



KOSOVO FEASIBILITY STUDY

EUs Chance to Anchor Kosovo

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➤ “EU reforms should be used as a model and tool for internal development of Kosovo and positive transformation of its institutions, economy and politics”

➤ “EU in autumn 2009 came out with Kosovo Study instead of the Feasibility Study as stated in the EU Enlargement Strategy 2008 and used a mixed approach and terminology that was much closer to a neighbourhood than enlargement policy”

➤ “The FS is not a simple routine exercise or instrument to evaluate the readiness of Kosovo to negotiate and take SAA obligations. Rather, it is a political sign that have to ensure that the EU wants Kosovo to become an EU Member”

I. Old Promise, New Situation

European Union (EU) has been one of the key and most influential stakeholders during Kosovo reconstruction, development, state building and coordinated independence. The EU has allocated significant resources and provided profound support during the last 13 years. It has integrated the young country into its main-stream processes such as the Stabilisation and Association Process (SAP) that aims to guide countries of the Western Balkans towards EU membership. Just recently, the EU has committed itself to further advance relations with Kosovo also taking concrete steps such as conducting a Feasibility Study (FS) for reaching a Stabilisation and Association Agreement (SAA).

The Republic of Kosovo, or “The Young Europeans” as it prefers to be known, has undertaken significant steps with regard to state building and has committed itself to catch up with its neighbours in the EU membership process. Kosovo has played a constructive role as a regional player and has helped maintain peace and stability in the region but still progress has to be made internally with focus on structural reforms that will enhance good governance, improve efficiency of the institutions and generate political and socio-economic development.

The EU Enlargement process is exactly the right mechanism to achieve this. It can serve as a ‘magic tool’ that can help and guide Kosovo towards more positive transformations of its institutions, society and economy with focus on improving the living standards while also offering qualitative opportunities and choices to its citizens. EU leaders and institutions have stated on numerous occasions that Kosovo shares the European perspective of the Western Balkans.

One of those significant occasions occurred in November 2008 when the EU in its Enlargement Strategy confirmed that ‘Kosovo has a clear European perspective, in line with the rest of the Western Balkans’ and was committed to ‘presenting a feasibility study in autumn 2009’. For reasons not shared with the public, instead of delivering a Feasibility Study (FS) that would have guided Kosovo to SAA negotiations and ultimately to an agreement, the EU in autumn 2009 came out with a Kosovo Study that was not linked with negotiations and the SAA. The EU used a mixed approach and terminology that was much closer to a neighbourhood than enlargement policy. One can argue that had the EU delivered the FS four years ago, Kosovo would have signed the Stabilisation and Association Agreement by now. Experts can best evaluate the opportunity cost this failed decision had for business and citizens. But not moving forward may have not only political and economic but also security implications in this yet fragile region.

Now in 2012, we have a new situation in which the EU, perhaps also as a result of Kosovo’s compromise spirit with regard to its dialogue with Serbia, has announced and started conducting a FS for Kosovo with clear links to negotiations and signature of the SAA. This is one of the most significant moments of implementation of Kosovo’s European Perspective but also a unique opportunity for the EU to make up for the time lost with Kosovo and to end the isolation of Kosovo’s citizens and businesses. It needs to be reminded of the fact that Kosovo is the only country in the Western Balkans that has no contractual relationship with the EU yet and which does neither enjoy the benefits of the freedom of movement nor the access to most other EU instruments available.

The FS is not a simple routine exercise or instrument to evaluate the readiness of Kosovo to negotiate and take SAA obligations. Rather, it is a political sign that seems to ensure that the EU wants Kosovo to become an EU Member and is serious when it repeatedly claims that Kosovo has a European future. An important momentum is emerging in the EU – Kosovo relations and both sides should take advantage of that.

II. Proactive EU Reform Agenda Needed

The significance of EU Enlargement is the process itself, which has directed and enabled so many countries in Eastern Europe to reform and positively transform and improve the quality of lives of their citizens. This also needs to be reflected in Kosovo, where European reforms should be used to further institutional, political and economic development and improved competitiveness. Kosovo leaders have to understand that the European integration process is not a gift but rather a merit based process in which the pace of reforms undertaken and implemented determines the speed of the journey. Numerous credible reports have identified both the progress and shortcomings in Kosovo's path. The reform areas have been identified and it has become clear which reforms are the most important ones.

