statistics: improvement of data sources of economic statistics for the accounts; introduction of quarterly national accounts and improving of short-term statistics indicators, which will be an important data source for quarterly national accounts. Introduction of the NACE Rev. 2 classification of economic activities into the business register has started. The business register is operational, but is not updated regularly. Timeliness of national accounts according to the expenditure approach has improved significantly, but not for production approach. KAS does not yet produce quarterly national accounts.

Whereas in the field of information technology, KAS needs to improve the IT system by creating of a unified system of information technology fit for needs of the KAS. KAS will also need to strengthen the IT and Methodology Department which provides the basic quality and computer systems infrastructure on which much of the required improvements will depend. For all these activities substantial support from the Government is required in terms of additional budget, personnel and space.

This project is expected to support the KAS to:

- Enhance its internal organisation and capacities in order to ensure more efficient production of statistics and better use of available resources.
- Improve the quality of statistics; in particular national accounts and business statistics, by implementing methodology according to EU standards and improving data sources. Improving the coverage of short-term statistics indicators, which will also be an important data source for developing quarterly national accounts.

- Strengthen capacities on information technology system, preparing program application, developing software application for data collection (for different surveys carried out in KAS).
- Build upon internal computer network (Intranet) for KAS and the regional offices (software & hardware)
- Professional support in the field of dissemination in particular improving web dissemination of statistical data

All of these activities aim at increasing the capacities of the KAS staff to produce quality statistics in the near future.

## **2.2 LINK WITH MIPD AND SECTOR STRATEGIES**

### **Activity 1 - Public Finance:**

In its October 2009 Communication “*Kosovo – Fulfilling its European Perspective*”, the European Commission recognises that a sustainable macro-economic and fiscal framework is essential for Kosovo’s development. It also stresses that the EU and other donors have supported the establishment of a Medium-Term Expenditure Framework in support of that objective and that MTEF shall become a key component of Kosovo’s budget cycle. According to that document, in addition to implementing sustainable macro-economic policies, Kosovo needs to address supply-side constraints such as infrastructure weaknesses, energy shortages, high capital costs and low levels of skill.

Subsequently, in its *Multi-annual Indicative Planning Document (MIPD) 2011-2013 for Kosovo*, the European Commission reconfirms that it will help “Kosovo to move forward in the area of economic and fiscal surveillance”. The Commission also recognises that considerable reforms and investments are needed to enable Kosovo to cope over the long term with competitive pressure and market forces within the Union. The MIPD 2011-2013 also recognises that several sector strategies exist in Kosovo but that there is a need to link these strategies to the budgetary process. The Ministry of Finance together with the Ministry of Local Governance should focus on the decentralisation of competences to municipalities, ensuring a link between budgets and service delivery at local level.

Since 2007, Kosovo adopts a *Medium-Term Expenditure Framework (MTEF)* as the main planning document of the Government policy and as an important component of the overall budget process. Medium-term expenditure planning represents a connection between policy formulation, planning and annual budgeting. The Government of Kosovo has strengthened the role of the MTEF as the basic planning document by compiling annual budgets related to the respective years, with the medium-term macroeconomic framework. The Medium-Term Expenditure Framework is updated annually to reflect changes in key assumptions and changes in the macroeconomic environment. The last Medium Term Expenditure Framework 2013-2015 was approved in April 2012 and contains the fiscal strategy of the Government for the next three years. Promotion of the provision of services as close to citizens as possible through the continuation of the process of decentralisation, de-concentration and delegation of many of the administrative and executive functions is also a priority under the pillar on “Good governance and rule of law enforcement” in the MTEF.

The Government of Kosovo adopts annually also *European Partnership Action Plans (EPAP)*

as the key medium-term planning instrument in the European Integration process, which aims to address the key short-term and medium-term priorities identified in the European Partnership. The EPAP also envisage actions and measures that shall tackle the challenges identified in the European Commission Progress Reports. The Kosovo Government EPAP 2011 admits that the relevant institutions are working towards maintaining a stable fiscal policy and long-term sustainability of public finances, including through the adoption of the necessary primary and secondary legislation. It also highlights that the Ministry of Finance continues its regular consultations and reporting to the Fiscal Surveillance Mechanism with the European Commission as a mechanism that analyses and reviews all policies with fiscal impact.

The maintenance of stable fiscal policies is one of the key priorities in the EPAP from March 2011 (see key priority No. 50). As a key action to fulfil this priority is defined the harmonisation of economic policies specified in the MTEF 2012-2014 with the Budget Law (see action No. 50.2 from EPAP 2011). Other EPAP actions that are linked with the current project proposal are the building of analytical capacities with the aim of implementing the budget reform program (action No. 50.4), the implementation of reform on budgeting at programme and sub-programme levels with the aim of strengthening transparency over the budget planning process (action No. 50.5) and the quarterly based monitoring of budget on capital expenditures, based on the module on monitoring projects through the PIP system (action No. 50.9).

The EPAP key priority 18 “Strengthen the capacity for coordination of governance and define precisely responsibilities of all central and local authorities in order to ensure consistency in policy” and its action 18.1 “Development of an integrated planning system for Government policies”, as well as the key action 90.2 on “monitoring the decentralisation process of budget spending agencies” are also relevant to the project.

Kosovo has established a *Working Group on Fiscal Implications*. The Ministry of Finance has a leading role in the functioning of this working group. The Working Group has a mandate to (a) analyse the fiscal aspect of EPAP, (b) to advise involved institutions on the methodology and the approach during determination of fiscal implications of EPAP, and (c) to ensure that fiscal implications of EPAP are real and objective and as such they are reflected in the Annual budget and the Mid-Term Expenditure Framework.

