

Summary of Sida's Assessment of the Development towards the Strategy Objectives and Implementation of the Contribution Portfolio

Economic integration with the EU and development of market economy

2: Competitive small and medium-sized enterprises

Objective¹

Portfolio²³



Strengthened democracy, human rights and rule of law

3: More efficient public administration

4: Delivery of higher quality public services

8: A more pluralistic civil society

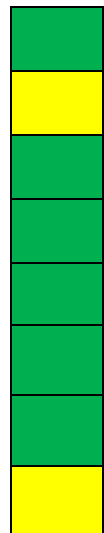
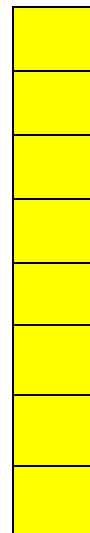
9: Improved cond. for dem. Accountab. and participation in pol. processes

10: Freer and more independent media

11: Better fulfilment of commitments on human rights, gender equality

12: Women and men have same power to shape society and their lives

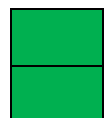
13: Increased trust and reconciliation between parties



A better environment and reduced climate impact

15: Enhanced environm. resp. among the public, business and civil society

16: Sust. public serv. (water and sewage, waste managem., energy effi.)



¹ Assessment of the development towards the strategy objectives: Green: Desirable direction; Yellow: Partially desirable direction; Red: Undesirable direction.

² Assessment of the implementation of the contribution portfolio: Green: According to plan; Yellow: Partially according to plan; Red: Not as planned.

³ In accordance with the operationalization plan for Kosovo, of the Results Strategy for Sweden's Reform Cooperation with Eastern Europe, the Western Balkans and Turkey 2014-2020, there are no contributions focusing on the strategy objectives 1, 5, 6, 7, and 14. Sida monitors relevant developments in these areas.

This report relates to the implementation of Sweden's reform cooperation with Eastern Europe, the Western Balkans and Turkey for the period 2014-2020, for the reform cooperation in Kosovo. The overarching goal of the cooperation is to contribute to Kosovo moving closer towards the EU and to improve living standards and reduce poverty. The progress of the strategy implementation was last reported in the In-depth Strategy Report for Kosovo implementing the Results Strategy for Sweden's Reform Cooperation with Eastern Europe, the Western Balkans and Turkey Mid-Term Review (MTR) from May 2017. This Strategy Report hence covers strategy implementation in Kosovo during the period May 2017 - April 2018. Portfolio development during this period has largely been based on the operationalization of recommendations from the MTR as well as the conclusions from Sida's Multidimensional Poverty Analysis (MDPA) for Kosovo, both completed in 2017.

The reform cooperation with Kosovo is centered on strengthening public institutions and reforms, supporting and contributing to a pluralistic civil society, equality and respect for human rights and environmentally sustainable development. In many cases the three areas of support, and strategy objectives within these, interact and reinforce one another.

A substantial part of the portfolio is dedicated to reforms and institutional development. These developments take time and require substantial inputs, especially in a politically volatile situation as in Kosovo. Thus, a long-term perspective on support is essential to attain results. An example of this during the reporting period is given by the long-awaited tax reform legislation in the area of property tax on land that Sida has supported since 2014. With the new legislation in place (January 2018), Sida's partners, the Ministry of Finance and the Swedish Tax Agency, will now be able to implement required administrative changes to the tax system needed to increase the tax base for municipalities, thereby increasing their autonomy and ability to provide quality services to citizens.

It is furthermore important to realize that although progress in terms of overarching contextual developments might be slow, the support given can still be highly relevant and produce results on contribution level. Sida's institutional support to the Ministry of Environment and Spatial Planning and the Agency for Gender Equality are examples of this. Although short-term contextual developments are currently hampered due to lack of political will and funding, Sida's support serves to strengthen the institutions - thereby providing a foundation for results in the long-term.

It is equally important to be open and able to adjust to new opportunities and contextual developments. During the reporting period, Sida's long-term support to the Statistical Agency of Kosovo (KAS) through Statistics Sweden has been phased out to allow for a new, innovative model of support adjusted to the current needs and requirements for KAS. The upcoming phase of support, 2018 - 2021, will be innovative also with regards to funding, as Sida will be partly donor and partly implementing agency for a substantial EU delegation under Instrument for Pre-Accession Assistance II (IPA II).