Kosovo needs to be more proactive in implementing key EU reforms. Now that the Feasibility Study is underway, the Government should gear up its efforts in proving that it wants to positively influence the outcome of the study as well as to send signals that it is ready to advance its relations with the EU. Therefore, it is of utmost importance that the Government fo-

cuses on activities that will generate a positive Feasibility Study in order to help the EU to come to the desired positive decision later this year. Key elements and challenges have already been identified. Those become obvious when analysing the FS processes and experiences in the region as well as looking at the conclusions of SAP dialogue meetings, Progress Reports, official communications etc. What Kosovo now has to do is to employ a more proactive approach and to begin implementing a Feasibility Study Key Reform Intervention (FS reforms). Institutions should develop a FS reforms action plan and use the European Integration Inter-Ministerial Working Group led by the Prime Min-

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The following are probable FS recommendations, hence, **Feasibility Study Key Reform Interventions:**

- Continue constructive spirit in EU facilitated dialogue with Serbia

- **Election reform**

(Consensus based)

- Governance Coordination

- **Public Administration Reform**

- **Judicial Reform** - Strengthen efficiency, independence and professionalism

- **Fight corruption and organised crime**

- **Inclusive Agenda for North Kosovo** (Develop and implement)

- Ombudsperson (strengthen capacities and operations)

- Establish functioning market economy / Strengthen competitiveness and policy planning and coordination / Sound macro economic policies
- Budget sustainability and fiscal discipline

- **Trade measures** (see COMMs trade recommendations May 2011)

- Asylum, migration and reintegration

- Tax Administration

- Reliable Statistics

- **Public Procurement**

- Energy

- Protection on Environment

- Public broadcasting independence (financial and editorial)

> “The EU has repeatedly expressed its political will for Kosovo’s European perspective but this willingness never materialised when it came to its Enlargement policy framework”

> “Provided that Kosovo’s institutions will engage in the implementation of the Feasibility Study reforms, there is a unique chance to make a major step towards EU integration”

> “The positive scenario would mean that the Commission assesses the readiness and identifies reform areas, but uses a more pragmatic approach and recommends starting negotiations on the condition that implementations of key reforms are advanced during the negotiations and transition periods”

ister to coordinate the implementation. Kosovo has similar experiences from the past such as in implementation of Priority Standards for Kosovo that constituted a pre-condition for launching the final status talks. A similar approach, same efforts and seriousness need to be applied in order to ensure a desired conclusion of the FS process.

It is Prishtina’s job to embrace a FS reform plan and start with the implementation with a proactive, action-oriented leadership, with strong political will and allocation of the necessary human and financial resources. The EU can support this process by sharing with Kosovo its positive experiences with the countries of the region, although quite some years have passed since the last country in the region has gone through this process. The EU’s existing technical assistances should also support these areas. In the future, the assistance should directly focus on supporting key processes such as the Feasibility Study and Visa Liberalisation. This should also be the case in preparations for the SAA implementation and Kosovo’s participation in EU Programmes in order to make sure that Kosovo achieves a significant progress.

It is through such a proactive approach by Kosovo’s institutions and efforts towards implementing the FS Key Reform Interventions that this country can send strong encouraging signals to Brussels and capitals of the Member States of the EU. Moreover, this effort would directly support Prishtina’s friends in working towards a positive outcome of the FS.

III. Green Light for Kosovo’s SAA Negotiations

European integration is a mixture of political and technical processes. Once there is the political will, the rest will follow automatically. For EU-Kosovo relations to evolve, it requires both sides to approach each other and support that process. The EU has repeatedly expressed its political will to support Kosovo but this willingness never realised when it came to its Enlargement policy framework. The commitment remained rhetorical and no tangible results were achieved in comparison to other Western Balkans countries, although Kosovo has started to build its European integration mechanisms and has participated in the SAP since 2003. EU-Kosovo relations are not legalised yet after almost a decade of engagement.

Provided that Kosovo’s institutions will engage in the implementation of the Feasibility Study Key Reform Intervention areas, there is a unique chance to make a major step towards EU integration by deciding to start SAA negotiations without losing more time.

One should note that Kosovo is at an early stage of the integration process. Therefore, in order to begin SAA negotiations, it is not required to fully comply with all the criteria immediately. Reforms of public administration or the judiciary, for example, take more time. It is Kosovo’s confirmed commitment and result-oriented efforts that could generate a momentum that will help the EU reach the right decision to begin SAA negotiations with the Republic Kosovo.

In the case of Bosnia and Herzegovina (BiH) and Albania, the EU formulated several problems that had to be addressed before negotiations could start. For BiH in 2003, the EU identified sixteen reform benchmarks while in 1999

for Albania, it pointed to important economic, political and institutional weaknesses. A green light to begin SAA negotiations was given for Albania in 2001 and BiH in 2003. On the other hand, FS for Serbia and Montenegro in 2005 found that the country was sufficiently prepared to negotiate an SAA. It will take both the EU and Kosovo to use the most suitable regional experiences as well as unique properties of Kosovo to devise the most effective path for Kosovo's EU integration.

