



District Heating Termokos Holding J.S.C.	– December 2005
District Heating Gjakova Holding J.S.C.	– December 2005
Kosovo Landfill Management Company J.S.C.	– December 2005
Transmission and Market Operator Holding J.S.C.	– December 2005

- Incorporation of a number of water, waste and irrigation enterprises to commence.
- Pristina International Airport handled just under one million passengers in 2005 and looks set to break the 1 million passenger mark by year end. During 2005, the airport undertook an incorporation process (transforming it into a joint stock company) and invested heavily in facilities (air traffic control tower, radar, runway, passenger terminal), capacity building and training. In March 2006, the airport got a new Director with the arrival of James Johnson and in June, Pristina International Airport was awarded the ‘Best Airport 2006 Award’ in the category ‘under 1 million passengers per year’. This major honour was presented by Airports Council International (ACI), the only worldwide professional association of airport operators. ACI recognised Pristina International Airport’s unique history, impressive 300% increase in passenger traffic over recent years, the major investment in facilities and the rapidly expanding airline network.
- UNMIK Customs has been great success story - a modern organisation collecting over 70% of the Kosovo Consolidated Budget (KCB) funds. Since 2000, the service has consistently improved collecting over €2 billion towards Kosovo's budget. 2005 was a busy and defining year. Throughout, Customs' main function was to collect revenue in line with the Treasury’s target. In 2005, some €433 million (gross) was collected, representing an underlying increase of some 20% on collection in 2004. Impressively, the average cost of collection was less than 1.5 euro cents for each euro collected. 2006 will reap the rewards of UNMIK Customs’ capacity-building drive. CAFAO-UNMIK assistance is being scaled down and the composition of the management board is primarily of local staff.

## Banking and Insurance

- On 22 September, the Banking and Payments Authority of Kosovo (BPK) was transformed into the Central Banking Authority of Kosovo (CBAK). This new regulation was drafted with the aim of increasing the role of Kosovars and Kosovo’s institutions in CBAK activities. The CBAK is an independent body whose role is to foster the development of financial and payment systems in Kosovo. The CBAK supervises and regulates Kosovo’s banking sector (six banks with approximately 240 branches), insurance industry (eight insurance companies), pension funds and other micro finance institutions, and performs a number of other tasks normally undertaken by a central bank. These include cash management, transfers, clearing, management of funds deposited by the treasury or other public institutions, collection of financial data, and the management of a credit register.
- In essence, the goals of the CBAK are to ensure a sound, efficient and competitive financial system, as well as to provide ‘central bank’ related financial services. The CBAK, however, is not authorised to grant any loans, including liquidity, to banks. The main aim of its ‘monetary policy’ is to foster financial stability.

## Free Trade

- Kosovo derives three major benefits from trade liberalisation, namely improved export opportunities, better investment conditions and stable relations with its neighbours.
- Following a declaration of intent on 29 May 2003 to follow the Stability Pact Memorandum on Trade Liberalisation and Facilitation in Southeast Europe, UNMIK started to negotiate bilateral Free Trade Agreements (FTAs) with countries in the region under the umbrella of the Stability Pact Trade Working Group. For the purpose of negotiating FTAs, a Trade Policy Working Group was established comprising members from UNMIK, government ministries, UNMIK Customs, the Kosovo Chamber of Commerce, and other stakeholders.

- Albania was the first country that expressed interest in an FTA with Kosovo. Following two rounds of negotiations, UNMIK's first agreement was signed in 2003. Talks on an FTA with FYR Macedonia were opened in December 2004 and were concluded in 2005. This agreement gave Kosovo full duty free access to the Macedonian market, while maintaining some duties on imports, particularly in the agriculture sector. In only twenty days following a single round of negotiations, a similar asymmetric FTA, granting full duty free access to Kosovo's exports to the Republic of Croatia, was signed on 28 September 2006. FTA with Bosnia and Hercegovina was signed on 19 October 2006 and provides full liberalisation of trade.
- In 2006, the signatories of the Stability Pact Memorandum undertook to deepen further their trade relations through the creation of a Single Free Trade Area. The Single FTA will be created through the enlargement of CEFTA (Central European Free Trade Area). The enlarged CEFTA will not only consolidate the liberalisation achieved so far but also create a common regional framework to promote trade and investment. Negotiations on CEFTA enlargement began in mid-2006 under the auspices of the Stability Pact. At the end of this process, Kosovo will become part of a regional free trade area comprising over 20 million people.

