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PROGRAM

ON

RATIONALIZATION OF AGENCIES

September 2024

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List of abbreviations

ERA	European Reform Agenda
SAA	Stabilization and Association Agreement
NPISAA	National Program for Implementation of Stabilization and Association Agreement
LD	Legal Department
OPM	Office of the Prime minister
SPO	Strategic Planning Office in OPM
DMPO	Department of Management of Public Officials
DPAR	Department of Public Administration Reform
SGPAR	Special Group for Public Administration Reform
EI	European Integrations
NPEI	National Program for European Integration
NDP	National Development Plan
PARS	Public Administration Reform Strategy
MTEF	Medium Term Expenditure Framework
EC	European Commission
SBS	Sectorial Budgeting Support Agreement
MCPAR	Ministerial Council for Public Administration Reform
LOFASHAP	Law on the Organization and Functioning of the State Administration and Independent Agencies
LGAP	Law on General Administrative Procedure
LSPS	Law on Salaries in the Public Sector
LPO	Law on Public Officials
MFLT	Ministry of Finance, Labour and Transfers
MIET	Ministry of Industry, Entrepreneurship and Trade
MIA	Ministry of Internal Affairs
MoJ	Ministry of Justice
MoE	Ministry of Economy
MCYS	Ministry of Culture, Youth and Sports
OECD/SIGMA	Organization for Cooperation and Development in Europe / SIGMA Program
ERP	Economic Reform Programme

Introduction

In all countries, there agencies and public bodies and have a considerable variety and typology but historically, the focus has shifted from consolidated organizational structures with larger ministries to more specialized agencies with primarily focused responsibilities in the provision of public services. However, many European Union countries have changed approach in recent years, returning key public functions in the center or in the ministry. These countries have developed better regulatory and management tools to ensure the balance of necessary oversight with increased agency autonomy, which is an ongoing challenge.

Although the main purpose of establishing these agencies or public bodies was governance and management by following the basic principles of good governance, such as increasing efficiency and effectiveness, better accountability and reducing cost and resource expenditure. However, in practice the opposite happened. Agencyization ran unchecked, which called into question the basic principles of good governance, where the environment was created for agencies to turn into groups of uncontrolled islands whose effectiveness was lacking and accountability was lacking.

Another reason for agencyization or lack of control was the misinterpretation of EU requirements for the autonomy of particular types of agencies, such as regulatory authorities. It is often misunderstood that these agencies are accountable only to the legislature. The lack of a preventive approach against the uncontrolled proliferation of agencies was a challenge in itself. The "new functions - new agency" approach is widespread and new agencies were being created without thorough analysis of alternative options for fulfilling specific functions and needs. Consequently, their performance is not subject to regular review.

International reviews and government reports indicate that the problem is more evident in the cases of small agencies. Therefore, the rationalization of agencies within the Government and independent agencies under the Assembly is an important task for the Government, and the Assembly, and a pillar of Kosovo's European integration agenda.

Finally, the proliferation of agencies combined with a governance vacuum has led to clear duplication and overlap of functions and misuse of public resources/funds, hindering the implementation of government policies and, consequently, resulting in a general lack of accountability.

The work and focus on this process align with the government's goals and vision. Increasing efficiency in implementing the government's goals from top to bottom, from the Government to Ministries, departments and agencies, is aimed at ensuring a cascade of government objectives from the high level to the agency. In this regard, several official documents highlight the need for the rationalization of agencies and the objectives of this process are presented as follows:

1. National Development Strategy 2030 and National Development Plan;
2. Public Administration Reform Strategy (PARS 2022-2027), and Action Plan 2022-2024;
3. Government Program/Work Plan;
4. National Program for the Implementation of the SAA (NPISAA) broken down into the National Plan for European Integration (NPEI);
5. European Reform Agenda II (ERA);

The reflection of this Program through key strategic documents in the country has been done in such a way that for each priority area, a general medium-term objective has been set defining the main direction of the reforms. In this regard, the general PARS objectives are also strategic objectives outlined within the Good Governance pillar of the National Development Plan (NDP) 2030 and serve the implementation of the NDP. Each general objective is aggregated into specific objective groups in the same priority area. The general and specific PARS objectives and their links to the strategic NDP objectives are illustrated below.

Table 1: Summary of PARS and NDP objectives



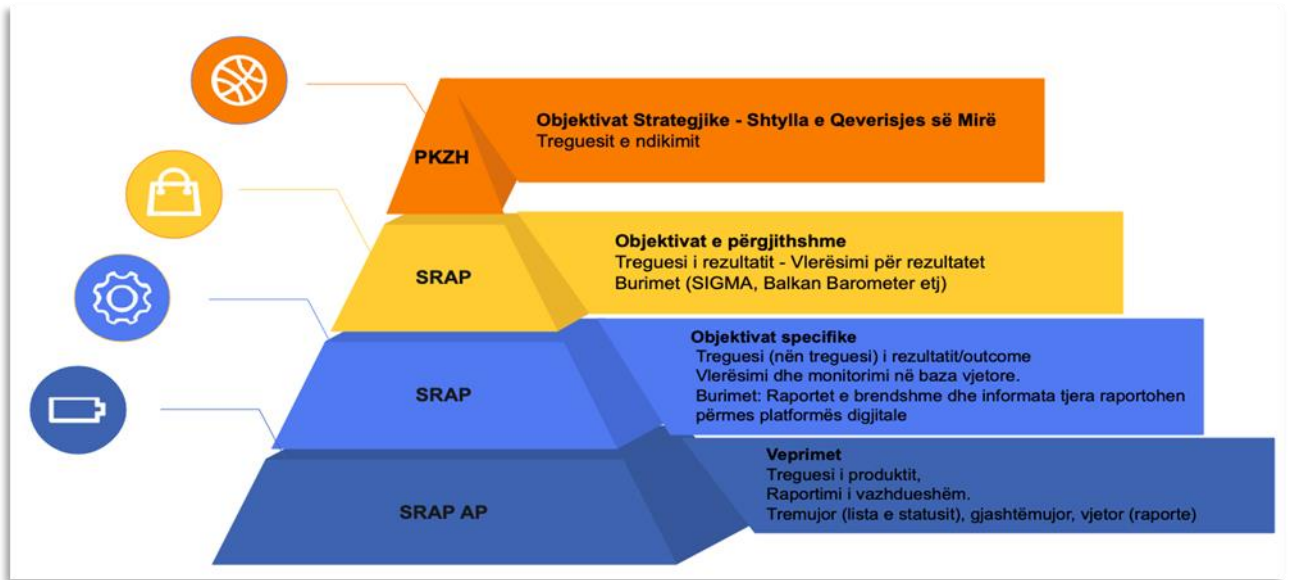
Effective governance will be achieved through proper planning and coordination of results-oriented policies aiming to ensure more effective governance through planning, monitoring, and better oversight of the performance of the state administration. The overall performance of the state administration will be promoted and supported by using a performance management framework focused on policy results. Establishing and linking sectoral and institutional objectives with National Development Goals will also enhance institutional accountability for its performance and results.

Additionally, *accountability and transparency* will be the successful outcome of reforms aiming to improve the organization and functioning of the state administration. While initiated reforms provided a good legal basis for rationalizing the state administration, full implementation and its effects are yet to be seen; success was lacking. Additional measures will be therefore be taken through this Program to ensure that the state administration is organized and developed in accordance with established criteria and standards. The process of agency rationalization through this Program will continue with a new dynamic based on criteria and improved methodology established by the government, and its implementation will be monitored by the government as well. The responsibility of agencies (including their management) for their performance will be strengthened with the implementation of a results-oriented performance management system. The system will be promoted, and gradually implemented, and employees will be supported in developing knowledge, skills and techniques through guidelines and capacity development programs.

The establishment of the system may require some internal organizational adjustments in the 'parent' ministries, and MIA will facilitate this process. The performance management system will also extend to ministries within a broader coordinated performance management framework led by OPM, thereby increasing the accountability of ministry performance.

In the hierarchical aspect, strategic documents, as well as objectives and indicators from which the Rationalization Program derives, are presented below.

Figure 1: Hierarchy of NDP and PARS objectives and indicators



This process has been established and agreed upon in cooperation with the European Commission, specifically through joint meetings at the highest political representation level and commitments made, such as SGPAR, MCPAR and the documents or programs referred to above. On the other hand, the will, dedication and political commitment are not lacking. The two key institutions in the process are the Ministry of Internal Affairs (responsible for public administration) and the Office of the Prime Minister, through the direct engagement of the First Deputy Prime Minister for issues related to European reform and integration.

Methodology

During the last three years, continuous efforts have been made so far in the direction of the rationalization of the agencies, which have resulted in the adoption of two laws for the rationalization of some bodies under the Assembly and the Ministries - thus unlocking a process that had already begun in 2016 and since then it had remained in the drawer. However, the remaining stock of agencies established a long time ago and not dealt with until now is quite large (over 70 agencies and public bodies). The experience gained from the first two waves has led to changes in our approach, so this time we are proceeding with the sectoral methodological approach, as well as increased dedication and political commitment.