The Government in December 2011 has adopted the Strategic Development Plan for the Ministry of Finance which was prepared based on the recommendations of PAR Functional Review.

## **Activity 2 – Statistics:**

The *Multi-annual Indicative Planning Document (MIPD) 2011-2013 for Kosovo*, under the sector for public administration reform, recognises the improvement of the production of statistics as a priority.

The Strategic Development Plan for the Kosovo Agency of Statistics (KAS) for 2009 - 2013 sets the following priorities and needs for the statistical system;

- Macroeconomic statistics; the focus will be on the development of national accounts according to ESA95, introduction of quarterly gross domestic product (GDP) by production and expenditure approach method, estimation of national accounts in constant prices based on improved price indices, economic statistics and other relevant

fields of statistics in generally.

- Business statistics; improve the Structural Business Statistics (SBS), including data collection, data processing, timeliness and coverage, new short-term indicators and short-term statistics according to NACE Rev. 2 prepared and published.
- Developing an IT Development Strategy for the period 2010-2015.
- Begin the development and introduction of IT protocols and software for data collection through electronic data transfer systems.
- Introducing data transfer and data capture by electronic means will bring savings in time and resource use.
- Dissemination.
- Improve the website and set up a data library.
- Monitor the dissemination list and introduce User Satisfactory Surveys.

### **2.3 LINK WITH ACCESSION PARTNERSHIP (AP) / EUROPEAN PARTNERSHIP (EP) / STABILISATION AND ASSOCIATION AGREEMENTS (SAA) / ANNUAL PROGRESS REPORT**

#### **Activity 1 - Public Finance:**

The need of establishment and maintenance of sustainable macroeconomic and fiscal policies is recognised in the framework of the Stabilisation and Association Process Dialogue (SAPD) with Kosovo. In the conclusions of the SAPD meeting *on Economy, Financial Issues and Statistics* that was held on 1 June 2011, the European Commission confirmed that the MTEF should be a more strategic and policy-oriented document. It should concentrate on fiscal policy, structural reform and evaluation of budgetary impact of policies and reforms and focus on interactions between macroeconomic scenario, fiscal medium-term scenario and structural reforms. The Commission suggests Kosovo authorities to take a look at the existing pre-accession *Economic and Fiscal Programs* of candidate and potential candidate countries in order to be able to bring the MTEF closer to a fully-fledged economic strategy. The Commission expressed its readiness to assist in this exercise.

The Commission stresses in the SAPD conclusions that there were a number of ad-hoc measures approved without prior consultations and budgetary impact evaluation. According to the same conclusions, the challenges for the PIP are that the PIP System shall be used by all budget organisations, including by municipalities (the use of the PIP System together with the Budget Development Management System (BDMS) is mandatory), the numerous movements of staff trained to use the system, the need of continuous training of current and newly recruited staff as well as the PIP System maintenance by local staff. The future plans are targeted also at the further development and advancement of Project Monitoring Module. The monitoring of the budget organisation in decentralisation of expenditures is also defined as a challenge in the SAPD conclusions.

According to the European Commission Progress Report 2011, the designing and implementing of a coherent and credible economic strategy, linking policy priorities, structural reforms and public expenditure, remain a major challenge for Kosovo. The last Reports recognise the fact

that the Fiscal Surveillance Mechanism continued with meetings being held on a bi-annual basis between the Commission and the Kosovo authorities. They also admits that there is overall political consensus on the fundamentals of market-oriented economic policies. The overall conclusion of the 2011 Progress Report is that fiscal planning and the quality of public finances deteriorated further and policy predictability, consistency and transparency remain serious challenges.

The Progress Report 2011 stresses that significant progress has been achieved on decentralisation but that municipalities continue to face challenges in terms of capacity and resources.

### **Activity 2 – Statistics:**

The European Partnership document highlights the strengthening of the qualitative capacities of the personnel through trainings and an increase in number of staff as priorities in the area of statistics in order to prepare for producing EU-harmonised statistics. In addition, *the European Partnership* lists following priorities for statistics:

Short term priorities:

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

Medium term priorities:

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

The Progress Report 2011 recognises that some progress has been made as regards the statistical infrastructure. The cooperation of the Kosovo Agency of Statistics with other institutions has improved. The amendments to the law on tax procedures now allow the tax administration to provide the Office with the necessary administrative data for the statistical business register. However, the statistical infrastructure of Kosovo needs to be further strengthened and the Progress Report notes that the Agency lacks the necessary resources.

Furthermore, the Progress Report highlights that there has been limited progress on classifications and registers. Efforts are needed to implement the European classification of economic activities NACE (Statistical nomenclature of economic activities in the European community) Rev. 2.

## **2.4 PROBLEM ANALYSIS**

### **Activity 1 - Public Finance:**

As of 2006, potential candidate countries are expected to submit to the European Commission an Economic and Fiscal Programme (EFP) in the context of the EU fiscal surveillance mechanism and strengthened economic governance in the EU. As part of the EFP

preparation, Kosovo will be expected to make an assessment of the sustainability of its external position, including an analysis of competitiveness issues, and to identify the main structural obstacles to growth and key policy measures intended to address these obstacles. Drafting the EFP requires a concise analysis of recent economic developments, presentation of a medium-term macroeconomic scenario, advanced fiscal analysis and presentation of policy priorities and their implementation. The *Fiscal Surveillance Mechanism* was established in March 2009 by the Government of Kosovo and the European Commission, in cooperation with the International Monetary Fund. This mechanism and its functioning through bi-annual regular meetings prove the need to make common analyses and reviews of policies with fiscal impact as well as the necessity for the Government of Kosovo to cooperate closely with the main donors such as the EU and IMF.

