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 informalalities 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!