The methodological aspect followed in this process is a combination of the sectoral approach (selection and consolidation) followed through the Methodology for Preparing the Proposal for the Establishment, Merger and Dissolution of Agencies, and meetings with ministers from various sectors. A total of six (6) information meetings were held with political representatives-ministers, and two (2) sectors were selected. Meetings were conducted with the Economy sector, Culture, Industry,

Entrepreneurship and Trade; Justice sector; Internal Affairs; Finance, Labour and Transfers. The program includes and addresses the first two (2) sectors selected and agreed to be addressed in this phase along with political representatives. Furthermore, each option presented in this program has been agreed upon not only with the working group members and sector representatives (ministers and professional staff from the civil service engaged in this process) but also with the Prime Minister of the Republic of Kosovo, in the meeting of the Strategic Planning Commission, where options were presented, discussions were held, and final agreements were made for the recommended option to be approved.¹

In principle, for all two (2) selected sectors during the entire preparation phase of this program, 22 meetings were held with political representatives-ministers and professional staff from the civil service engaged in this process. The initial meetings began on 16 May 2023, and the final meetings were held on 4 September 2023, until defining each issue regarding the recommended and agreed-upon option for approval. At the end of the series of meetings, a meeting was held in the OPM with the presence of the Prime Minister and the respective Ministers in order to finalize the proposals according to the two sectors.²

The Working Group, in addition to sector meetings and internal meetings, conducted a scan of the situation through data collection based on four areas/pillars: **a)** Institutional organization within the sector (current state); **b)** Plans of sector ministries for the future; **c)** Relevant EU *acquis* in this area; and **d)** Practices of EU countries regarding institutional organization in this area.

The approach followed through combined meetings with representatives at the political level and professional civil staff (over 20 meetings held), with 6 Ministries met and 3 sectors selected. The duration of the Action Plan is two (2) years.

Regarding the consolidation aspect within the sector, a model followed is to reduce the number of agencies through four (4) principles as follows: **1)** merging/consolidating agencies; **2)** reinstating agency functions to ministries; **3)** withdrawing from the performance of specific functions that lead to the merger of agencies; or **4)** delegating these functions to other bodies through regular reporting lines or even transferring some of them to the sovereign fund (as in the case of public enterprises that the government has strategically decided to transfer to a single mechanism), as it may be KOSTT in accordance with plans and strategic objectives.

Explicitly, all the work and focus oriented in this Program have identified **2 selected sectors, 30 public agencies or public bodies, from the culture and economy sector.**

Purpose and Objectives

The goal of rationalizing agencies is to achieve a more rational organization of public administration, increase the speed of action and services execution, promote institutional efficiency and effectiveness, and establish clear accountability lines between agencies and their parent institutions. Based on the Methodology for Methodology for Preparing the Proposal for the Establishment, Merger and Dissolution of Agencies, and analyzing the current situation, work background, and issues, steps have been prepared and defined to be followed in preparing proposals for the rationalization of current agencies. These steps can also be used in cases of evaluating proposals

¹ Strategic Planning Commission meeting, August 24, 2023: <https://kryeministri.rks-gov.net/blog/u-mbajit-takimi-i-radhes-i-komisionit-per-planifikim-strategjik/>

² Meeting at the OPM with the Prime Minister and the Ministers of the sectors included in the program, January 19, 2024.

from ministries for the establishment of new agencies, depending on the assessment of the situation and needs.

The primary goal and objective of this process remain the implementation of the strategic objectives of the Government derived from key strategic documents in the public administration reform area, and the results arising from this process.

The key objectives of rationalization are to promote better governance, improve efficiency and effectiveness, and increase the speed of action and coordination of agencies in the Republic of Kosovo. This will lead to a more streamlined, consolidated and rational framework of agencies in Kosovo. More specifically, changes in the organization and functioning of agencies should bring the following benefits:

- **Better implementation of the Government's strategic objectives** by making agencies more accountable in achieving objectives, translating the operational objectives of institutions and individual agencies into concrete objectives, and providing better leadership and control of their performance.
- **Increased speed, efficiency, and effectiveness** in the functioning of institutions and agencies, consolidating ranks within the sector, and budget savings through various organizational changes (not only organizational mergers and consolidations but also through the possibility of common services to achieve economies of scale).
- **Improvement of accountability** of these entities to the general public and specific parties, making annual work plans and performance reports public, clear reporting lines, including civil society representatives, and using other appropriate means such as the representation of the private sector and civil society in the collegial board, the Ombudsman, audits or complaint mechanisms, etc.
- **Compliance legislation and clear separation of responsibilities** between policy-making and implementing functions (between departments and agencies) according to the applicable legislation on the organization and functioning of the state administration and independent agencies - LOFSAIA.

This process, both in content and action, is closely linked to other framework laws on public administration reform, such as the Law on the Organization of State Administration and Independent Agencies, the Law on the Status of Public Officials, and the Law on Salaries in the Public Sector. Together, these processes will ensure necessary clarification of the status of employees in various public bodies, including recruitment procedures, dismissals, salaries, etc. As appropriate, legislative amendments will be made through the Law on the Organization and Functioning of State Administration and Independent Agencies. However, given the broad scope of rationalization as a process and sectoral expansion, not all necessary legislative amendments should be expected to be made through the law concerned. To achieve some goals within the set timeframe, some legislative amendments should be made earlier than with this law or a special law. In any case, all legislative amendments must be in line with the Law on the Organization and Functioning of State Administration and Independent Agencies.

1. Clear division of responsibilities between policy-making and implementing functions (between departments and agencies) according to LOFSAIA.
2. Increased efficiency in implementing Government objectives from top to bottom, the Government-ministry-department-agency relationship enables a cascade of objectives from top to bottom.

3. Increased effectiveness in functioning within ministries by enabling the separation of common services between the ministry and the agency.
4. Implementation of the PARS 2022-2027 and the Action Plan 2022-2024, relevant objectives regarding the rationalization of agencies.

Organization and operation of agencies according to LOFSAIA

LOFSAIA establishes the rules for the organization and functioning of institutions of the state administration and independent agencies established by the Assembly of Kosovo. In principle, this law aims to create a legal framework for the establishment, organization, functioning, accountability and performance of institutions of the state administration and independent agencies.³

According to this law, the organization of the state administration consists of the Office of the Prime Minister, ministerial systems, and regulatory agencies. The ministerial system comprises ministries, executive agencies, and the public service administration. Exceptionally, executive agencies for the coordination of government functions or a horizontal nature can be established under the Prime Minister's jurisdiction.

Based on their functions and organizational structure (legal, logical and financial framework), agencies are categorized and classified. The division into four (4) categories according to the law is as follows: Executive Agencies - Article 12 of LOFSAIA; Public Service Administration - Article 13; Regulatory Agencies - Article 14; and Independent Agencies - Article 38 of LOFSAIA. The law also clearly defines the direction, leadership, organization and functions of these agencies. Additionally, LOFSAIA establishes the performance management system (Article 30) and specific tools for monitoring, transparency and reporting. LOFSAIA also clearly outlines criteria and procedures for establishing, merging and dissolving agencies.

LOFSAIA establishes horizontal rules, for the first time, regarding accountability, monitoring and the performance system, specifying responsible bodies, performance plans, and reports.

Obligations under the SAA and the National Plan for European Integration (NPEI)

Key documents related to Rationalization and the obligations that may arise thereof are interconnected with the key aspects of policies and planning. Relevant documents for all three (3) sectors and their resulting obligations stem from the Stabilization and Association Agreement (SAA), the National Program for the Implementation of the Stabilization and Association Agreement (NPISAA) 2022, ERA II, and the Conclusions of the Annual Meetings of the SAA Sub-Committee for specific areas, also relevant to the sectors of this program. Depending on the sector, there are obligations not directly related to the agency rationalization process but encompass various obligations related to sectoral policy fulfilment and plans, depending on the chapters derived from NPISAA and ERA II.

Scope

Following its establishment, the working group organized meetings with Ministers from several ministries (six (6) meetings with Ministers) to discuss the need for rationalization or reorganization of

³ Law on the Organization and Functioning of the State Administration and Independent Agencies: <https://gzk.rks-gov.net/ActDetail.aspx?ActID=2706>

sectors covering the respective ministries, based on the current situation of sector organization. In the meetings, discussions have taken place regarding the Government's commitment to agency rationalization, which also aligns with the objectives outlined in the Public Administration Reform Strategy (PARS) 2022-2027 and the Action Plan 2022-2024. The rationalization of agencies according to sectors aims to increase efficiency in implementing Government objectives from top to bottom (the cascade of objectives), dividing responsibilities between political-executive functions (ministries and agencies), enhancing efficiency in resources by separating common administrative and support services between ministries and agencies, and consequently improving accountability lines within the executive. As a result of the meetings and the readiness of the ministries to start the first with the rationalization of the agencies within the sectors, the Ministry of Culture, Youth and Sports for the sector of culture, and the Ministry of Economy for the sector of the economy were chosen.

Therefore, this action plan has been drafted for the rationalization or reorganization of two (2) sectors:

1. Culture;
2. Economy.

After the approval of this plan, alongside preparing the legislative package for the rationalization and reorganization of sectors according to the plan, three other sectors will be selected for further rationalization using the same methodology, to achieve the goals set by the Government through PARS 2022-2027 and the Action Plan 2022-2024. The rationalization of agencies will continue until the completion of all sectors according to the rationalization objectives and PARS 2022-2027.

CULTURE SECTOR

State of play of institutional setup within the sector

The state of play of the organizational structure of cultural and cultural heritage institutions has been identified through data collection by the Ministry of Culture, Youth and Sports (MCYS) and the working group (members appointed by the minister as representatives in the working group). Budget-related data have been provided by the Ministry of Finance, Labour and Transfers (the representative from this ministry in the working group).