The project shall address the issue of improving economic and fiscal planning, budget consultation and implementation. The Fiscal Surveillance processes and efforts shall be further strengthened and streamlined through the preparation for adoption and implementation of Economic and Fiscal Programmes. The fiscal decentralisation process shall be also properly addressed. The necessary financial and administrative resources shall be ensured in order to achieve this objective.

Regarding BDMS and the PIP systems, utilisation of the systems to their full potential, system ownership and sustainability as well as utilisation by all budget organisations at central and local level remains a key problem that shall be addressed.

The main beneficiary of this project is the Ministry of Finance (MoF). Other major stakeholders are the line ministries and municipalities that are involved in economic and fiscal planning and management of Public Finances in all stages. The Office for Strategic Planning within the Prime Minister Office, and MEI will cooperate closely with MoF. The Central Bank of Kosovo and the Kosovo Agency of Statistics also have key roles in relation to the activities for the preparations of Economic and Fiscal Programme.

### **Activity 2 – Statistics:**

Official statistics are used for decision-making by policy makers, businesses and society at large. They are an essential tool for the development of democratic and market oriented societies. Building a sustainable and reliable statistical system according to EU and international standards is a demanding and lengthy process. Kosovo is at very early stage of this process.

Despite progress made in several areas of statistics, KAS continues to face problems related to producing statistics on time, with reliable quality and in line with the standards of European Union countries and international methodologies. Other concerns that need to be addressed are: publication of GDP by production approach using supply and use tables (SUT)(last year published 2007), the lack of quarterly national accounts, structural business statistics (SBS), annual and short-term statistics (STS), statistical register of businesses, use of new international classifications, lack of social statistics in quarterly basis respectively statistics on labour market, strengthen existing capacity in the field of IT, for the consolidation of the integrated system we collect and manage data (managing databases in a common system). Training needs, especially in SQL and Windows Server 2008. All the above mentioned challenges demonstrate the need to increase existing capacities of

KAS in order to approximate the statistics of Kosovo with the European Union countries and Eurostat standards.

## **2.5 LINKED ACTIVITIES AND DONOR COORDINATION**

A number of donor initiatives have supported the MoF and the development of the statistical system in Kosovo. The EU has been supporting KAS since early 2000. Both components of the project will build on the EU assistance already provided.

### *Improving the quality of public investments in Kosovo and preparing the grounds for EU funds*

This project supports a PFM reform program to: integrate planning and budgeting systems with a focus on capital budgeting; introduce modern costing, project planning and management techniques in core ministries and municipalities; improve the link of planning and budgeting with the sectoral and overall policy process. This project has worked on the consolidation of the BDMS and PIP system.

### *Strengthening the human resources and the institutional capacity of the Kosovo local public administration – European Cooperation for Stronger Municipalities*

The aim of this twinning project which will be implemented till July 2013 is to make lasting improvements in the availability, efficiency and cost-effectiveness of services provided to citizens by Kosovo municipalities through better municipal planning and management.

### *Further EU support to the Office of the Auditor General of Kosovo to reach EU good practice standards.*

This is a twinning project which is expected to be awarded during 2012. It will support the Office of the Auditor General to continue building up a fully functional Audit Office and further develop its capacities for sustainable delivery of its mission's objectives.

### *DFID project support for developing strategic planning*

This initiative has been led by the Office of the Prime Minister, and has had implications for implementing strategic planning in budget organisations under FMC as well as for continuing the induction training for elected officials and senior civil servants.

### *World Bank Public Sector Modernisation Project*

This planned project will deploy part-time advisors to provide advice on improving public financial management performance in budget planning, preparation, execution, management, and monitoring. The activities will be concentrated in the Budget and Finance Departments of five major budget organizations: Ministries of Education, Health, Agriculture, Justice, and the Judicial Council.

### *Support to KAS in preparation of the 2011 census*

Technical assistance supported KAS in the preparation and implementation of the 2011 population census. The objective is to increase the capacity of KAS to prepare and carry out the population and housing census and disseminate the results in line with international standards and requirements.

The EU also supported the Population and Housing Census Trust Fund and the International

Monitoring Operation for the 2011 census.

### *IPA regional statistics programme for the Western Balkans*

The IPA regional programme consists of two main parts. One covers activities such as participation in Eurostat Working Group meetings, training courses, study visits and short-term consultancy services.

The second part consists of pilot projects covering data collection and methodological development for, among other, external trade statistics, price statistics (purchasing power parities and harmonised index for consumer prices), national accounts, structural business statistics and business register, agricultural statistics and population censuses plus data transmission.

For example, with regards to national accounts, within the regional IPA 2007 Project, KAS has finished the “Description of sources and methods used for compilation of central accounts” whereas the main objective of the IPA 2008 Project was to improve the GFCF estimates for the non financial and financial units, improvement the GFCF and CFC for government and NGOs and improvement of GVA estimates for transport and restaurants. Main objective of IPA 2009 Project is to improve the basis of the annual and quarterly constant price estimates.

### *SIDA's support to the Statistical Agency*

SIDA/Statistics Sweden's assistance is focused on agricultural statistics and especially on agriculture Price Index and Economic accounts in agriculture, environment, energy and price statistics. The current project between the KAS and Statistics Sweden started in 2002 and will run up to August 2012 with the aim to be extended until 2015. The aim of the project is focused on price statistics, business surveys, statistical business register and short term statistics (from 2010). As soon as the proposed IPA project will start, SIDA will stop the support in SBS and STS. The project also supports KAS in capacity building by offering subject-matter training courses, methodology training and English language training. The project has initiated a “Trainee Component” which provides KAS an extra five junior experts yearly.