Reforms and institutional developments do not happen in a vacuum, and Sida's strategic support to civil society actors who are able to support and monitor institutions and represent citizens is a vital complement in order to attain results. This is especially true for Kosovo, where civil society is weak, fragmented and donor dependent. During the reporting period Sida strengthened our support to civil society with a new contribution in the area of environment and climate. Together with the EU office in Pristina, Sida also supported the first ever letter of agreement between donors on support to civil society, thereby strengthening coordination in this area to avoid further fragmentation and overlap.

The main conclusion of this report is that the contribution portfolio to date is relevant, well-balanced and overall being implemented according to plan, albeit with a number of difficulties arising from changes in context.

1. Overview of the Strategy Context

Kosovo's development over the last decade has been marred by political fragmentation and polarization. Instability and internal tensions within government coalitions has led to a lack of capacity to make decisions on needed reforms. The parliament has been in crisis and almost non-functional during 2015-2017. The signing of the Stabilization and Association Agreement (SAA) with the EU in 2015 was an important achievement for the government, but the progress on implementation has been slow. The important issue of visa liberalization has still not been solved and generates continued frustration among the population. The lack of implementation of rule of law and the widespread corruption constitute additional root causes to the key development problems in Kosovo. The limited mechanisms for consultations with, and involvement of, citizens in decision-making further exasperate the democratic deficit. Although minimum standards of public consultations have been adopted the implementation remains a challenge. Civil society has been strengthened over the past decade, however organisations are still largely dependent on donor financing.

Kosovo is a patriarchal and conservative society and despite excellent gender equality and anti-discrimination laws, inequality levels are high and discrimination of minorities and vulnerable communities is still persistent. Sida's Multidimensional Poverty Analysis (MDPA) from 2017 identified a number of especially vulnerable groups in the country; women, Roma, Ashkalia and Egyptian communities, LGBTI-persons, people with disabilities and the Serbian non-majority population.

The state-building process is negatively impacted by the unresolved issues arising from the conflict with Serbia and by Kosovo's internationally contested statehood. Kosovo is in different ways blocked from international institutions which effect the economic development. The lack of reconciliation is also evident in the high degree of segregation between Kosovo Albanians and Kosovo Serbs.

In terms of developing a functioning market economy, Kosovo is at an early stage. Some progress has been made, particularly in support of export-oriented businesses, improving contract enforcement and access to finance. Kosovo's economy has been performing fairly well, but is unsustainable and based on remittances, private consumption and ongoing large infrastructure projects. Kosovo has a large negative trade balance. Reliance on remittances and the widespread informal economy additionally decrease employment incentives. The labor force participation is low, especially among women, and there are high unemployment rates in particular among young and unskilled workers.

Kosovo faces serious environmental challenges related to air, water and soil pollution, threatened biodiversity and deforestation. The cost of environmental degradation is high. Climate variability has already increased in the region. Issues related to the high unemployment and demand for economic development currently overshadows policies relating to environment sustainability and climate-change resilience. Since Kosovo is not a member of the UN it does not partake in international initiatives on climate and environment protection.

Total amount for the Strategy: 8.24 Billion SEK⁴

Disbursed Amount 2017: 93,3 MSEK

Number of Contributions 2017: 28
(Normal 21, Ltd/Simpl 6, Guarantees 1)

⁴ The total amount for the Strategy is 8.24 billion SEK. Delegation of this amount between bilateral and regional portfolios within the Strategy are made continuously.

1.1 Changes in the Context

The period since the last strategy report has been characterized by political turmoil with both national and local elections. The difficulties to reach political agreements led to a complete political stalemate between national snap elections in June and the formation of the current, broad based government in mid-October. The political focus on municipal elections in late October and the inability/unwillingness of the weak and highly fragmented government to push its legislative agenda and resolve central issues such as border demarcation with Montenegro has slowed down needed reform processes even further.

This goes also for reforms related to the EU-accession agenda. Kosovo is experiencing somewhat of an “EU fatigue”, where there is a sense that strategies and development plans are unrealistic, and that there is no progress in the process towards the goal of EU membership. Recently however, some see a new opening and to some extent renewed hope with the recent adoption of the European Commission’s strategy for Western Balkan and EU enlargement. In this strategy paper, it is clearly positive that Kosovo is mentioned on an equal footing with its neighbours, albeit more behind in the process. It is also perceived as positive that the strategy paper contains clear signals to Serbia concerning the need to - if not recognize – have legally binding agreement Kosovo in order to obtain membership.