Based on the analysis of the institutional organization, the culture sector consists of ten (10) entities recognized as cultural institutions, another ten (10) entities recognized as cultural heritage institutions, and four (4) other entities with different statuses, totaling twenty-four (24). Most of these entities have an undefined legal status, except for the State Archives Agency of Kosovo (SAAK) and the Agency for the Management of Memorial Complexes (AMMC), which have the status of executive agencies, and the Kosovo Council for Cultural Heritage (KCCH) as an independent agency reporting to the Assembly. SAAK has a defined status through the Law on State Archives⁴, while AMMC is through the Law for the First Wave of Rationalization of Agencies.⁵ Regarding budgetary independence, except for KCCH as a budget organization, none of these entities are financially independent organizations; their budgets are allocated as sub-programs within MCYS. Concerning the employment status of individuals in these institutions, with a few exceptions, the majority have the status of public employees (not civil servants), as defined by the Law on Public Officials, Law No. 04/L-088 on State Archives⁶.

⁴ Law No. 04/L-088 on State Archives: <https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=2807>

⁵ Law No. 08/L-063 on amending and supplementing the laws related to the rationalization and establishment of accountability lines of the independent agencies; <https://gzk.rks-gov.net/ActDetail.aspx?ActID=62599>

⁶ Law No. 08/L-197 on Public Officials, categories of public officials, Article 5, paragraph 3.

The working group with representatives from the Ministry of Culture, Youth and Sports (MCYS) has analyzed the current situation of the organization and functioning of the twenty-four (24) entities/agencies based on the typology of bodies within the Ministry or the Government as defined by LOFSAIA. The analysis of the current situation has been conducted according to groups of entities with similar functions. For example, cultural institutions have been analyzed as a group, followed by cultural heritage institutions, and then the other four entities one by one. The determination of the typology of a current entity or body is primarily based on its function (executive or service provider) as defined by LOFSAIA.

MCYS plan for the organization of the sector

The working group, after analyzing the current situation, aimed to provide proposals (options) to the Ministry of Culture, Youth and Sports (MCYS). The purpose was to examine whether the ministry has a plan to reorganize the sector in order to align the proposals from the perspective of agency rationalization and the Ministry's plans for sector organization. Following meetings with the Minister of MCYS and the staff engaged by the Minister for this purpose, MCYS drafted the Draft Law on Art and Culture (approved by the Government at the end of June 2023 and submitted for final adoption to the Assembly⁷), through which cultural institutions such as ballet, opera and ensemble are expected to be reorganized. The proposals for the reorganization of these institutions, according to MCYS's version, have been taken into account in the working group's proposal for the rationalization of entities/agencies in the cultural sector.

EU *acquis* relevant in this area

The working group has not found relevant EU *acquis* that should be taken into account in the organization of the cultural sector or the status of cultural institutions. Additionally, the working group referred to Chapter 28 of the EU *acquis*, which stipulates that areas such as sports, culture, education and training are primarily the competency of states, and there is no relevant EU *acquis* in this area.

Practices of EU Member States regarding the organization of the sector in this area

Since there is no EU *acquis* in this area, the practices of EU Member States vary significantly from one another. Institutions in the cultural sector are organized according to internal rules on the organization of the state administration, depending on the context and institutional tradition of the organization. For this reason, in terms of practices, the current context, the organization of these entities over the years, and most importantly, the regulatory framework on the organization and functioning of the state administration in Kosovo according to LOFSAIA have been taken into account.

Proposals approved in the working group for the organization of the culture sector

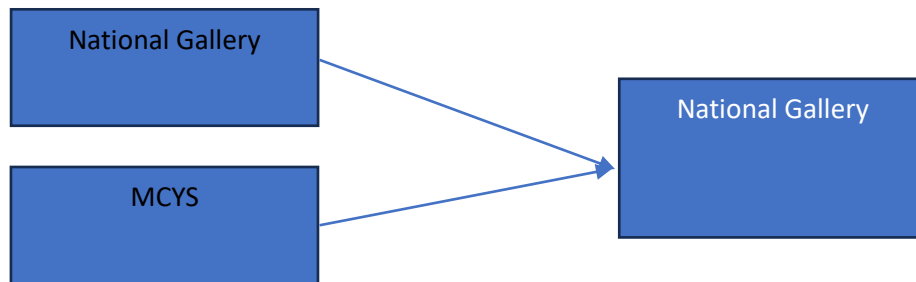
Proposals for 10 cultural institutions

The National Gallery and the MCYS Gallery are proposed to form a single entity due to the similarity of function, with the status of the public service administration according to Article 13 of LOFSAIA. Whether separated or together, these two bodies cannot have the status of an executive agency because their functions are not in line with the functions of the executive agency according to LOFSAIA. The second typology of an entity/institution within the ministry is that of the public service administration when the entity/institution provides direct services to citizens and does not implement decisions. Financially, the public service administration, which can be called the National Gallery, will be established by a special law and will have its own budget within the ministry. Regarding the current situation, the National Gallery has

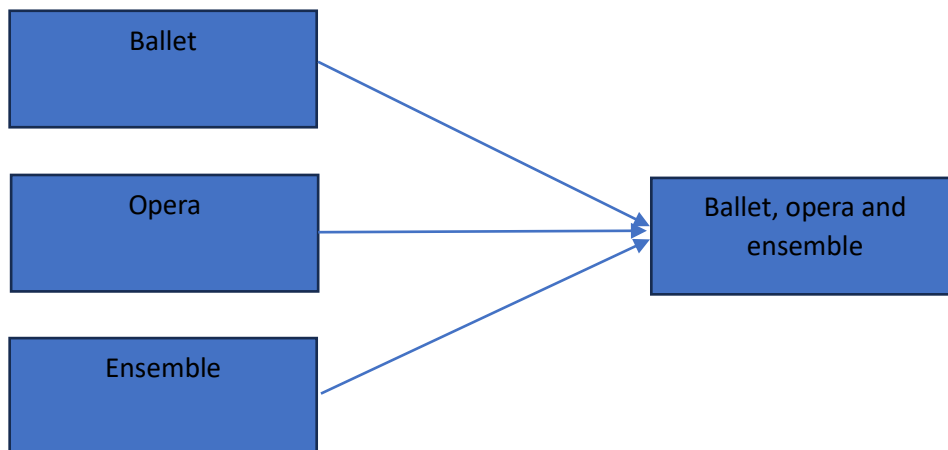
⁷The Draft Law on Art and Culture was adopted by the Assembly on 05.07.2023 and served on the deputies on 07.07.2023.

an annual budget for 2023 of around 400,000 EUR, while the MCYS Gallery has no budget, nor has a defined status, the National Gallery has 8 employees, while the MCYS Gallery has 7 employees.

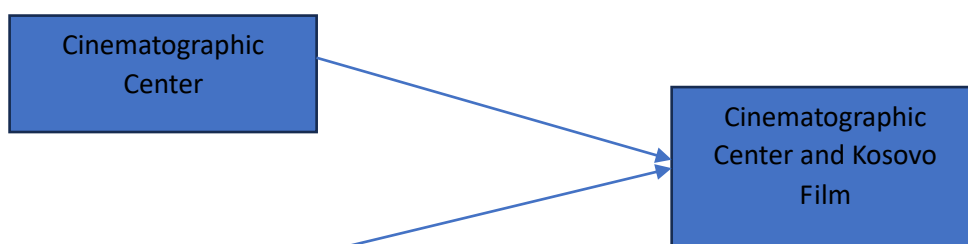
Therefore, according to the proposal agreed with the Minister of MCYS, both galleries will form the National Gallery according to the typology of the public service administration, which provides services to citizens. It will be established by a special law, initially employing 15 people, and will have the current annual budget of the National Gallery.



The second group of cultural institutions consists of the Ballet, Opera and National Ensemble, which also do not have a defined status under the law in alignment with LOFSAIA. Since they have similar or related functions, the agreed proposal at the Ministry is to merge them into a public service administration institution, a proposal that is in line with the draft law prepared by the ministry, approved by the Government, and submitted to the Assembly. In this case, as well, their functions are not in line with those of the executive agency according to LOFSAIA, but they have functions related to the direct provision of services to citizens. Therefore, it is proposed that they form a public service administration.



The Cinematographic Center and Kosovo Film, as two separate entities, will form a single entity that will have the status of a public service administration. This is due to the functions that these two entities perform, a proposal that has been agreed upon with the minister. The public service administration responsible for cinematography will be established by a special law and will have its budget within the budget of the Ministry of Culture, Youth and Sports.



Kosovo Film

The other two institutions in the group of cultural institutions are the National Theater and the National Library. These two institutions, due to their dissimilarity with other central-level institutions and functioning as standalone entities, are proposed and agreed upon to function as two separate entities, both with the status of public service administration according to Article 13 of LOFSAIA. Similarly, such institutions at the local level can be their units, for example, a theatre in a municipality is a unit of the national theatre or a library in the municipality is a unit of the national library. Both public service administrations provide services directly to citizens, are established by special laws, generate revenues, and have their budgets independently within the Ministry of Culture, Youth and Sports, but with independence in budget planning and spending.