In addition to the above-mentioned projects, DfID, IMF, Unicef, the UNFPA and JICA also support the Statistical Agency. IMF's assistance is limited to one short-term expert mission per year on expenditure approach whereas the others have a more permanent support role.

Evidently, donor activities need to be coordinated in order to make maximum use of the absorption capacity of the beneficiary institutions and to ensure the sustainability of the results. It is crucial that the sub-sectoral donor working group that was convened for the first time in March 2012 will continue to meet in order to ensure that the support is well coordinated and KAS can benefit of synergies between different projects.

Furthermore, the Government of Kosovo adopted in 03 Jun 2011 the Regulation No. 04/2011 On Donor Coordination. The aim of this regulation is to increase the role of the Government of Kosovo in the coordination of foreign aid, creating a system that ensures the effectiveness

and transparency between the activities of the Government of Kosovo and the Donor Community. The Regulation establishes High Level Forum, Sector Working Groups and Sub Working Groups as mechanisms to coordinate, review and supervise progress of donor assistance.

## **2.6 LESSONS LEARNED**

MoF and KAS have been supported over the last years by several projects funded by different donors. Previous experience indicates that there is a need for better coordination between projects, avoiding overlaps and in particular increased coordinating role and ownership from the Kosovo institutions itself.

Coherence between various projects should be ensured in the framework of the overall Public Administration Reform. It is also crucial to maintain staff knowledge, institutional memory and procedures to ensure sustainability of projects results and benefits.

The introduction of a sector-based approach to plan and implement assistance will increase the effectiveness of technical assistance projects. This will further enhance the effectiveness of policy coordination initiatives, increase ownership of Kosovo institutions and improve efforts to avoid overlapping in donor assistance.

The preparations for the elaboration and implementation of Economic and Fiscal Programmes and the statistical work plan will also help Kosovo to move forward in that direction.

In KAS, particular attention should be paid to staffing and the transfer of ownership and knowledge. Project implementation can easily be hampered by insufficient staff and turnover of trained staff. The availability of the needed human resources at KAS has to be considered as a pre-condition for the project. KAS must also take ownership of all the activities and ensure that the skills and expertise acquired during the project will constructively increase the capacity of the whole organisation.

## **3. DESCRIPTION**

### **3.1 OVERALL OBJECTIVE OF THE PROJECT**

The overall objective is twofold:

1. To promote macroeconomic stability and economic growth in Kosovo, by improving economic policy making and budgetary discipline, and streamlining fiscal decentralisation.
2. To strengthen the statistical system of Kosovo, with a focus on improving national accounts and business statistics according to EU standards, and to modernise the IT systems and web dissemination.

### **3.2 SPECIFIC OBJECTIVE(S) OF THE PROJECT**

#### **Activity 1 - Public Finance:**

1. To improve Kosovo's participation in more integrated economic and fiscal surveillance frameworks;
2. To improve the fiscal decentralisation process in Kosovo, by ensuring a closer link between budget and service delivery at local level.
3. To strengthen the budgeting process through supporting the systems' sustainability and

improving the use of the Public Investment Programme (PIP) and Budget Development Management Systems (BDMS) by budget organisations.

#### **Activity 2 – Statistics:**

4. To strengthen the capacities of KAS and enable KAS to carry out its core activities in a standardised manner,
5. To improve the quality of annual national accounts and start the compilation of quarterly accounts
6. To improve structural business statistics and increase the coverage of short-term business statistics,
7. To strengthen the KAS IT system and web dissemination of statistics.

### **3.3 RESULTS**

#### **Activity 1 - Public Finance:**

Component 1: Enhanced implementation of the economic and fiscal surveillance mechanisms and practices:

1. Necessary institutional and analytical capacity developed in order to allow Kosovo to participate in the pre-accession economic surveillance procedure, namely to prepare and adapt an Economic and Fiscal Programme according to the European Commission's guidelines.
2. Better link and coordination built between the fiscal policy documents (Declaration of Mid Term Priorities, MTEF, Annual budget) and EPAP, sector strategies and action plans.

Component 2: Advanced fiscal decentralisation process, including taxation on local level:

3. Policy responsibilities placed with municipalities paired with the necessary financial autonomy.
4. Improved local capacity to design and implement fiscal policy.
5. Improved service delivery to citizens.

Component 3: Strengthened budget planning process:

6. Sustainability of PIP and BDMS improved, systems further developed and adapted according to demands.
7. Systems used to link policies and decision making to budgeting.

#### **Activity 2 – Statistics:**

Component 1: A quality system for the production of statistics

1. Statistical work plan up dated and followed;
2. Policies and guidelines prepared for the implementation of the quality system.

#### Component 2: National accounts

3. Increased compliance with ESA 95, including improvement in the estimation of production, intermediate consumption and value added for all activities of the economy. Estimation of national accounts in constant prices based on improved price indices.

#### Component 3: Business statistics

4. Improved Structural Business Statistics, including data collection, data processing, timeliness and coverage;
5. New short-term indicators, including industrial production and output prices prepared and published;
6. Short-term statistic according to NACE Rev. 2 prepared and published;
7. Improvements of the Statistical Business Register.

#### Component 4: Information technology system

8. Improved IT system and Programming (software application & data maintained);
9. Developing IT system and Web dissemination.

### **3.4 MAIN ACTIVITIES**

#### **Activity 1 - Public Finance:**

Component 1: Enhanced implementation of the economic and fiscal surveillance mechanisms and practices.

This activity will build on what has been already achieved through the implementation of the Fiscal Surveillance Mechanism. It aims to prepare Kosovo for enhanced economic surveillance through elaboration, adoption and implementation of Economic and Fiscal Programmes.