### Integration towards Europe

- Kosovo participates in the Stabilization and Association Process (SAP), the EU's policy framework towards the Western Balkans, by following the guidelines of the European Partnership. The SAP steers Kosovo's reform process according to EU best practice and European legislation. The Partnership document outlines the main priorities that Kosovo needs to fulfil, thereby also taking into account the requirements of the Standards for Kosovo. The Stabilization and Association Process Tracking Mechanism (STM) is the instrument that guides and monitors Kosovo's development with regard to the European Partnership. Important elements of the STM are the regular political meetings between the European Commission's services and the Kosovo authorities at which progress is discussed and further challenges are identified.

### Budget

- The development, management and implementation of the Kosovo Consolidated Budget has been transferred to the Ministry of Finance and Economy. However, the SRSG has final authority and must sign the budget before it becomes law. He is supported in this task by the EU Pillar's Fiscal Affairs Office.
- The 2006 Kosovo Consolidated Budget totals approximately €714 million, around 30% of GDP. This represents a sharp cut on previous years. Within the reduced overall total, more room has been made for public investment. It is anticipated that the 2007 Budget will mandate a further cut in expenditures, with cuts in the wage bill partly offset by further increases in public investment.

### Taxes

- The Kosovo government expects to collect around €670 million in revenues this year. The majority (between 60-70%) will be collected at the border, in the form of VAT, customs revenues and excise taxes. Domestic tax revenue has been increasing in absolute terms and as a share of the total, although it remains weak in some areas. A special tax on the monopoly profits of large companies is expected to make a significant contribution to revenues this year. Combined with spending cuts, this strong revenue performance is expected to lead to a sharp cut in the 2006 budget deficit, perhaps to zero, from €68 million in 2005.

### Government:

- Multiethnic provisional self-government in place as of 13 June 2002, according to the Constitutional Framework of May 2001.

- As a result of October 2004 general elections, a government coalition was formed between LDK and AAK, and AAK leader Ramush Haradinaj became Prime Minister. Haradinaj decided to resign and depart to The Hague when he was indicted by the ICTY on 08 March. Two weeks later, a new Government led by Bajram Kosumi (AAK) was formed on the basis of the same coalition. On 21 January 2006, President Ibrahim Rugova (LDK) died following a brief struggle with lung cancer. The Kosovo Assembly elected Fatmir Sejdiu (LDK) as Kosovo's new President one month later. In a subsequent change of Government in March 2006, former KPC Commander Agim Çeku (AAK) replaced Bajram Kosumi as Prime Minister, inheriting most of Kosumi's Government but dismissing Deputy Prime Minister Adem Salihaj (LDK) and replacing him with Lutfi Haziri (LDK). Assembly President Nexhat Daci was replaced by Kolë Berisha (LDK).

**President:** Fatmir Sejdiu (LDK)

**Prime Minister:** Agim Çeku (AAK)

**Deputy PM:** Lutfi Haziri (LDK)

**Assembly President:** Kolë Berisha (LDK)

## Assembly

- 120-member multi-ethnic Assembly, elected 23 October 2004 for a three-year term. Until present, 114 laws have been promulgated

## 15 Ministries (and their ministers)

Minister for Finance and Economy	Mr. Haki Shatri (LDK)
Minister of Education, Science & Technology	Mr. Agim Veliu (LDK)
Minister for Culture, Youth & Sports	Mr. Astrit Haraçia (LDK)
Minister for Transport & Communication	Mr. Qemajl Ahmeti (LDK)
Minister of Interior	Mr. Fatmir Rexhepi (LDK)
Minister of Public Services	Ms. Melihate Tërmkolli (LDK)
Minister of Justice	Mr. Jonuz Salihaj (AAK)
Minister for Local Self-Government	Mr. Lutfi Haziri (LDK)
Minister for Environmental and Spatial Planning	Mr. Ardian Gjini (AAK)
Minister of Labour & Social Welfare	Mr. Ibrahim Selmonaj (AAK)
Minister of Trade & Industry	Mr. Bujar Dugolli (AAK)
Minister of Energy & Mining	Mr. Et'hem Çeku (AAK)
Minister for Health	Mr. Sadik Idriz (VAKAT) - Other Communities
Ministry for Returns and Communities	Mr Slavisa Petkovic (Civil Initiative Serbia – CIS)
Minister of Agriculture & Rural Development	No candidate proposed yet

- **Reserved powers of SRSG** -- Law and order (international police and Kosovo Police Service), appointing judiciary, ensuring and protecting the rights of minorities, UNMIK Customs Service, monetary policy, external relations, concluding agreements with states and international organizations, administering public, state and socially owned property, adjudicating disputed residential property and administering abandoned residential property, supervision of Kosovo Protection Corps.