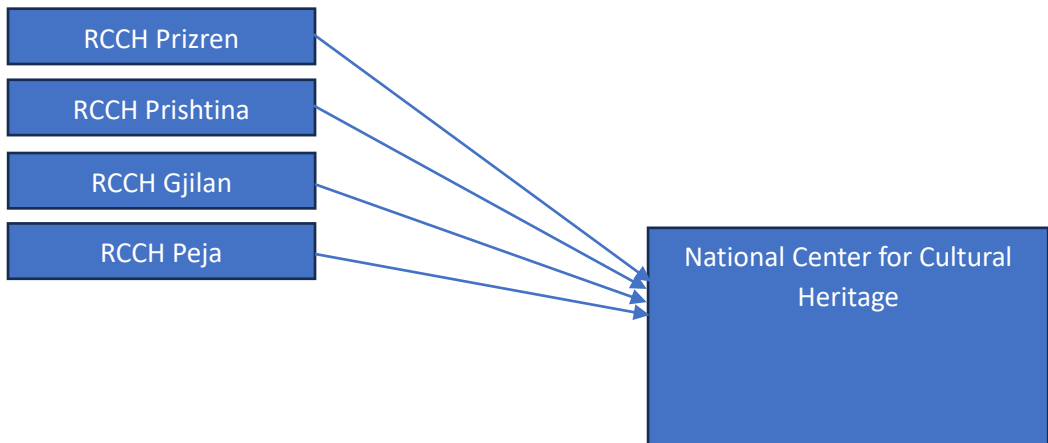
National Theater (public service administration with units in municipalities)

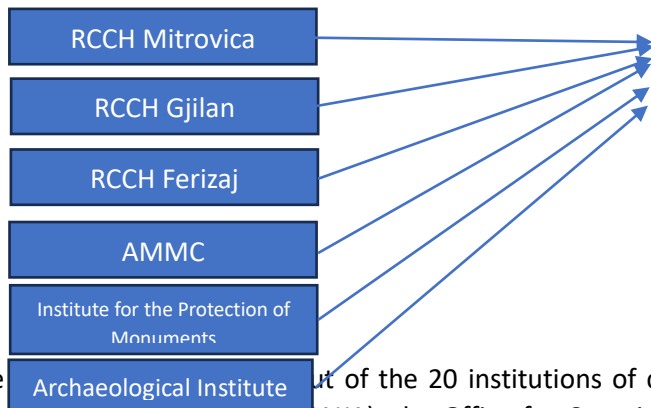
National Library (public service administration with units in municipalities)

Proposals for 10 cultural heritage institutions

In the first group of cultural heritage institutions, seven (7) regional cultural heritage centres with undefined legal status, AMMC with the status of an executive agency according to the law on the first wave of rationalization of the agencies, which includes the Institute for Protection of the Monuments and the Archaeological Institute, are included. It has been agreed with the Ministry of Culture, Youth and Sports (MCYS) that these nine (9) institutions will be merged into a National Center for Cultural Heritage with the status of a public service administration. This centre will have its own budget allocated by the ministry, composed of the budgets of the nine (9) institutions, which will then be distributed to regional centres according to budget planning and needs. Regarding the staff, employees will continue to have the status of public servants, collectively around one hundred (100), according to the number of employees currently divided into each institution based on the current situation.

The only institution from the group of cultural heritage institutions that will remain standalone is the Kosovo Museum. In this case, since the Museum provides a direct service to citizens and does not have executive functions, the Museum's status will be that of a public service administration according to Article 13 of LOFSAIA. The Museum will have an independent budget within the Ministry of Culture, Youth and Sports, will be established by special law, and will have a number of employees (currently 35) with the status of civil servants (according to the current status). The Museum of Kosovo may have its own units (museums in municipalities) according to special legislation.





The rest of the 20 institutions of culture and cultural heritage are the State Agency of Kosovo Archives (SAKA), the Office for Copyright and Related Rights, Kosovo Council for Cultural Heritage (KCCH) and the Inspectorate of Cultural Heritage.

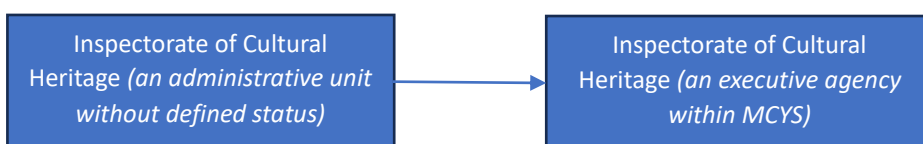
SAKA, as mentioned above, established by the law on state archives, has the status of an executive agency, with one hundred and five (105) employees and a budget of around 2.2 million Euro for 2023. Since SAKA's functions are related to the functions of an executive agency according to LOFSAIA, this agency will remain the same, so the option of the status quo has been agreed upon. However, based on discussions with the Minister of Culture, Youth, and Sports (MCYS), the possibility is not excluded that during the rationalization of other sectors, some agencies with similar functions may merge with this agency to increase efficiency through the separation of common support services.

KCCH, as mentioned above, has the status of an independent agency reporting to the Assembly, established by the Law on Cultural Heritage. The law concerned is part of legislation with vital interest according to the Constitution of the Republic of Kosovo. Therefore, KCCH will also remain the same, and the option of the status quo has been agreed upon.

The Office for Copyright and Related Rights is an administrative unit within the MCYS, without a defined status, and it is a structure that is neither a department nor an agency. According to discussions with the Minister of Culture, Youth and Sports (MCYS), this office will be transformed into a Department of the Ministry through the Regulation on Internal Organization and Systematization of Jobs within MCYS.



Regarding the Inspectorate of Cultural Heritage, this structure also does not have a defined status, and according to discussions with the Minister, strengthening the Cultural Inspectorate is planned. Similarly, the Law on Inspections stipulates that this inspectorate (like other central inspectorates) will have the status of an executive agency within the ministry. In line with these plans, it has been proposed and reached an agreement that the Inspectorate of Cultural Heritage will have the status of an executive agency within the MCYS. In this context, the inspectorate will have its annual budget and the number of employees according to the duties and responsibilities it will have, as outlined in the Regulation on Internal Organization and Systematization of Jobs within the Inspectorate.



ECONOMIC SECTOR

State of play of institutional setup within the sector

The current state of the organization of institutions in the economic sector has been identified through data collection by the Ministry of Economy (MoE) and the working group. Budget-related data have been provided by the Ministry of Finance, Labour and Transfers (the representative from this ministry in the working group).

The economic sector consists of four regulatory agencies, a state-owned enterprise reporting to the Assembly, and an executive agency reporting to the Minister of Economy. All these bodies have their status defined by specific laws or sectoral laws. To have a clearer understanding of which agencies are being referred to, the table below presents them, along with the legal basis for organization/functioning, status, reporting structure, number of employees and the budget for 2023.

Table 4: Executive agencies in the economic sector

Agency	Legal basis	Status	Reporting	Number of employees	Budget 2023
Geological Service of Kosovo	Law No. 06/L-039 on Kosovo Geological Council	Executive Agency	Ministry of Economy	22	444,458 EUR
Independent Commission for Mines and Minerals	Law No. 03/L-163 on Mines and Minerals	Regulatory Agency	Assembly	77	1,499,088 EUR
Regulatory Authority of Electronic and Postal Communications	Law No. 04/L-109 on Electronic Communications	Regulatory agency	Assembly	42	1,500,221 EUR
Kosovo Energy Regulatory Office	Law No. 05/L-084 on Energy Regulator	Regulatory agency	Assembly	33	799,856 EUR
System, Transmission and Market Operator (KOSTT)	Law No. 05/L-085 on Electricity	Publicly-Owned Enterprise	Assembly ERO	/	It is not a budget organization
Kosovo Competition Authority	Law No. 08/L-056 on Protection of Competition	Independent Regulatory Authority	Assembly	30	314,868 EUR

The working group on the rationalization of agencies has analyzed the functions of these agencies in comparison to the regulatory agency functions according to LOFSAIA (organization and functioning). It has also examined any potential requirements under the EU *acquis*(and), including the practices of EU member countries. This analysis has been conducted in line with the Government's objectives for agency rationalization, such as increasing efficiency in implementing top-down government objectives (the cascade of objectives), dividing responsibilities between policy-making and implementing functions (ministries and agencies), increasing efficiency in resources by separating

common administrative and support services between ministries and agencies, and improving accountability lines and facilitating better coordination of work within the ministry as a whole.

The Transmission, System and Market Operator (KOSTT) falls outside the LOFSAIA scope, which is regulated by the Law on Publicly Owned Enterprises⁸ and the Law on Electricity⁹. The Law on Publicly Owned Enterprises defines a list of publicly-owned enterprises under central ownership (List 1 of the law, among which KOSTT is included), stating that publicly-owned enterprises according to this list are owned by the Republic of Kosovo (Article 3). The Government has exclusive powers for exercising the shareholder rights of the Republic of Kosovo in central public enterprises (Article 5). Furthermore, the Government reports to the Assembly on the way the Minister and the Publicly-Owned Enterprises Policy and Monitoring Unit exercise the competencies and responsibilities vested in them by this Law. The Government will report to the Assembly annually on the performance of these powers and responsibilities, as well as on the achievement of objectives set out in the Law (Article 8).

The Law on Electricity defines the organization and operation of KOSTT. According to the Law, KOSTT operates as an energy company organized as a joint-stock company (Article 10, paragraph 2). The transmission system must be independent from the activities of electricity generation and supply/distribution (Article 11, paragraph 1). The certification of KOSTT is carried out by the energy regulator (Article 12), and the shareholder rights are exercised by the Assembly of Kosovo (Article 13, paragraph 2). Furthermore, the Board of Directors reports to the Assembly of the Republic of Kosovo regarding the KOSTT operations on a regular annual basis and whenever required by the Assembly (Article 13, paragraph 5). As observed from the reading of the provisions of both laws, there is a discrepancy between them regarding the exercise of shareholder rights and reporting. The Law on Publicly Owned Enterprises establishes that the exclusive right to exercise shareholder rights belongs to the Government, whereas the Law on Electricity states that shareholder rights are exercised by the Assembly of Kosovo. Additionally, the Law on Publicly Own Enterprises stipulates that the Government reports to the Assembly on the performance of publicly-owned enterprises, while the Law on Electricity specifies that KOSTT reports annually to the Assembly of Kosovo.