There are two likely scenarios for Kosovo on the basis of which the EU needs to make its choice and decision: base scenario and positive scenario. Base scenario is build on a more conservative approach in which the Commission will assess the readiness of Kosovo and, as an outcome, state that Kosovo needs to carry out several reforms in order to start negotiations (see list above). This approach might take up to three years before the negotiations start and might be damaging. The positive scenario would mean that the Commission assesses the readiness and identifies reform areas, but uses a more pragmatic approach and recommends starting negotiations on the condition that implementation of key reforms are advanced during the negotiations and a transition periods. The best way of supporting political and economic reforms would be by recommending the launch of negotiations that would on the one hand uphold Kosovo's EU perspective and on the other encourage institutions to become proactive with European reforms. Experience from other countries in the region has revealed that, whenever chances are more likely and concrete incentives are provided by the EU, reforms usually follow smoothly.

If one compares the situations of some regional countries when they were given a green

light for SAA negotiations with Kosovo's current state of play, the argument for a positive case scenario prevails. For example, Kosovo has initiated, drafted and started to implement a Public Administration Reform since 2005 and it had a Public Administration Reform Strategy (PARS) and Action Plan developed with the support of one of the EU Member States; while for example some regional countries failed to advance PARS. Functional horizontal and vertical reviews have been developed to support the public administration reform as well. Much more efforts are needed to improve the efficiency and remove political influence from the administration and this should be the focus for the future. Kosovo's central institutions are cooperating well and there are no institutional obstruction as it was the case in some other countries of the region. The fight against corruption and organised crime needs to be upgraded and there should be more political will and allocation of resources in order to make progress in this critical area. Regarding trade, issues such as food safety, certification and standardisation should be addressed.

Kosovo has been in the EU's Enlargement Process since 2003, but has never been politically rewarded for its positive engagement with the EU in the SAP. EU Integration is a political process as well. Therefore, it is about the right time for the EU to deliver concrete results to Kosovo's EU perspective and silence critics who argue that the EU does not want Kosovo to become member of the EU. Starting SAA negotiations and avoiding further delays is the right thing to do. But this should come with Prishtina's proactive approach in addressing the Feasibility Study Key Reforms Intervention without losing time.

➤ **"Kosovo participates in the EU's Enlargement Process since 2003 but has never been politically rewarded for its positive engagement with the EU in the SAP"**

➤ **"In comparison with the compatibility of most of the regional countries when they were given a green light for SAA negotiations, Kosovo is arguably more advanced with progress and establishment and functioning of the EU integration institutions and mechanisms"**

➤ **"EU Integration is a political process as well. It is about the right time for the EU to deliver concrete results to Kosovo's EU perspective. Starting SAA negotiations and avoiding further delays is the right thing to do"**

IV. Conclusions and Recommendations

These are recommendations that aim to help reforms and advance Kosovo's development. Further, these suggestions should be used in order to establish a new strengthened momentum that will realise Kosovo's EU perspective:

- Both the EU and Kosovo need to exercise their political will by materialising Kosovo's European perspective and end Kosovo's isolation and provide concrete benefits that the EU integration process has previously offered to other countries, citizens and businesses of the region;

- Kosovo institutions should show more leadership and establish a new positive momentum needed during the Feasibility Study process while addressing issues and using European reforms to improve the performance of its institutions and the competitiveness of its economy;

EUs & RKs
Political Will
and Support



Governments
Proactive
Approach



Feasibility
Study Key
Reform
Interventions



SAA
Negotiations
Greenlight

- Kosovo institutions should proactively implement the Feasibility Study Key Reform Interventions and assign all the human and financial resources necessary. The EU needs to support the continuation of reform processes and assign assistance for FS identified reform areas;

- The European Commission should use positive experiences from the region in order to support new momentum for reforms as well as to reward Kosovo's constructive regional approach, it should conclude the FS with the recommendation for launching the SAA negotiations. This will enable the new country to catch up with its neighbours and silence critics who argue that the EU does not really want Kosovo to become EU member.

➤ **"Both the EU and Kosovo need to exercise their political will by realising Kosovo's European perspective and ending isolation of its citizens and business"**

➤ **"Ten years of EU-Kosovo engagement in the SAP should be marked in 2013 with a significant milestone by aiming to complete negotiations and sign the SAA as well as provide freedom of movement to Kosovo citizens and businesses. This will significantly help development of Kosovo and avoid potential domestic and regional security threats"**



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