## Municipalities

- 30 municipalities with increasing decentralized powers
- 30 elected municipal assemblies

## Police

- 1374 International Police from 42 countries (as on 30 Sep '06)

- 7,203 Kosovo Police Service (KPS) officers: male-- 86.35%, female--13.65%; Albanian – 83.91%, Serbian – 10.32 %; other ethnic groups – 5.77 %
- All 33 Police Stations and five out of six Police Regional HQs across Kosovo transferred to the command of the Kosovo Police Service. International police officers remain as monitors. Further transition continues.
- Specialized agencies, including Financial Investigation Unit (Guardia di Finanza), investigate misuse of public money and financial crime.
- Financial Information Centre (FIC) monitors financial transactions by banks, financial institutions and other entities as a check against money laundering operations.
- Cooperation agreements signed with Albania, FYROM, Serbia and Montenegro.

### Judiciary

- Judges: 395 local judges and prosecutors, including 15 Serbs and 22 from other minority communities.
- 25 international judges and prosecutors.
- Applicable law: New Provisional Criminal Code and Provisional Criminal Procedure Code of Kosovo came into effect from April 2004.
- Courts: The courts are responsible for the administration of justice in Kosovo in accordance with the applicable law. The court structure includes the Supreme Court of Kosovo, District Courts, Municipal Courts and Courts of Minor Offences (including a High Court of Minor Offences). A Special Chamber of the Supreme Court deals with Kosovo Trust Agency related matters.

### Crime

- The crime rate has fallen constantly in the past few years– from 291 murders in 2000, to 205 in 2001, to 143 in 2002, to 131 in 2003, to 111 in 2004 and 101 in 2005.
- During January to August 2006 there have been a total of 56 murders out of which 50 were Albanians, 5 Serbs and 1 Goran.
- Prison population: 1231.

### Education

- 420,000 children are attending nearly 1200 schools.
- Some 15,000 students are pursuing higher education in two universities.

### Health

- Six regional hospitals situated in the major towns (Pristina, Mitrovica, Gjakova, Prizren, Pec/Peje, and Gnjilane). These are supported by health houses in each of 30 municipalities. Family clinics serve villages. Kosovo-wide, a total of 5,308 hospital beds.
- The health sector employs 13,500 people, including 1000 Serbs. 2,500 doctors and 7,000 nurses; others in health administration.

### Missing persons

- According to ICRC as of the end of August 2006, there were:
  - Total number of 2268 active cases of which:
    - number of cases reported missing: 1884
    - number of cases reported as dead but body missing: 384
    - number of persons for whom a Tracing Request was opened with the ICRC by the families: 5977
  - Total number of 3709 closed cases out of which:
    - visited in prisons by the ICRC: 946
    - confirmed dead and buried by the families: 2130
    - found alive: 352 + 65 released/escaped but not visited while in detention
    - closed for administrative reasons 216

## Returns

- **Improvements in Framework to Facilitate Return**

The PISG promulgated updated returns policies on 24 May, which was followed by the signing of protocol of cooperation on returns between Pristina and Belgrade on 6 June, and subsequent revision of the Manual for Sustainable Return. The three documents, which came out in quick succession in a short span of about six weeks, have significantly altered the returns landscape in Kosovo, leading to the recognition of IDPs right to free and informed choice of residence, along with greater financial assistance to support that choice. Updated PISG Policies on Voluntary Returns affirm the right of IDPs to freely choose where to live and to receive assistance in that regard. Process for returning has been simplified with IDPs taking a central role throughout and removing extraneous structures that are outdated. IDP concerns regarding an expansion of assistance were addressed leading to more than 70 families immediately agreeing to return to Srpski Babush as a direct result of the new policies.

