



Economic Reform Program – Achieving Kosovo-wide economic agenda

20 November 2019

ERP – it is here to stay!

- ***Obligation of European Semester for all in the EU***
- ***Only for candidates and potential candidates***
- ***Requirement under chapter 17 of the acquis.***
- ***Very high-level EU engagement => **Joint Ministerial Conclusions** by all Finance Ministers of the EU***
- ***National ownership-not an EU document !***
- ***Allows building national **consensus on Kosovo-wide challenges to economy and prioritisation of reforms*****

Kosovo ERP - progress

- ERP Submitted on time; quite strong political buy-in. Quality of the ERP has further improved.
- Shift from infrastructure projects to policy reforms (one of the best examples in the Region)
- Many reform measures are rolled over from last year => consistency
- Properly identifies the key structural obstacles.
- With a few exceptions – almost all measures are budgeted. Most of them remain donor/IfIs' driven.

Kosovo ERP - Challenges

Implementation delays: speeding-up reform execution remains a key challenge. 2019 year's policy recommendations largely mirrors last year.

Some ***budget allocations is not consistent with the ambition of the reform.*** Some measures are predominantly donor driven activities, which do not translate into a comprehensive reform

Deep structural challenges remain: unreliable/health hazardous energy supply, large informalities and the low work intensity of the economy.

What is expected from Kosovo?

- **Kosovo-wide** area diagnostics of key structural obstacles to competitiveness with **country -wide** indicators
- 15-20 jointly agreed structural reform measures (implementation can be carried out at various levels of government depending on competences)
- **Ownership**

ERP process : key highlights

- Close **coordination** at all government levels
- Important that the **diagnostics part reflect** the **identified key structural challenges** and the **reform measures** proposed are **in line with them**
- **Harmonise similar measures** from the start of the process
- **Involve Ministry of Finance at an early stage** to assess feasibility of **implementation/budgeting of reform measures**.
- Strong link with **macroeconomic and fiscal scenario**

ERP process : key highlights

Agreement on the identified key structural challenges is essential=> **leads to the Policy Guidance**

The challenges and structural reforms identified in the ERP will be used in the **programming of EU financial assistance to achieve real reform leverage**

Close coordination with IFIs

Next steps in the ERP cycle

- **ERP Public Consultations** - we need to work with the CSOs/business associations, other key stakeholders.
- **Final ERP** to be submitted to the European Commission by **31 Jan 2020**
- **EC assessment mission in Feb 2020**=> focus on new Policy Guidance
- Publication of the **Commission's ERP assessment - April**
- **ECFIN Council**=> adoption of new PG, the highest level of political engagement



**Thank you and
good luck!**