Dialogue with Serbia, facilitated by the EU has been complicated and slow also during this period. Notably, the latest attempt to reinstate dialogue in Brussels in January 2018 was interrupted by the murder of the moderate Serbian politician in North Kosovo, Oliver Ivanovic. Tensions in northern Kosovo remain relatively high, but some limited progress has still been made with regards to the integration of the Serbian administration into the Kosovo system, opening for new possibilities for interventions to strengthen social cohesion and reconciliation.

The Kosovo Specialist Chambers (KSC) opened in The Hague on 28th of June 2017. The KSC is established to investigate the alleged abduction, torture and murder of Kosovo Serbs and some Kosovo Albanians by members of the Kosovo Liberation Army (KLA) during and after the war. In December, an initiative by Kosovo parliamentarians failed to revoke the law governing the KSC, which they consider to be discriminating against the KLA. The process has been perceived as slow, the issue remains infected and political unrest can be expected when the first indictments are made by the chambers this coming spring.

However, all developments in the reporting period were not bleak. In a recent assessment, IMF congratulated Kosovo for its progress in financial management and stability, albeit with reservations⁵. According to IMF, Kosovo continues to enjoy the highest economic growth in the region. Initial estimates indicate that GDP growth reached 4.1 percent in 2017, driven primarily by investment and supported by consumption, remittances, and a steady recovery in exports⁶. However the same report emphasize that weaker reform momentum, including on the back of political risks, could lower growth and keep unemployment and migration high. The Sigma Monitoring Report of November 2017⁷ highlights several important steps in the area of Public Administration Reform since its last base-line measurement in 2015. Another notably positive development was that national and municipal elections were held in a fair and democratic manner, and that the results indicate a growing democratic awareness and willingness for change within the citizenry.

⁵ IMF Republic Of Kosovo Staff Report for the 2017 Article IV Consultation, January 19, 2018, p4

⁶ IMF Republic Of Kosovo Staff Report for the 2017 Article IV Consultation, January 19, p23

⁷ Sigma Monitoring Report: Principles of Public Administration, 2017, p8

1.2 Sweden's Role in the Strategy Context

Table 1. Donor Context

Total development assistance make up 12,6% of the national budget (NB: 2016 data, 2017 not available)	Sweden's share of the total of development assistance constitutes 4.3 %. (NB: 2016 data, 2017 not available)
There is no common donor strategy	Common EU strategy is valid 2014- 2020 Status of EU joint programming: N/A
The five largest donors are: EU, US, Germany, Switzerland and Sweden	Sweden is the 5 th largest donor. Of the EU member states, Sweden is the 2 nd largest nor.

Sida is one of few donors involved in private sector development, and a major donor in terms of focusing on innovation in the ICT-sector. With the new guarantee agreement signed during the reporting period, Sida is one of only three bilateral donors contributing to stimulating the financial market with a focus on small and medium sized enterprises. Despite our limited number of contributions in this area, it can be assumed that Swedish cooperation has an impact.

In the area of governance, human rights and gender equality, Swedish cooperation stands out with regards to its longstanding partnership, supporting ownership of partners. Sida is one of few donors who offers core support to civil society actors, thereby strengthening their ability for proactive strategic planning and autonomy. Together with the EU Office in Pristina, Sida has initiated and leads a functional coordination of support to civil society at large, which increases the efficiency of cooperation and minimizes the risk of overlap. With regards to gender equality, Sida is the only donor with institutional support to the principal government agent – the Agency for Gender Equality. This combined with support for civil society active in this area and a high level of mainstreaming throughout the portfolio makes Sida a valued actor in this regard.

More than 50% of all development funding to Kosovo is given under the broad heading of Governance, where Rule of Law is included. This presents significant risks. Coordination is dysfunctional, government counterparts are overburdened and there is a high risk for inefficiencies and overlap. Sida's contributions stand out and benefit from long-standing governmental cooperation in the area of Public Administration Reform (PAR) with the Swedish Tax Agency and Statistics Sweden and also for the flexible institutional support and extensive technical assistance to enable reforms given to central government agencies such as the Office of the Prime Minister, The Ministry for Environment and Spatial Planning and the Agency for Gender Equality through a mix of direct institutional support and framework agreements with consultants. Contributions are relevant and produce results. Nevertheless, Sida will in 2018 evaluate its PAR-portfolio to ensure that the focus is accurate and that opportunities for Swedish added value are fully realized.

During the reporting period, Sida renewed and solidified the cooperation on municipal level in Northern Kosovo. This cooperation is focused on strengthening municipal capacity, but also on strengthening systems for citizen dialogue, supporting civil society and providing platforms for dialogue and reconciliation. The EU has been long active in the north, with mixed results, and is now exploring cooperation with UN Habitat and Sida in this project.