Returns Protocol between Pristina and Belgrade recognizes the IDP's right to choose where to live. It also paves the way for direct dialogue between municipalities of displacement and return, and PISG guarantees that returnees will have full rights.

The revised Manual for Sustainable Return seeks to simplify the steps for return and delivery of social services for the returnees, while reaffirming international standards and best practices. The Manual specifies that the returns will be rights-based and sustainable, preferably to the place of origin. However, the revised criteria for individual return allows for greater choices for IDPs, who cannot return to their place of origin. It advocates a bottom-up, IDP-driven returns process, engaging the entire community with the participation of displaced and IDP associations, including IDP men and women of all age groups.

- **Voluntary Returns**

According to UNHCR statistics, 2126 minorities voluntarily returned to their homes in 2005 with the highest number of returns in the regions of Pejë/Pec and Prishtinë/Priština. As of 31 August 2006, the total number of minority returnees since 1999 is estimated at 15,615.

Organised returns projects currently underway, include the returns of: 74 Kosovo Serb families to Babushi e Sërbeve/Srpski Babus village (Ferizaj/Uroševac), 35 Kosovo Serb families to Talinocv/Talinovac (Ferizaj/Uroševac), 29 Kosovo Serb families to Kosh/Kos (Istog/Istok), 17 Kosovo Serb and 5 Ashkali families to Klinavc/Klinavac (Klinë/Klina), 40 Kosovo Serb families to Cige/Siga and Brestovik (Pejë/Pec), 61 Kosovo Serb families to Lug/Ljug & Blagaca (Istog/Istok), 60 Kosovo Serb and Bosniak families to Zhupa/Zupa Valley villages (Prizren), 25 RAE families to Prizren town (Prizren), 25 Kosovo Albanian families to Leposaviq/Leposavić, 102 RAE families to Roma Mahala, Mitrovicë/Mitrovica, 141 Kosovo Serbs to Svinjarë/Svinjare, 96 RAE families as part of closure of Plemetina Camp to Obiliq/Obilic, Lipjan/Lipljane, Fushë Kosovë/Kosovo Polje, 26 Roma families to Abdullah Presheva/Abdula Preseva (Gjilan/Gnjilane), 20 Kosovo Serb families to Kuçicë/Kučica village (Skenderaj / Srbica).

Over the past few years, municipalities have been submitting concept papers for the return of minorities to their communities. IDPs have been participating in these efforts together with UNMIK, UNHCR and municipal officials. There are currently 22 CRM (Central Review Mechanism) approved return projects awaiting funding, all of which have been recently re-evaluated with all stakeholders. There is now an estimated funding gap of about 19 million euros.

- **Minority Transportation Transferred to Kosovo Government**

UNMIK and the Ministry of Transport and Communications (MTC) signed on 31 August an MoU governing the transfer of UNMIK's competency to provide humanitarian transportation for minority communities in Kosovo to the MTC. This transfer will in no way change or disrupt existing services and there will be no change in the current service providers until 2008. With this MoU, the PISG has taken an important step in fulfilling one of the priorities for Standards implementation set forth by the Contact Group, which is to identify and provide minority needs for public transport.

- **COCG co-chair and secretariat functions handed over to MCR**

In a meeting of the Communities Outreach and Communication Group (COCG) held on 24 August, co-chaired by MCR (Ministry of Community and Return) and UNMIK/OCRM, the transfer of the co-chair responsibilities as well as secretariat functions of the Group were approved by the members, and thus handed over to the MCR, as stipulated in the revised Manual for Sustainable Return. UNMIK/OCRM will attend the COCG meetings as a member, and will continue to extend all assistance to the Group. The COCG was set up in November 2004 to implement in a coordinated manner the outreach and communication strategy regarding returns related issues, projects and activities and to enhance coordination between all information providers in the returns process.

- **Repatriation**

Based on international human rights standards and the recommendations in the most recent UNHCR position paper, the current UNMIK policy on repatriation has been updated. Accordingly, UNMIK will not accept the repatriation of Kosovo Serbs, Roma and K/Albanians in a minority situation, and continue to conduct individual screenings of members of the Ashkali and Egyptian communities. In addition, UNMIK urges that the repatriation of the elderly, ill and separated children for whom relatives and caregivers have been identified should only take place after advance notification and arrangements have been made by the repatriating state, so that there is no gap in care and protection provided to the person.