LOFSAIA, as a basic law for the organization and functioning of state administration and independent agencies, defines, among other things, the organization and functioning of regulatory agencies. Further treatment of this definition according to LOFSAIA is crucial, as four (4) out of six (6) agencies/bodies in the economic sector have the status of regulatory agencies reporting to the Assembly of Kosovo. LOFSAIA specifies that the state administration is composed of the Office of the Prime Minister, Ministries and regulatory Agencies (Article 9, paragraph 1). The state administration is an organizational and professional apparatus of the Government that serves the public interest through the formulation and implementation of policies, organized in hierarchical structures under the direction and supervision of the Government (Article 8, paragraphs 1 and 2).

Regarding management and reporting, LOFSAIA stipulates that a regulatory agency is led by a director or, as an exception according to the founding law, by a collegial body (Article 24, paragraph 1). Furthermore, the director or member of the collegial body of a regulatory agency is appointed by the Government of the Republic of Kosovo, at the proposal from the responsible minister, and is selected through procedures for the appointment of senior level civil service officers (Article 24, paragraph 2). However, LOFSAIA allows for the possibility that, if a special law requires it, the director or member of the collegial body of the regulatory agency can also be appointed by the Assembly of

⁸ Law No. 03/L-087 on Publicly Owned Enterprises: <https://gzk.rks-gov.net/ActDetail.aspx?ActID=2547>

⁹ Law No. 05/L-085 on Electricity: <https://gzk.rks-gov.net/ActDetail.aspx?ActID=12744>

the Republic of Kosovo, either *ex officio* or at the proposal from the Government (Article 24, paragraph 3). Even though LOFSAIA provides for such an option, reporting on the performance of the regulatory agency is done to the Government. Nevertheless, regardless of whether the director or member of the collegial body is selected by the Government or the Assembly, reporting on the performance of the regulatory agency is done to the Government in every case (Article 24, paragraph 5). Moreover, the management and supervision of executive and regulatory agencies are carried out through the performance management system by agreeing on the annual performance plan and reporting through the annual performance report. According to Article 29 of LOFSAIA on the management and supervision of agencies, the supervision of the performance and activities of regulatory agencies is the responsibility of the Government of Kosovo, exercised through the responsible minister, who acts as the responsible unit under this article (Article 29, paragraph 3). In contrast, an executive agency is part of the ministry, and the performance plan is agreed upon between the agency and the responsible unit within the ministry, reporting to the ministry. On the other hand, a regulatory agency is not part of the ministry but of the Government, and the performance plan is agreed upon between the agency and the minister, and then the agency reports to the Government (not the minister, as is the case with the executive agency). The performance management system is defined in Article 30 of LOFSAIA.

Following the analysis of these aspects, direct meetings were organized with the Minister of MoE and the staff involved in this process. The purpose of these meetings was to present options to the Minister for the rationalization of agencies within MoE, aligning with the Government's objectives for this process. Better organization and functioning of the sector and the ministry involve clear delineation of responsibilities based on functions, budget efficiency, and improved coordination, including the allocation of functions between the Ministry (departments), and regulatory and executive functions exercised by agencies.

Before presenting the options initially agreed upon to the Working Group and then to the Minister of MoE, the subsequent discussion will cover elements such as MoE's potential plan for the organization of the ministry as a whole, relevant EU *acquis* on agencies, and the practices of EU member states. The proposals agreed upon will be visually presented to facilitate a better understanding of the sector's reorganization after the legislative package for this sector is approved.

MoE plans for the organization of the sector

According to meetings at MoE, including meetings with the Minister, MoE is in the process of reorganizing the entire ministry and consolidating the sector, starting with the separation of policy-making functions from executive and regulatory functions. In this regard, consolidation of the sector in the area of geology, mines and minerals is aimed for, as it constitutes one of the most important sectors within the areas of responsibility of the Ministry of Economy. Additionally, there is an aim for the consolidation and clarification of reporting lines between the regulatory agencies of the sector and the Government in accordance with the provisions of LOFSAIA. It is worth noting that this initiated change has been considered during the analysis of the current situation and the drafting of options/proposals in this sector.

Similarly, the Government's plan to establish a Sovereign Fund has been taken into account in the case of the public enterprise KOSTT. However, the proposal agreed upon in this case only involves changing the accounting lines of KOSTT, shifting from reporting annually to the Assembly to reporting to the Government. Since the provisions of the Law on Electricity, adapted to EU *acquis* requirements, stipulate that the energy transmitter must be independent of the producer and

distributor of energy, the government will designate another ministry different from MoE for reporting by KOSTT.

Functions agencies against LOFSAIA

A comparison of the functions of the executive agency and regulatory agencies in the economic sector has been conducted by analyzing the functions defined by LOFSAIA and those stipulated by specific/sectoral laws.

The table below presents the comparison of functions between those performed by the executive agency, respectively regulatory agencies according to LOFSAIA, against the functions performed by GSK as an executive agency and other executive agencies as per the above table. The transmission system operator is not part of the table since the functions are not subject to debate, but only reporting.

For each agency, the first three functions specified by their founding laws have been considered.

Table 5: Comparison of functions of the executive agency according to LOFSAIA and of the executive agencies within MoE

Functions of the executive agency under LOFSAIA	KGS
1. Implementation of the law, by resolving individual issues and performing administrative actions in accordance with the Law on General Administrative Procedure; 2. Collecting of taxes, fees, customs duties, contributions or other liabilities and managing them for the purpose they were generated; 3. Protection of public security by exercising police authorizations, issuing permits, licenses, authorizations and approvals for specific economic activities and conducting inspections; 4. Collection, processing and storing data and information for the Government; 5. Joint exercising of internal support functions	1. Basic geological research, important applied geological research for the Republic of Kosovo; 2. Systematic geological studies on land, in lakes, within the territory of the Republic of Kosovo, through complex mapping at various scales; 3. Geochemical studies of the territory of Kosovo and the preparation of geological maps at various scales, complementing existing maps with new information for the territory of the Republic of Kosovo.
Functions of the regulatory agency under LOFSAIA	Functions of the regulatory agencies in the economic sector
The regulation and oversight of the activities of operators in a specific market to protect consumers and ensure fair competition;	Independent Commission for Mines and Minerals a) The regular research and exploitation of mineral resources in Kosovo and the optimal utilization of mineral resources in all mining activities in accordance with this Law and the Mining Strategy; b) The general alignment of mining activities with this Law, the bylaws issued in accordance with this Law, and the conditions of Licenses

	<p>and Permits issued by ICMM in accordance with this Law;</p> <p>Regulatory Authority of Electronic and Postal Communications</p> <p>1. Authority shall promote and ensure effective competition in the provision of the electronic communications networks and services, associated facilities and services by:</p> <p>A) ensuring conditions for every category of users of the electronic communications services, including users with special needs, based on the selection to benefit maximally from alternative service, qualitative and in compliance with the standards approved by the Authority;</p> <p>b) protecting the interests of the electronic communications users, protecting the user's personal data and privacy;</p> <p>c) promoting and ensuring free and effective competition in electronic communications sector;</p>
	<p>Energy Regulatory Office</p> <p>To approve during the legal term, methodologies that are used to calculate or establish the terms and conditions for:</p> <p>a) Connection and access to national networks, including transmission and distribution tariffs, as well as respective methodologies;</p> <p>b) provision of balancing services which shall be performed in the most economical manner possible and provision of appropriate incentives for network users to balance their input and off-takes. The balancing services shall be provided in a fair and non-discriminatory manner and should be based on objective criteria;</p> <p>c) connection and access to cross-border infrastructures, including the procedures for the allocation of capacity and congestion management;</p>
	<p>Kosovo Competition Authority</p> <p>a) monitors and analyses market conditions for the development of free and effective competition;</p> <p>b) Performs investigations in accordance with the Law on General Administrative Procedure, this law and other applicable legislation;</p> <p>c) Prepares investigation reports and submits them to the Commission for decision-making;</p>

EU *acquis* relevant in this area

The EU *acquis* has been analyzed in three aspects: **1)** whether there is relevant EU *acquis* in this area, **2)** if yes, whether there is an explicit requirement for the state to have a separate entity for those functions, and **3)** whether there are explicit requirements regarding the organization or status of the entity/structure covering that area.

In the area of mining and geology, no relevant EU *acquis* has been encountered for any of the three aspects mentioned above. Similarly, the Law on Mines and Minerals and the Law on Geological Service do not reference any regulation or directive from the EU for transposition through relevant laws. For areas such as electronic communications, energy and competition, there are relevant EU *acquis*. Additionally, a separate body is required for exercising functions according to the respective areas, and there are explicit requirements regarding the functioning of these bodies. However, they do not delve into aspects of the organization, such as status (level of organization) or whether they should report to the Assembly or the Government.

The EU *acquis* is divided into the area of electronic communications, where the Regulatory Authority of Electronic and Postal Communications (RAEPC) is involved, and the area of postal services (where the Independent Media Commission is involved). Regarding the field of electronic communications, initially, Directive 2002/21/EC on a common regulatory framework for electronic communications networks and services. This Directive was supplemented in 2009 through Directive 2009/140/EC to reinforce the standards for the organization and functioning of regulators in the area of electronic communications. Both directives were repealed in 2018 through Directive 2018/1972¹⁰ on updating the standards regarding the independence of regulators in the area of electronic communications.