- 1.1. Evaluation of current economic and fiscal surveillance procedures and mechanisms in Kosovo.
- 1.2. Supporting the design of Economic and Fiscal Programme (EFP)
- 1.3. Providing continuous assistance in the adoption and monitoring of the Economic and Fiscal Programme.

Component 2: Advanced fiscal decentralisation process, including taxation on local level.

- 2.1. Evaluation of the current situation in relation to the fiscal decentralisation and provision of recommendations for improvement including:
  - Assess the expenditure needs of municipalities to undertake own competences as well as delegated competences (costing of municipal services);

- Based on the results of costing, make recommendations so that resources available commensurate responsibilities.

2.2. Implementation of recommendations for fiscal decentralisation and better linkage between budget and service delivery at local level

2.3. Support municipalities in implementing changes to local taxes and improving tax collection rates

### Component 3: Strengthened budget planning process

3.1. Provide support to the Ministry of Finance, Budget Department Database Administrators in order to strengthen the systems' sustainability at central and local level.

3.2. Introduce incremental changes to the systems along the needs of the Budget Department.

3.3. Capacity building to the Budget Department in using the systems to extract information to be used for reporting needs.

3.4. Capacity building focused on using the systems to produce qualitative and descriptive information with a view of improving the linkage between policy making and budgetary programming (better evaluating the budgetary implications of planned activities and policies)

## **Activity 2 – Statistics:**

### Component 1: A quality system for the production of statistics

1.1. Review and update on the statistical work plan, implementation of the five-year work programme;

1.2. Define the policies and guidelines for the work of the KAS covering inter alia planning, classifications, questionnaires, instructions, computer applications, data verification, confidentiality, dissemination and publication and to institutionalise the usage of the quality system;

1.3. Training on the concepts of quality management and support in the implantation in especially within the areas of component 2, 3 and 4.

### Component 2: National accounts

2.1. Review of national accounts and analyses of the available data sources.

2.2. Review compilation of annual accounts by production and expenditure approach and in constant and current prices, following ESA 95;

2.3. Implement the relevant recommendations of the Action Plan for compiling and publishing comprehensive statistics on national accounts and labour market and carry out revision of annual national accounts based on the new sources and improved methodology.

### Component 3: Business statistics

3.1. Assess the current situation of business statistics and identify available sources, both

administrative and statistical sources;

3.2. Revise questionnaires used for the SBS and the data collection system, review the sampling method and improve the IT system;

3.3. Design new STS surveys, carry out pilots and start regular production and publishing of short-term indicators for industrial production and output prices;

3.4. Start producing short-term business statistics according to NACE Rev. 2 and revise the time series;

3.5. Upgrade the Statistical Business Register to improve the accuracy of the population of business entities and establish a system for regular updating of the register.

#### Component 4: Information technology system

4.1. Provide training to the KAS IT department based on training needs assessment;

4.2. Build an internal network (Intranet) for KAS and the regional offices; and assist in preparing the technical specifications for the IT supplies contract;

4.3. Improve web dissemination for selected statistics including improvement of KAS' website to make it a more user-friendly and flexible dissemination tool;

4.4. Develop guidelines for the design of tables and graphs, also to be applied for dissemination on the web;

4.5. Develop a dissemination database, including more complete metadata covering different aspects related to data quality;

4.6. Build up a unified system in the field of information technology.

### **3.5 ASSESSMENT OF PROJECT IMPACT, CATALYTIC EFFECT AND CROSS BORDER IMPACT (WHERE APPLICABLE)**

Not applicable.

### **3.6 SUSTAINABILITY**

The main impact of the **Activity 1** will be to strengthen the capacities of the Ministry of Finance and line institutions and municipalities on economic and fiscal planning, public investment and fiscal decentralisation has a horizontal character that affects the whole public sector system. Therefore, there are important and cross-sector conditions that may contribute to the sustainability of project's results.

Sustainability will be achieved by continuous adoption and implementation of MTEF and Economic and fiscal programmes, annual budgets, EPAP, sector Strategies and Action Plans, by continuous implementation of the PIP and BDM Systems as well as through the enforcement of the recommendations in the area of fiscal decentralisation. Sustainable effect will be achieved if there are fewer turnovers among the trained staff of the MoF and other institutions.

Under **Activity 2**, in order to ensure sustainability for NA and business statistics, KAS should ensure sufficient financial and human resources order to increase efficiency and functionality

and thus stability within the office. KAS is currently in the process of internal reorganization which is expected to increase the accountability of officials in charge of the particular project as the responsible persons should be assigned for each activity at the beginning of the project.;

Finally, the Business register needs to include both NASE Rev.1 and NACE Rev. 2 classification codes for all entities.

### **3.7 ASSUMPTIONS AND PRECONDITIONS**

The main assumptions and preconditions are as follows:

- Continuous Government commitment on European integration process, economic and fiscal surveillance, budget planning, public investments policies and fiscal decentralisation and statistical development.
- Sufficient resources (human and material) allocated to achieve project outputs.
- Effective communication and active participation of all stakeholders.
- More sufficient and qualified staff in KAS
- Data provided by Tax administration and Agency for registration of businesses and other administrative data providers in Kosovo for timely updating of business register.
- Reorganisation of KAS together with the 5 year work plan and statistical programme has been prepared.