UNMIK has prepared a three-step plan to transfer this competency to the PISG. First step is to support the establishment of the Directorate of Border Management, Asylum and Refugees in the Ministry of Internal Affairs. The second step is to enhance reintegration assistance through pre-departure assistance packages or assistance in Kosovo. The final step will be to execute Readmission Agreements with key host countries to control the flow of repatriating Kosovars, particularly for minorities who have greater integration needs.

## Standards

- The SRSR reports up to four times a year to the UN Security Council. These reports include a Technical Assessment on the implementation of the 'Standards for Kosovo' programme, which covers a range of activities designed to promote good governance and multiethnicity.

## Social programmes

- Pensions: The government began to pay pensions, for the first time in three years, in July 2002, after the Assembly promulgated the Law on basic pension in Kosovo. At least 100,000 persons to benefit (18% minorities). The level of the basic pension is currently € 40 per month.
- Social assistance: payments from 34 to 62 euro/month, depending on family size and other criteria, to some 200,000 beneficiaries
- War invalid pension: 6,000 individuals

## Housing and property rights

- The Kosovo Property Agency (former Housing and Property Directorate) has the competence to process conflict related claims over private immovable property. Since its establishment in March 2006, and as of October 2006, the KPA has received 2,573 claims.
- As for residential property claims, the total number is 29,519. All of them have been adjudicated on first instance. Of this, the total number of implemented decisions is 27,483 (93 per cent of total claims received). Of these cases, 10,366 claims pertain to properties which are destroyed.
- There are 1,676 (5.7 per cent of the total) residential property claims pending implementation. Most of the cases pending implementation were appealed after a first instance decision. As soon as cases are adjudicated in second instance, they will be ready for implementation.

- The KPA is administering 5,305 residential properties, where the current occupant receives a temporary permit. A rental scheme for these properties will allow the displaced property right holders to receive rent on a regular basis.

## Public Documents

- **Travel documents:** 626,908 Issued including 114,350 for children under 16 years old
- **Travel documents are recognized by 39 countries** Albania, Armenia, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, FYROM, Germany, Greece, Hungary, Iceland, Ireland, Italy, Jordan, Latvia, Lithuania, Luxemburg, The Netherlands, Malaysia, Norway, Poland, Portugal, Romania, Slovakia\* , Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States of America, Uzbekistan.

\*Slovakia – No official notification has been received from Slovakian authorities but, as a member of the EU, Slovakia facilitates travelling by issuing entry visas to UNMIK Travel Document holders.

- **No visas required in FYR Macedonia or Albania**
- **Civil registration and ID cards issued to more than 1,432 million habitual residents**
- **First drivers licenses issued in July 2002. Until present, 324, 511 licenses have been issued**
- **KS vehicle plates** now accepted in Albania, Austria, Belgium, Bulgaria, Croatia, Denmark, Finland, Germany, Greece, FYR Macedonia, Montenegro, Netherlands, Norway, Sweden, Switzerland, UK.

## Communication

- Telecommunications: The Post and Telecommunications of Kosovo (PTK) offers all services: post (120 post offices), telephone and internet (“Dardanet”).
- Fixed network – 92,000 fixed telephone connections in 1999; currently around 135,000 fully functional fixed telephone connections. A second fixed phone license is issued in July 2006 to the private company Ipko Net. 600 payphones are located in public areas and 470 in post offices. Mobile network: currently around 540,000 customers of Vala 900. Most of them use the pre-paid system.
- Internet: around 50,000 users of internet

## UNMIK

**UNMIK budget** UNMIK budget for the fiscal year 2006/2007 amounts to US\$217,962,000

The final budget for the fiscal year 2005/06 (until 30 June 2006): \$239,889,800

**Staff:** International 504, National 2001, United Nations Volunteers (UNV) 142 as of 30.09.06

UNMIK consists of 2 other pillars: **OSCE Pillar 3** employing a **total of 1,020** staff (252 International and 768 National) as of 30.09.2006 and **EU Pillar 4: Total 461** (of which 125 International and 336 National staff, as of 30 September 2006)

## KFOR

- Some 16,300 Troops are deployed in Kosovo.
- KFOR contingents are grouped into five Multinational Task Forces.
- Although Task Forces are responsible for a specific area of operations, they all fall under a single chain of command under the authority of Commander KFOR.