This directive on the independence of regulators in the field of electronic communications requires that:

1. The Regulatory Authority for Electronic Communications must be legally and functionally independent from any natural or legal person providing electronic communication services;
2. The head or board of the regulatory authority must be appointed for a fixed term of at least three years, based on the principles of merit, skills, knowledge and experience through an open and competitive procedure;
3. The Regulatory Authority for Electronic Communications must have a separate budget and autonomy in budget expenditure. However, financial autonomy should not prevent supervision or control according to the relevant national laws;
4. The Regulatory Authority for Electronic Communications must not seek or accept instructions from external sources regarding the exercise of its legally defined powers;

Therefore, when the directive calls for the independence of regulatory authorities in the area of electronic communications, it does not imply or mean that these regulatory authorities should be subordinated to the Assembly. The independence sought by this Directive is related solely to functional independence, i.e. being independent in the exercise of its competencies without any political or other interference. To ensure this level of independence, it does not require that the regulatory authority of a country must be subordinated to the Assembly.

¹⁰ Regulation (EU) 2018/1972 of the Parliament and of the Council relevant in the area of electronic communications: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018L1972>

EU *acquis* relevant in the area of energy, including the energy regulator, is Directive (EU) 2019/944¹¹ of the Parliament and the Council on common rules for the internal market for electricity. This Directive has repealed Directive 2009/72/EC which has not been in force since 2020. Another relevant directive in energy is Directive 2009/73/EC¹² of the Parliament and the Council concerning common rules for the internal market in natural gas.

Regarding the level of independence in the organization and functioning of energy regulatory authorities (ERA), Directive (EU) 2019/944 stipulates the following requirements:

1. The Energy Regulatory Authority must be legally and functionally independent from any public or private entity;
2. The Energy Regulatory Authority must act independently of market interests;
3. The Energy Regulatory Authority must not take or seek instructions from the government or any other body when exercising its regulatory functions;
4. The Energy Regulatory Authority makes decisions independently of any political body.
5. The Energy Regulatory Authority has a separate budget and autonomy in budget spending;
6. The head or board member is appointed for a fixed term, up to seven years, with the possibility of renewal for only one additional (1) term, but always according to transparent procedures;
7. Decisions of the Energy Regulatory Authority are subject to judicial review and can be directly appealed to the court;

According to the analysis of the tasks of the Energy Regulatory Authorities defined by the Directive concerned, it is understood that sector policies, i.e., policies in the energy, are formulated by the Government, while functions related to sector regulation are the responsibility of regulatory authorities.

As in the case of regulatory authorities in electronic communications, the relevant Directive that defines the framework of rules applied regarding the independence of energy regulatory authorities does not have requirements regarding the position in the administration of the energy regulatory authority, in terms of whether it should be under the Government or the Assembly. Therefore, it is a matter for the respective state to decide on the positioning of such authority according to its relevant laws, provided that the above-mentioned criteria are met.

The same Directive is also relevant regarding the organization and operation of the Transmission System Operator (KOSTT). According to the Directive:

1. The Electricity Transmission System Operator must have sufficient human, technical and financial resources to fulfil the obligations arising from Directive 2019/944;
2. The decision-making of the operator must be independent of any other enterprise;
3. The status of the operator and its overall management must enable its effective independence;
4. The decisions of the operator, in case of appeals, must be subject to review by the Energy Regulatory Authority;

¹¹ Directive (EU) 2019/944 of the Parliament and of the Council, relevant to the area of energy including the energy regulator: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019L0944>

¹² Directive 2009/73/EC relevant in the are of energy, including the common market for natural gas: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32009L0073>

Directive (EU) 2009/1¹³ of the Parliament and of the Council on empowering the competition authorities in the EU Member States to make them as effective as possible in monitoring the proper functioning of the internal market is relevant to the organization and functioning of competition authorities. Directive (EU) 2009/1 requires that:

1. The Competition Authority exercises its powers objectively and independently from political or other influences;
2. The Competition Authority exercises its competencies objectively and independently of political influences or other influences; The Competition Authority must neither seek nor take instructions from the Government or any other public or private body regarding the exercise of its duties and functions defined by Articles 101 and 102 of the Treaty on the Functioning of the European Union;
3. The head or board member (decision-making body) must be elected or appointed through clear and transparent procedures according to the relevant applicable legislation in the country;
4. The Competition Authority must have a sufficient number of staff and adequate financial and technical resources for the effective exercise of duties defined by law;
5. The Competition Authority enjoys independence in spending its allocated budget, aiming to exercise functions within the competencies specified by law;
6. The Competition Authority must submit periodic reports on their activities to a body designated by the Government or Assembly;

In general, Directive 2019/1 requires competition authorities to be functionally independent. However, this does not mean they are exempted from judicial review of their decisions or oversight by the Assembly, according to relevant local laws. Also, the fact that Competition Authorities must not seek or take instructions from the Government or any other public or private entity in exercising their competencies does not imply that the Government does not have the right to formulate general policies or rules on competition that are not related to specific sectoral or procedural issues.

Practices of EU Member States regarding the organization of the sector in this area

The practices of EU countries regarding the organization and functioning of relevant structures in mining and geology do not support the model of separate structures/bodies from the ministry. Therefore, practices of other countries have not been encountered where policies in this area are exercised by one structure, regulation by another structure, and execution by yet another structure. In general, the areas of geology and mining in EU countries are managed by ministerial organizational units, not by entities separate from the ministries.

In the area of electronic communications, the practices of EU countries support the existence of a regulator in electronic communications. However, a common practice in EU countries is the organization and functioning of regulators that cover more than one sector, i.e., multi-sectoral. This is evident, especially in electronic communications, where regulators are rarely found solely for electronic communications but also include other areas such as postal services, radio frequency spectrum and railways. For example, the Regulatory Authority in Bulgaria¹⁴ covers electronic communications, postal services, radio frequency spectrum, internet and telecommunications. The Estonian Regulatory Authority¹⁵ covers the electronic communications, media and railway sectors.

¹³ Directive (EU) 2009/1 of the Parliament and of the Council, relevant to competition including competition authorities: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019L0001>

¹⁴ The Regulatory Authority of Communications in Bulgaria: <https://crc.bg/>

¹⁵ Estonian Regulatory Authority: <https://ttja.ee/en>

The Regulatory Authority in Latvia¹⁶ covers sectors such as energy, water and waste. The Regulatory Authority in Lithuania¹⁷ covers electronic communications, postal services and railways.

In our case, there is a model of the existence of regulators in place, primarily responsible for an area, such as the regulator in the water sector (Water Services Regulatory Authority), in the railway sector (Railway Regulatory Authority), in the media sector (Independent Media Commission), etc. RAEPC is an example where two sectors are included under one regulator: electronic communications and postal services. However, even in this case, there should be more sectors under one regulator.

Practices in EU countries regarding the status/level of organization of the authority responsible for the area of electronic communications are diverse. For example, the Telecommunications Regulator in Denmark is under the Ministry of Industry, Business and Financial Affairs¹⁸, whereas the Regulatory Authority in Estonia¹⁹ is under the Ministry of Economic Affairs and Communications. Greece and the Czech Republic are two other examples where the electronic communications authority is a central body under the government (not the ministry). In the case of Greece, it is worth mentioning that the Chairman and Vice Chairman of the Regulatory Authority in this area are elected and appointed by the Government (Council of Ministers) upon the proposal of the Minister for Digital Governance and after obtaining the opinion of the Permanent Commission on Institutions and Transparency of the Parliament. Therefore, the regulator for electronic communications in Greece, although not under the Ministry of Digital Governance, is functionally connected to this ministry.

Practices of EU countries regarding the status/level of organization of the authority responsible for the energy sector are also diverse. For instance, the regulator covering the energy sector in Denmark is under the Ministry of Climate and Energy²⁰. In contrast, the regulator responsible for energy and water services in Malta is under the Ministry of Environment, Energy and Enterprises²¹. Regarding the sectors covered, typically, the water sector is regulated by the same authority as the energy sector. For example, Bulgaria and Malta²² are two examples where a regulatory authority has been established to cover both the energy and water sectors. Furthermore, Hungary²³ and Lithuania²⁴ are two other examples where the same regulator is responsible for regulating more than two sectors.

The practices of the EU Member States regarding the status/level of organization of the energy system operator support the model of the operator with the status of a public enterprise, functionally independent from the energy regulator and energy supplier. As for reporting, in each case, the reporting is to the Ministry, with only one exception to the respective energy regulator who licenses the operator. For example, a) the operator in Slovenia is functionally independent but under the responsibility of the Ministry responsible for Infrastructure and Energy, b) the operator in Croatia is functionally independent but reports to the Energy Regulator, c) the operator in the Czech Republic is functionally independent but under the responsibility of the Ministry of Climate and Energy, d) the operator in Denmark is functionally independent but under the responsibility of the Ministry of Climate and Energy, e) the operator in Estonia is functionally independent but under the

¹⁶ Regulatory Authority in Latvia: <https://www.sprk.gov.lv/>

¹⁷ Regulatory Authority in Lithuania: <https://www.rrt.lt/en/>

¹⁸ Ministry of Industry, Business and Financial Affairs in Denmark: <https://eng.em.dk/>

¹⁹ Ministry of Economic Affairs and Communications: <https://www.mkm.ee/en>

²⁰ Ministry for Energy and Climate in Denmark: <https://stateofgreen.com/en/solution-providers/danish-ministry-of-energy-utilities-and-climate/>

²¹ Ministry of Environment, Energy and Enterprises: <https://sustainability.gov.mt/>

²² Regulator for Energy and Water Services in Malta: <https://www.rews.org.mt/#/en/home>

²³ Regulator for Energy and Water Services in Hungary: <https://mekh.hu/home>

²⁴ Energy Regulatory Council in Lithuania: <https://www.regula.lt/en/Pages/default.aspx>

responsibility of the Ministry of Economic Affairs and Communications, f) the operator in Latvia is functionally independent but under the responsibility of the Ministry of Finance, g) the operator in Lithuania is functionally independent but under the responsibility of the Ministry of Energy.