## **4. IMPLEMENTATION ISSUES**

**Activity 1** will be implemented through 1 service contract of €1.6 million and 2 consecutive framework contracts (€0.2 million each)

**Activity 2** will be implemented through 1 twinning contract of €1.5 million.

### **4.1 INDICATIVE BUDGET**

**Indicative Project budget (amounts in €) (for centralised management)**

<i>PROJECT TITLE</i>			SOURCES OF FUNDING									
			TOTAL EXPENDITURE	IPA CONTRIBUTION		BENEFICIARY CONTRIBUTION					PRIVATE CONTRIBUTION	
	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	€ (b)	% (2)	Total € (c)=(x)+(y)+(z)	% (2)	Central € (x)	Regional/Local € (y)	IFIs € (z)	€ (d)	% (2)
Activity 1												
contract 1.1 (Service)	X		1.6	1.6	100	-	-	-	-	-	-	-
contract 1.2(FWC)	X		0.2	0.2	100	-	-	-	-	-	-	-
contract 1.3 (FWC)	X		0.2	0.2	100	-	-	-	-	-	-	-
Activity 2												
Contract 2.1 (Twinning)	X		1.5	1.5	100				-	-	-	-
TOTAL IB			3.5	3.5	100				-	-	-	-
TOTAL INV			-	-	-	-	-	-	-	-	-	-
<b>TOTAL PROJECT</b>			<b>3.5</b>	<b>3.5</b>	<b>100</b>				-	-	-	-

*NOTE: DO NOT MIX IB AND INV IN THE SAME ACTIVITY ROW. USE SEPARATE ROW. Amounts net of VAT*

(1) In the Activity row, use "X" to identify whether IB or INV

(2) Expressed in % of the **Total** Expenditure (column (a))

## 4.2 INDICATIVE IMPLEMENTATION SCHEDULE (PERIODS BROKEN DOWN BY QUARTER)

*Dates indicated in the schedule cannot go beyond the contracting and execution deadlines in the financing proposal*

Contracts	Start of Tendering/ Call for proposals	Signature contract	of	Project Completion
Contract 1.1	Q3 2012	Q2 2013		Q2 2015
Contract 1.2	Q3 2012	Q3 2012		Q3 2013
Contract 1.3	Q3 2013	Q3 2013		Q3 2014
Contract 2.1	Q2 2012	Q1 2013		Q1 2016

## 4.3 CROSS CUTTING ISSUES

### 4.3.1 *Equal Opportunities and non discrimination*

Equal opportunity will be taken into account in the preparation of all tender documents and in the recruitment of personnel through the placement of appropriate wording.

### 4.3.2 *Environment and climate change*

The project is of a purely technical nature of the does not have a direct impact on environment.

However, during implementation of the project production of printed material will be kept to the strictest minimum.

Disaster resilience and risk prevention and management should be integrated in the planning, preparation and implementation of projects.

### 4.3.3 *Minorities and vulnerable groups*

Beneficiaries' staff will have to be appropriately sensitised to the principles of fair treatment of minorities in public sector employment policy and practice.

Reliable and comprehensive statistics will enable policy and decision makers to monitor the key economic and social indicators on ethnic minorities.

### 4.3.4 *Civil Society/Stakeholders involvement*

Civil Society/stakeholder involvement will be taken into consideration in all aspects of EU-funded activities in order to support civil society organisations to strengthen their capacities and professionalism, allowing them to engage in an effective dialogue with public and private actors and to monitor developments in areas such as public finance and statistics.



**ANNEX 1: Logical framework matrix in standard format**

LOGFRAME PLANNING MATRIX FOR Project Fiche		Project title and number		<b>Support to Public Administration Reform (Public Finance and Statistics)</b>
		Contracting period expires 3 years after signing the financing agreement		Execution period expires 2 years following the final date for contracting
		Total budget	€3.5 million	
		IPA budget:	€3.5 million	
<b>Overall objective</b>	<b>Objectively verifiable indicators (OVI)</b>	<b>Sources of Verification</b>		
<p>To promote macroeconomic stability and economic growth in Kosovo, by improving economic policy making and budgetary discipline, and streamlining fiscal decentralisation.</p> <p>To strengthen the overall statistical system of Kosovo with focus on improving economic statistics and align them with EU standards and to modernise the IT systems and web dissemination.</p>	<p>Expended range and quality of economic statistics in Kosovo.</p> <p>Data published in accordance with the EU standards</p>	<p>European Commission statement on the outcome of the FSM</p> <p>Economic and Fiscal Programmes</p> <p>European Commission progress report and European Commission EFP assessments</p> <p>SAPD conclusions</p> <p>IMF reports</p> <p>Government Reports on the implementation of Kosovo budgets</p> <p>KAS website</p> <p>Eurostat's publications and reports</p> <p>Contractor's report</p>		
<b>Specific objective</b>	<b>Objectively verifiable indicators (OVI)</b>	<b>Sources of Verification</b>		<b>Assumptions</b>