Last but not least, Sida is one of very few donors investing substantially in the environment sector, and the only current donor with a major institutional support in the sector. Sida is furthermore, after the exit of Finland, the only donor engaged in forestry, a neglected sub-sector and a vulnerable natural resource on which an approximately two thirds of the population depends to some extent. In addition to this, Sida is currently the only donor with a focused support to environmental civil society. It should be noted that the EU is not as engaged in this sector as of yet. Swedish bilateral complementarity is therefore highly relevant

1.3 Synergies with Other Swedish Strategies

The Embassy in Kosovo is actively cooperating with organizations and actors that are given support from the Regional Portfolio under the Strategy. Examples of such actors are Kvinna till Kvinna Kosovo, BIRN and We Effect. The Embassy strives to contribute to regional approaches and seek further synergies in the upcoming years, particularly in the area of conflict resolution and prevention and environment and climate respectively. Close dialogue with other Swedish Embassies in the region is also relevant, as demonstrated by the cooperation with the Swedish Tax Agency who is now transposing their property tax project to Albania, building on experiences and capacity development in Kosovo. Sida sees synergies with strategies for capacity development, with an active engagement and follow up of ITP-programs, and civil society, under which there are minor contributions to Kosovo for example to Save the Children, and wishes to engage further in dialogue and knowledge exchange with strategy owners. The same can be said for relevant thematic strategies, especially in the area of environment, economic development and human rights.

During the reporting period, Sida signed the first agreement encompassing the guarantee instrument, the result of an intense collaboration with the responsible unit at Sida for almost two years. Sida is positive towards future contributions of this kind.

1.4 Allocation between Areas of Support

Areas of Support in the Strategy	93,3 MSEK
1. Enhanced economic integration with the EU and Development of market economy	13,8 MSEK
2.a. Strengthened democracy, greater respect for human rights and a more fully developed state under the rule of law focusing on strengthened public administration and judicial systems	27,6 MSEK
2.b. Strengthened democracy, greater respect for human rights and a more fully developed state under the rule of law focusing on increased enjoyment of human rights and greater opportunities to exercise democratic influence	30,6 MSEK
3. A better environment, reduced climate impact and enhanced resilience to environmental impact and climate change	21,3 MSEK

The main conclusion of this report is that the contribution portfolio to date is relevant and well-balanced and no major shifts between areas of support are thus planned for the remaining strategy period. That being said, a slight increase in focus on area 1 and area 3 is foreseen. This is in line with the results of the Mid-Term Review for Kosovo from 2017 and relevant with regards to the discussion on Sweden's role in the strategy context under section 1.2 of the report at hand.

2 Results Reporting

2.1 Area of Support 1: Enhanced economic integration with the EU and development of market economy

2: Competitive small and medium-sized enterprises make up a greater share of the economy

Development towards the strategy objective

During 2017, some progress was made, particularly on supporting export-oriented businesses, improving contract enforcement, especially within the financial sector, and access to finance. The overall effort on economic reforms is ongoing, but general elections in mid-2017 affected many economic reform processes. Kosovo continues to have trade deficit that reflects a weak production base and poor competitiveness. Reliance on remittances and the widespread informal economy additionally decrease employment incentives resulting in low labor force participation, especially among women, and high unemployment rates in particular among young and unskilled workers.

Portfolio level

Sida has assessed that the portfolio is well balanced and all contributions are expected to continue with support to small and medium-sized enterprises (SMEs) at the same level. The two main projects of the portfolio, Innovation Centre Kosovo (ICK), in cooperation with Norway, and EMPOWER Private Sector in cooperation with USAID, are well on track. As a complement to the contributions mentioned above, in November 2017, Sida signed a guarantee agreement in amount of 10 million EURO with Kosovo Credit and Guarantee Facility (KCGF). The support of the guaranteed portfolio of KCGF by Sida will further enhance the ability of the KCGF to ensure a higher level of credit guarantees to SME sector, while at the same time increasing the financial sustainability of the financial sector in the country. An assessment of a Mid-Term Review (MTR) of the Empower project will be conducted during 2018 to assess the results of the project but also identifying important unmet needs and possible priority areas for Swedish support to SMEs sector and to economic development in Kosovo. The number of agreed contributions that are contributing to this objective is 5. Disbursements in 2017 were made to a value of 6 650 000 SEK.