The dominant practice in EU countries regarding the organization and reporting of the competition authority is that of subordination to the Parliament (as in Bulgaria, Croatia, Hungary, Slovenia, etc.). However, even in this case, there are different practices. For example, in the Czech Republic²⁵ and Lithuania²⁶, the decision-making collegiate bodies of competition authorities are appointed by the President. In Malta²⁷ and Greece²⁸, they are appointed by the Government (upon the proposal of the Minister in the case of Greece). Moreover, there are other examples from EU countries where the competition authority is subordinated to the ministry, for instance, in Denmark, the Minister for Industry, Business and Financial Affairs appoints the Competition Council, the General Director and the Competition Authority. In Estonia, the Minister of Justice appoints the General Director, and the latter reports to the Minister. In Latvia, the Competition Council is under the general oversight of the Cabinet of Ministers (Government), while institutional supervision is exercised through the Minister of Economy.

Proposals approved in the working group for the organization of the economic sector

The determination of the final proposals was preceded by discussions in the working group on options and meetings with the Minister of MoE. After discussions on the options, the approved and agreed proposals are presented as follows.

Geological Service of Kosovo

According to the above-mentioned elaboration, the functions of GSK do not correspond to the functions of an executive agency according to LOFSAIA. Additionally, there are no requirements under the EU *acquis* for a country to have a separate structure from the Ministry for Exploration/Studies in Geology. Furthermore, the practices of EU countries do not support the existence of a separate body in geology. Considering these factors, the proposal approved by the working group and agreed upon with MoE is the integration of GSK into the ministry. The GSK organizational form (either as a single department or a division within a department) will be determined by the Ministry through the Regulation on Internal Organization and Systematization of Jobs within the Ministry.



Independent Commission for Mines and Minerals

As in the case of GSK, the functions of ICMM do not correspond to the functions of an executive agency according to LOFSAIA. Additionally, there are no requirements under the EU *acquis* for a

²⁵ Office for the Protection of Competition in the Czech Republic: <https://www.uohs.cz/en/homepage.html>

²⁶ Competition Council of Lithuania: <https://kt.gov.lt/en/>

²⁷ Competition Protection Commission in Malta: <https://www.ccpc.ie/>

²⁸ Competition Commission in Greece: <https://www.epant.gr/en/>

country to have a separate structure from the ministry for research in the area of mining and minerals. Furthermore, the practices of EU countries do not support the existence of a separate body in the area of mining and minerals. Considering these factors, the proposal approved by the working group and (either as a single department or a division within a department) will be determined by the Ministry through the Regulation on Internal Organization and Systematization of Jobs within the Ministry.



Regulatory Authority of Electronic and Postal Communications

According to the above-mentioned elaboration, the functions of RAEPC correspond to the functions of the regulatory agency according to LOFSAIA, and the EU *acquis* also requires that the country must have a functionally independent body for regulating the area of electronic communications. Also, the practices of EU countries support the existence of a regulator in the area of electronic communications. Regarding the appointment of the RAEPC decision-making body and its naming, the EU *acquis* does not have requirements on either element, in the sense of who should be appointed strictly and where they should report. Therefore, given that functional independence according to the elements discussed above is ensured for this regulator, the appointment and reporting procedures are not issues.

Taking into account these factors, the proposal approved by the working group and agreed upon with the Ministry of Economy is that RAEPC will continue to function as a regulatory agency, but the decision-making body will be individual, led by a director appointed by the Government of Kosovo, proposed by the responsible minister, and selected through procedures for selecting senior civil service managers. Regarding reporting, the director will report to the Government of Kosovo for the RAEPC performance and activities, through the minister responsible for the economy. The staff and budget will remain the same as in the current RAEPC organization.

According to this proposal, sector policies belong to the Ministry, while the regulation of the electronic communications sector will continue to be exercised by RAEPC but subordinated to the Government.



Energy Regulatory Office

According to the above-mentioned elaboration, the functions of ERO correspond to the functions of the regulatory agency according to LOFSAIA, and the EU *acquis* also requires that the country must have a functionally independent body for regulating the area of energy. Also, the practices of EU countries support the existence of a regulator in the area of energy. Regarding the appointment of the ERO decision-making body and its naming, the EU *acquis* does not have requirements on either

element, in the sense of who should be appointed strictly and where they should report. Therefore, given that functional independence according to the elements discussed above is ensured for this regulator, the appointment and reporting procedures are not issues.

Considering these factors, the proposal approved by the working group and agreed upon with the Ministry of Economy is that ERO will continue to function as a regulatory agency. The decision-making body will also continue to be elected and appointed by the Assembly while reporting on the ERO performance will be done to the Government through the minister responsible for the economy. The staff and budget will remain the same as in the current ERO organization.



Transmission System Operator

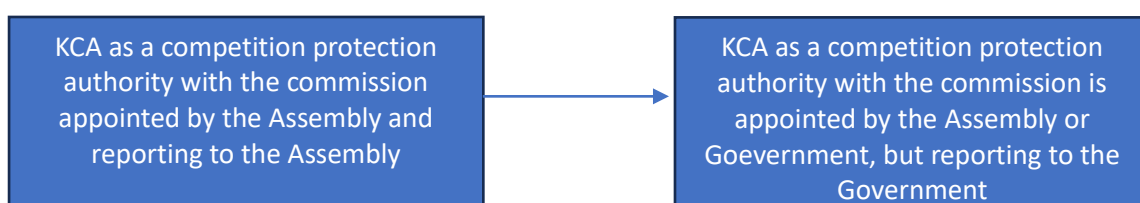
The case with KOSTT does not involve other implications besides determining the shareholder and reporting rights. The proposal approved by the working group and agreed upon with the ME is that the shareholder rights of KOSTT will be exercised according to the Law on Publicly-Owned Enterprises by a certain ministry and the reporting shall take place in that ministry. Since EU *acquis* ownership rules provide that the institution that exercises control over the producer or supplier cannot exercise control over the energy transmitter, the Government will designate a specific ministry that will exercise the rights of the shareholder and where the KOSTT will report. The staff, budget, and method of selecting decision-making bodies will remain the same.



Kosovo Competition Authority

According to the above-mentioned elaboration, the functions of KCA correspond to the functions of the regulatory agency according to LOFSAIA, and the EU *acquis* also requires that the country must have a functionally independent body for regulating the area of competition. Also, the practices of EU countries support the fact of the existence of a regulator for competition protection. Regarding the appointment of the KCA decision-making body and its naming, the EU *acquis* does not have requirements on either element, in the sense of who should be appointed strictly and where they should report. Therefore, given that functional independence according to the elements discussed above is ensured for this authority, the appointment and reporting procedures are not issues.

Considering these factors, the proposal approved by the working group and agreed upon with the MoE is that KCA will continue to function as a regulatory agency. The decision-making body will also continue to be elected and appointed by the Assembly while reporting on the annual performance will be done to the Government through the minister responsible for trade and economy. The Government will determine through which ministry the KCA will report to the Government through the performance report – either to the Minister of Industry, Entrepreneurship and Trade or to the Minister of Economy. The staff and budget will remain the same as in the current KCA organizational form.



Preparation of the legislative package for the implementation of the approved proposals

The ministries responsible for the three (3) sectors (MCYS, MIET, and MoE) will initiate the amendment and supplementation of laws according to the approved proposals for the rationalization of the respective sectors. The working group on the rationalization of agencies will support the ministries in preparing the relevant laws.

Three (3) laws will be prepared for the three (3) sectors: one (1) law on rationalization and consolidation of the culture sector, one (1) law on rationalization and consolidation of the industry, entrepreneurship and trade sector, and one (1) law on rationalization and consolidation of the economic sector.

Cooperation and consultation

The entire process of drafting and preparing this Program has been carried out by involving members of the working group, senior political representatives and professionals from the civil service in the selected sectors. Furthermore, the process and the presented options have been agreed upon and approved by the Prime Minister himself during the meeting of the Strategic Planning Commission. Simultaneously, consultations with external stakeholders have been taken into account, including indirect involvement in the process, such as the EU Office in Kosovo, OECD/SIGMA contributing and supporting the preparation of this program through expertise, as well as representatives from Civil Society through discussions and dialogue in various forums and public discussion groups.

Approval of the Program for the Rationalization of Agencies

Approval of the Program for Agency Rationalization will take place during the government meeting after an extensive process of meetings, agreements, consultations, negotiations, and re-negotiations of each recommended option, with the sole aim of consolidating the ranks within the selected sectors.

Implementation monitoring and reporting

The Program Management and Coordination must clearly identify the leadership that ensures, facilitates and monitors the implementation and development of management and coordination structures at political and administrative levels to lead the process with clearly defined roles, responsibilities and capacities²⁹. The institutional responsibilities for the selected sectors will be distributed based on current legislation and plans for the implementation and completion of the necessary legal framework throughout 2024/25.