<p>Activity 1: Public finance</p> <p>1. To improve Kosovo's participation in more integrated economic and fiscal surveillance frameworks;</p> <p>2. To improve the fiscal decentralisation process in Kosovo, by ensuring a closer link between budget and service delivery at local level.</p> <p>3. To strengthen the budgeting process through supporting the systems sustainability and improving the use of the Public Investment Programme (PIP) and Budget Development Management Systems (BDMS) by budget organisations.</p> <p>Activity 2: Statistics</p> <p>4. Strengthen the capacities of KAS and enable KAS to carry out its core activities in a standardised manner,</p> <p>5. To improve the quality of annual national accounts and start the compilation of quarterly accounts</p> <p>6. To improve structural business statistics and increase the coverage of short-term business statistics,</p> <p>7. To strengthen the KAS IT system and web dissemination of statistics.</p>	<p>Recommendations from Fiscal Surveillance Mechanism meetings</p> <p>EFP drafted and submitted to the European Commission</p> <p>Improved fiscal function of municipalities</p> <p>MTEF served as guiding document for Budget processes.</p> <p>Government strategy papers and policy documents in line with MTEF.</p> <p>PIP and BDMS used by all BOs</p> <p>Economic statistics published, including improved GDP figures by expenditure and production, as well as new and lower aggregated national accounts indicators. New short-term statistics indicators published, Extended range of indicators</p> <p>More user – friendly website for KAS</p>	<p>EC Progress Reports</p> <p>European Commission statements on the outcome of the Fiscal Surveillance Mechanism meetings</p> <p>European Commission Assessments of the Economic and Fiscal Programmes</p> <p>SAPD conclusions</p> <p>IMF Mission findings</p> <p>Fiscal decentralisation report form IMF and WB</p> <p>MTEF</p> <p>PEFA reports</p> <p>Electronic publications on-line and printed / published on a regular basis according to the published calendar.</p> <p>KAS website</p> <p>Eurostat publications and reports</p> <p>Contractor's report</p> <p>European Commission progress reports</p> <p>KAS report and Government report</p>	<p>Commitment by government</p> <p>Sufficient resources (both human and material resources)</p> <p>Ownership of KAS</p> <p>Absorption capacity</p>
<p><b>Results</b></p>	<p><b>Objectively verifiable indicators (OVI)</b></p>	<p><b>Sources of Verification</b></p>	<p><b>Assumptions</b></p>

<p>Activity 1: <b>Public Finance</b></p> <p>Component 1: Enhanced implementation of the economic and fiscal surveillance mechanisms and practices:</p> <ol style="list-style-type: none"> <li>1. Necessary institutional and analytical capacity developed in order to allow Kosovo to participate in the pre-accession fiscal surveillance procedure, namely to prepare and adapt an Economic and Fiscal Programme according to the European Commission's guidelines.</li> <li>2. Better link and coordination built between the fiscal policy documents (Declaration of Midterm Priorities, MTEF, annual budget) and EPAP, sector strategies and action plans.</li> </ol> <p>Component 2: Advanced fiscal decentralisation process, including taxation on local level</p> <ol style="list-style-type: none"> <li>3. Policy responsibilities placed with municipalities paired with the necessary financial autonomy.</li> <li>4. Improved local capacity to design and implement fiscal policy.</li> <li>5. Improved service delivery to citizens.</li> </ol> <p>Component 3: Strengthened budget planning process</p> <ol style="list-style-type: none"> <li>6. Sustainability of PIP and BDMS improved, systems further developed and adapted according to demands.</li> <li>7. Systems used to link policies and decision making to budgeting.</li> </ol>	<p>Evaluation on FSM</p> <p>Assessment of EFP Roadmap</p> <p>MTEF</p> <p>Assessment on fiscal decentralisation done.</p> <p>Advanced functionality of budget system in local level</p> <p>Implementation of legislation on tax collection</p> <p>Number of experts trained in central and local level</p> <p>Use of PIP and BDMS systems by BOs</p> <p>Government strategy papers and policy documents in line with MTEF.</p> <p>Standardised procedures for developing statistical products in place</p> <p>Guidelines and manuals for the various steps of the statistical production produced</p> <p>Quality reports according to Eurostat standards prepared in selected domains.</p> <p>Recommendation of Action Plan implemented in production of central accounts.</p>	<p>EC Progress Reports</p> <p>European Commission statements on the outcome of the Fiscal Surveillance Mechanism meetings</p> <p>European Commission EFP assessments</p> <p>SAPD conclusions</p> <p>IMF Mission findings</p> <p>MTEF</p> <p>PEFA reports</p> <p>Fiscal decentralisation report form IMF and WB</p> <p>IMF Mission findings</p> <p>Budget execution reports</p> <p>PIP and BDMS reports</p> <p>KAS website</p> <p>Eurostat publications and reports</p> <p>KAS Report</p> <p>Government annual report</p>	<p>Stakeholder's commitment to carry on policy coordination and economic and fiscal surveillance.</p> <p>Stability of staff of MoF, KAS and other institutions involved during implementation.</p> <p>Effective communication and active participation of all stakeholders.</p>
<p>Activity 2: <b>Statistics</b></p> <p>Component 1: A quality system for the production of statistics</p> <ol style="list-style-type: none"> <li>1. Statistical work plan up dated and followed;</li> </ol>	<p>Increased level of alignment with ESA 95 and the <i>acquis</i>.</p> <p>Annual GDP by production and expenditure approach published simultaneously.</p>		

<b>Activities to achieve results</b>	<b>Means / contracts</b>	<b>Costs</b>	<b>Assumptions</b>
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<p><b>Activity 1 - Public Finance:</b></p> <p>Component 1. Enhanced implementation of the economic and fiscal surveillance mechanisms and practices.</p> <p>1.1. Evaluation of current economic and fiscal surveillance procedures and mechanisms in Kosovo.</p> <p>1.2. Supporting the design of Economic and Fiscal Programme (EFP)</p> <p>1.3. Providing continuous assistance in the adoption and monitoring of the Economic and Fiscal Programme.</p> <p>Component 2. Advanced fiscal decentralisation process, including taxation on local level.</p> <p>2.1. Evaluation of the current situation in relation to the fiscal decentralisation and provision of recommendations for improvement including:</p> <ul style="list-style-type: none"> <li>- Assess the expenditure needs of municipalities to undertake own competences as well as delegated competences (costing of municipal services);</li> <li>- Based on the results of costing, make recommendations so that resources available commensurate responsibilities.</li> </ul> <p>2.2. Implementation of recommendations for fiscal decentralisation and better linkage between budget and service delivery at local level</p> <p>2.3. Support municipalities in implementing changes to local taxes and improving tax collection rates</p> <p>Component 3. Strengthened budget planning process</p>	<p>Service contract</p> <p>2 service contracts (framework contracts)</p> <p>1 Twinning contract</p>	<p>€1.6 million</p> <p>€0.4 million</p> <p>€1.5 million</p>	<p>Pro-active involvement and preparation for the future Economic and Fiscal Programmes.</p> <p>Sufficient resources (both human and material resources) allocated to achieve project outputs. and low turnover.</p> <p>Effective communication and active participation of all stakeholders.</p> <p>Readiness to actively participate in capacity building events.</p> <p>Sufficient and qualified staff available at beneficiary institutions respectively KAS;</p> <p>Clear schedule of activities;</p> <p>Stability of high ranked official and regular reports.</p>
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## **2. Description of Institutional Framework**