The Program for Agency Rationalization is developed in line with the concept of the strategic management framework, which provides for linking and setting objectives and indicators from top to bottom. The interconnection of key strategic documents in the country in the area of public

²⁹ The main requirements derive from the Public Administration Reform Principles for candidate countries and potential candidates for EU membership regarding the management and coordination mechanism of the Public Administration Reform.

administration also derives from the hierarchy of objectives and indicators from which the fulfilment and implementation of this Program are obliged. The hierarchy of objectives and indicators derived from the NDP 2030 as the main strategic document in the country (umbrella strategy) in PARS 2022-2027, and its Action Plan 2022-2024, as the main sectoral document.

Primary and secondary legislation that needs to be amended and supplemented according to the approved proposals.

No.	Law and relevant bylaws	Deadline for approval in the Government	Responsible institution	Supporting institution
CULTURE SECTOR				
1.	Law No. 04/L-146 on the Agency for the Management of Memorial Complexes of Kosovo	Q4 - 2024	MCYS	Working Group on the rationalization of agencies
2.	Law No. 08/L-063 on Amending and Supplementing the Laws Related to the Rationalization and Establishment of Accountability Lines of the Independent Agencies	Q4- 2024	MCYS	Working Group on the rationalization of agencies
2.1.	Regulation (MoJ) No. 06/2023 on grievance procedure for free legal aid	Q2 - 2025	MCYS	Working Group on the rationalization of agencies
3.	Law No. 08/L-205 on Copyright and Related Rights	Q1 - 2024	MCYS	Working Group on the rationalization of agencies
4.	Law No. 02/L-57 on Institutions of Culture	Q1 - 2024	MCYS	Working Group on the rationalization of agencies
4.1.	Regulation (MCYS) No. 02/2016 on the Work of the Steering Committee for the National Gallery of Kosovo	Q2 - 2025	MCYS	Working Group on the rationalization of agencies
4.2.	Regulation (MCYS) No. 07/2022 on Amending and Supplementing Regulation No. 02/2016 on the Work of the Steering Committee for the National Gallery of Kosovo	Q2 - 2025	MCYS	Working Group on the rationalization of agencies
4.3.	Statute of the National Gallery of Kosovo	Q2 - 2025	MCYS	Working Group on the rationalization of agencies
4.4.	Statute of the National Museum of Kosovo	Q2 - 2025	MCYS	Working Group on the rationalization of agencies
4.5.	Statute of the Memorial Museum of Kosovo	Q2 - 2025	MCYS	Working Group on the rationalization of agencies
5.	Law No. 02/L-59 on Philharmonic, Opera and Ballet of Kosovo	Q1 - 2024	MCYS	Working Group on the rationalization of agencies
5.1.	Regulation (MCYS) No. 12/2022 on the Work of the Governing Council of the National Ballet of Kosovo	Q2 - 2025	MCYS	Working Group on the rationalization of agencies
5.2.	Regulation (MCYS) No. 05/2022 on Amending and Supplementing Regulation (KP) No. 02/2018 on the Work of the Governing Council of Kosovo Philharmonic	Q2 - 2025	MCYS	Working Group on the rationalization of agencies

5.3.	Statute of the Kosovo Opera	Q2 - 2025	MCYS	Working Group on the rationalization of agencies
5.4.	Regulation No. 03/2018 on the Internal Functioning of the Kosovo Philharmonic	Q2 - 2025	MCYS	Working Group on the rationalization of agencies
5.5.	Regulation No. 02/2018 on the Work of the Governing Council of Kosovo Philharmonic	Q2 - 2025	MCYS	Working Group on the rationalization of agencies
5.6.	Statute of the Kosovo Philharmonic	Q2 - 2025	MCYS	Working Group on the rationalization of agencies
5.7.	Statute of the National Ballet of Kosovo	Q2 - 2025	MCYS	Working Group on the rationalization of agencies
6.	Law No. 04/L-097 on Libraries	Q1 - 2024	MCYS	Working Group on the rationalization of agencies
7.	Law No. 06/L-121 Amending and Supplementing Law No. 04/L-097 on Libraries	Q4 - 2024	MCYS	Working Group on the rationalization of agencies
7.1.	Regulation (GRK) No. 06/2019 on Internal Organization and Systematization of Work Positions in the National Library of Kosovo "Pjetër Bogdani"	Q2 - 2025	MCYS	Working Group on the rationalization of agencies
7.2.	Regulation (MCYS) No. 02/2022 on the Work of the Governing Council of the National Library of Kosovo "Pjetër Bogdani" as well as the Compensation of the Council Members	Q2 - 2025	MCYS	Working Group on the rationalization of agencies
7.3.	Statute of the National Library of Kosovo "Pjetër Bogdani"	Q2 - 2025	MCYS	Working Group on the rationalization of agencies
7.4.	Regulation No. 02/2015 (MCYS) on Conditions and Criteria of Establishment and Functioning of Libraries	Q2 - 2025	MCYS	Working Group on the rationalization of agencies
8.	Law No. 04/L-106 on Theaters	Q4 - 2024	MCYS	Working Group on the rationalization of agencies
8.1.	Statute of the National Theater of Kosovo	Q2 - 2025	MCYS	Working Group on the rationalization of agencies
8.2.	Regulation (MCYS) No. 09/2022 on Amending and Supplementing Regulation (MCYS) No. 04/2016 on the Work of the Governing Council of the National Theater of Kosovo	Q2 - 2025	MCYS	Working Group on the rationalization of agencies
8.3.	Regulation (MCYS) No. 04/2016 on the Work of the Governing Council of the National Theater of Kosovo	Q2 - 2025	MCYS	Working Group on the rationalization of agencies
8.4.	Law No. 08/L-202 on Patents	Q4 - 2024	MCYS	Working Group on the

				rationalization of agencies
ECONOMIC SECTOR				
9.	Regulation (OPM) No. 04/2023 on Internal Organization and Systematization of Jobs in the Ministry of Economy	Q2 - 2025	MoE	Working Group on the rationalization of agencies
10.	Law No. 06/L-039 on Kosovo Geological Service	Q1 - 2024	MoE	Working Group on the rationalization of agencies
11.	Regulation No. 05/2023 on Internal Organization and Systematization of Jobs in KGS	Q2 - 2025	MoE	Working Group on the rationalization of agencies
12.	Law No. 03/L-163 on Mines and Minerals	Q1 - 2024	MoE	Working Group on the rationalization of agencies
13.	Law No. 04/L-158 Amending and Supplementing Law No. 03/L-163 on Mines and Minerals	Q1 - 2024	MoE	Working Group on the rationalization of agencies
13.1.	Regulation No. 05/2011 on the Organization and Functioning of the State National Museum of Crystals and Minerals	Q2 - 2025	MoE	Working Group on the rationalization of agencies
14.	Law No. 04/L-109 on Electronic Communications	Q1 - 2024	MoE	Working Group on the rationalization of agencies
15.	Law No. 05/L-084 on Energy Regulator	Q1 - 2024	MoE	Working Group on the rationalization of agencies
16.	Law No. 05/L-085 on Electricity	Q1 - 2024	MoE	Working Group on the rationalization of agencies
17.	Law No. 08/L-056 on Protection of Competition	Q1 - 2024	MoE	Working Group on the rationalization of agencies

Annex 1: The following list of activities for amending and supplementing primary and secondary legislation according to the Program for Rationalization of Agencies for approval by the Government.

Action	Deadline	Budget	Leading institution	Supporting institution	Output	References to documents
Establishment of working groups for amending and supplementing laws in the sectors of culture, industry, entrepreneurship, trade and economy	October 2024	/	MCYS MoE	Working Group on the rationalization of agencies	Working groups established by GS's decision	PARS 2022-2027 Program for the Rationalization of Agencies

according to the Program for Rationalization of Agencies.						
Drafting the Draft Law amending and supplementing laws in the sectors of culture and industry according to the Program for Rationalization of Agencies.	December 2024 February 2025	/	MCYS	Working Group on the rationalization of agencies	Law drafted	PARS 2022-2027 Program for the Rationalization of Agencies
Drafting the Draft Law amending and supplementing laws in the sector of the economy according to the Program for Rationalization of Agencies.	December 2024 February 2025	/	MoE	Working Group on the rationalization of agencies	Law drafted	PARS 2022-2027 Program for the Rationalization of Agencies
Approval by the Government of three draft laws prepared for the rationalization of three sectors according to the Program for Rationalization of Agencies.	March 2025	/	OPM	MIA, MCYS, MIET, MoE	Laws approved by the Government	PARS 2022-2027 Program for the Rationalization of Agencies
Establishment of working groups for amending and supplementing bylaws in the sectors of culture, industry, entrepreneurship, trade and economy, according to the Program for Rationalization of Agencies.	April 2025	/	MCYS MoE	Working Group on the rationalization of agencies	Working groups established by GS's decision	PARS 2022-2027 Program for the Rationalization of Agencies
Drafting amendments and supplementations to bylaws in the sector of culture according to the Program for Rationalization of Agencies.	April-May 2025	/	MCYS	Working Group on the rationalization of agencies	Amendments and supplementations drafted	PARS 2022-2027 Program for the Rationalization of Agencies
Drafting amendments and supplementations to bylaws in the sector of the economy according to the Program for Rationalization of Agencies.	April-May 2025	/	MoE	Working Group on the rationalization of agencies	Amendments and supplementations drafted	PARS 2022-2027 Program for the Rationalization of Agencies
Approval by the Government of all amendments and supplementations of bylaws prepared for the rationalization of three sectors according to the Program for Rationalization of Agencies.	June 2025	/	OPM	MIA, MCYS, MIET, MoE	Bylaws approved by the Government.	PARS 2022-2027 Program for the Rationalization of Agencies