### **Ministry of Finance**

The institutional framework is regulated by the law on Public Financial Management and Accountability whose scope relates to budget, capital and operating expenditure, financial management, accounting, budget accountability, and financial reporting systems for public authorities and public undertakings in Kosovo. The law prescribes the powers and duties of the Ministry of Finance and other public authorities relating to these matters. All public authorities, budget organizations and public undertakings, when conducting any activity or accepting any obligation that directly or indirectly involves or affects the use of public money or public resources, shall strictly comply with the applicable provisions of the present law. No obligation arising out of a document, agreement or arrangement shall be valid or enforceable if the document, agreement or arrangement creating or giving rise to such obligation has been created, accepted or concluded in a manner that fails to comply with the applicable provisions of this Law.

The Ministry of Finance has the following departments in its organizational structure: treasury, central budget, department for municipal policies and budget, administration, department of economic and fiscal policies, internal auditor, central unit for internal audit and harmonization, and legal department. All line ministries have their respective budget and finance departments as provided for by the Constitution of Kosovo, and the Rules of Procedure of the Government. The Law on Local Government Finance (Law 03/L-049) and Law on Local Self-Government (LAW NR. 03/L-040), defines the legal status of municipalities, their competencies and general principles of municipal finances, organization and functioning of the municipal bodies, the intra-municipal arrangements and the inter-municipal cooperation including the cross border cooperation and the relationship between municipalities and central government.

Administrative Instructions approved in September of 2011 by Ministry of Finance provide the details of the rules identified in the Law No. 03/L- 204 on Taxes on Immovable Property , as a part of Fiscal decentralisation.

### **Kosovo Agency of Statistics (KAS)**

Kosovo Agency of Statistics (KAS) was set up as an independent institution in 1999 as an executive agency attached to the Ministry of Public Administration (MPA). KAS is regulated by Law on Official Statistics, Law no. 04/L-036, which entered into force on December 2011. KAS is a professional institution, independent, carrier and distributor of official statistics and coordinator of Kosovo's official statistics, which operates now under the Prime Minister's Office (PMO). KAS sets annually priorities and designing of the work plan for respective year, based on priorities established by KAS Management in cooperation with other stakeholders in the field of official statistical researches.

The main objectives of the Office are to collect, process, analyse and publish statistical data. It also provides evaluations and surveys on demographic, social and economic phenomena in Kosovo. To achieve this objective, the Office uses methodologies, nomenclatures and classifications accepted by international statistical organisations, including Eurostat.

Kosovo Agency of Statistics under the Law on Official Statistics takes different role and content from those that had before the adoption of this law. Therefore in this context, KAS will design a new mid-term five-year plan 2013-2017, which will be the guide of statistical research activities in the future.

### 3. Reference list of relevant laws and regulations only where relevant

- Law on Public Financial Management and Accountability,
- Law on Local Government Finance (Law 03/L-049),
- Law on Local Self-Government (Law No. 03/L-040),
- Law No. 03/L- 204 on Taxes on Immovable Property,
- MTEF 2012-2014 for Kosovo (Kosovo Authorities),
- 2011 European Partnership Action Plan (EPAP) of Kosovo.

Law on Official Statistics, Law no. 04/L-036.

As the derivative of this law KAS is currently preparing the below administrative instructions;

- Administrative direction for restructuring;
- Administrative direction for generating incomes;
- Administrative direction for storage of statistical material.

### 4. Details per EU funded contract(\*) where applicable:

*For TA contracts: outputs expected from the contractor and indicative budget breakdown.*

1. One Service contract; €1.6 million

*Main outputs expected from the contractor*

- Structures and enhanced capacity for participation in advanced fiscal surveillance mechanisms by preparing an Economic and Fiscal Programme
- Increase of financial autonomy of municipalities and of their capacity to raise taxes and manage income from taxes
- Conformity between responsibilities of municipalities and financial means available to them

2. Two Service contracts; €0.4 million (€200,000 each)

*Main outputs expected from the contractor*

- Increased MF ownership over BDMS and PIP
- Improvement towards using the two systems to produce and present the annual budget
- Systems adapted to respond to reporting requests

3. One Twinning contract; €1.5 million

*Main outputs expected from the contractor*

- A quality system for the production statistics in place
- Increased compliance with ESA 95
- Improved Structural Business Statistics, including data collection, data processing, timeliness and coverage:
- New short-term indicators
- Short-term statistic according to NACE Rev. 2 prepared and published;
- Improved Statistical Business Register.
- Improved IT system and Programming

## **5. Project visibility activities**

The European Union Office in Kosovo has developed clear visibility guidelines and ensures that all projects which are implemented in Kosovo are fully in line with these guidelines. Project visibility is also clearly stipulated in all contractual documents whereby the contractors/implementers are obliged to adhere to all EU visibility requirements.