Contribution level

The two main contributions of the portfolio are Innovation Centre Kosovo (ICK), in cooperation with Norway, and EMPOWER Private Sector in cooperation with USAID. The EMPOWER Private Sector has become one of the most knowledgeable institutions in Kosovo as to the status and potential of Kosovo businesses, as a result of its direct site visits to over 400 companies, and actual interventions with 256 of them. The contribution has information on every actor involved in several productive sectors, to the point that when a new investment opportunity arises, it is often possible to evaluate it vis-à-vis other similar firms and connect it to other companies in its value chain for business. During 2017, EMPOWER Private Sector continued to help companies facing excess demand in their markets, expand their production capacities, and substantially widened its assistance in market connections, through trade show attendance and through development of producer sales agencies in buyer markets. EMPOWER also provided support to its beneficiary companies in productivity improvement and obtaining quality/safety standards and certifications.

Innovation Centre Kosovo's (ICK) aim is to connect research and development component of scientific field with the business sector, focusing on creating new job opportunities oriented towards the future, based on knowledge and new technology. Through the year 2017, ICK supported 55 startups including 360 employees (30% women), and 42 different trainings with 523 trainees (25% women) and 56 different events with 6 000 participants where organized⁸. The many organized events

⁸ Information received by ICK on 2018-02-21

and trainings celebrated with pitching, boot camps, hackathons, fairs and conferences, have shown a positive impact in the mindset of the Kosovo people. A few of these events include: Global Entrepreneurship Week, Startup Weekend, Techstars Startup Week, Startup Europe Week, Google for Entrepreneurs, Global Entrepreneurship Week, SLUSH, NASA Space Apps Challenge, Fuckup nights, Startup Grind and many other tech/business events.

2.2 Area of Support 2: Strengthened democracy, greater respect for human rights and a more fully developed state under the rule of law

3: More efficient public administration, with stronger administrative capacity to implement reforms for EU-integration

Development towards the strategy objective

Kosovo is making slow progress in the area of public administration reform for EU-integration. The Sigma Monitoring Report of November 2017 highlights Kosovo's performance in the area of policy development and concludes that Kosovo now has an adequate policy framework for needed reforms and that central government planning document take these reforms into account to a significant extent. However, the report also concludes that the implementation rate is slow and that the government's system for planning is uncoordinated and inadequate⁹. In short, the strategies and the planning documents currently exceed the government's current implementation ability. An example of this problematic situation is given by a recent review of the Strategy for the Modernization of the Public Administration, one of the main documents of the Public Administration Reform, deriving from the SAA and European Reform Agenda (ERA), shows that the current implementation rate stands at a mere 20 percent. It could also be noted that the current government has not yet proven able to address these issues more efficiently than the last administration.

Portfolio level

The Mid Term Review (MTR) of the Strategy 2017 concluded that the portfolio in the area of Public Administration Reform (PAR) is well balanced and on track. Since the MTR, the portfolio has remained largely the same, focusing on central actors on a national level. Results are attained, but take time and considerable resources. Given the recent negative political developments at national level, Sida is currently exploring options for increased engagement at a municipal level, as a way to diversify the portfolio further, minimize risks and attain broader sustainable results in this area. The number of agreed contributions that are contributing to this objective is 8. Disbursements in 2017 were made to a value of 12 134 000 SEK.

Contribution level

One of the projects contributing to results in this area is the support to the Office of the Prime Minister in the project "Project to support policy development". Significant results under this project since the last strategy report was the development and adoption of the new Guidelines Developing Concept Documents with adhering manual. The guidelines link directly to the European Integration process and address strategic issues related to this process that the EU raised in its 2016 Progress Report for Kosovo. The project has also attained results in the areas of improving government consultation processes, monitoring progress of implementation of strategies and in coordination of government and contributed to central documents such as the Annual Government Work Plan and the roadmap for implementation of the National Development Strategy (NDS) 2016-2021.¹⁰

⁹ Sigma Monitoring Report: Principles of Public Administration, 2017, p13

¹⁰ Project to support policy development-Narrative report by the PAI/Europartners Development/Humelica Consortium, 2017, p 5-7

4: Delivery of higher quality public services, based on principles of non-discrimination and equal rights and with less corruption

Development towards the strategy objective

The developments in the area are mixed. On one hand the Sigma Monitoring Report 2017 states that a solid strategic framework for service delivery is in place, but that adequate resources for implementation, as well as systems for monitoring implementation, are largely lacking. The Sigma report concludes that while efforts have been made to increase efficiency and transparency, reducing handling time for certain services by e-procedures etc., these have been to a high degree uncoordinated. There is notably currently no policy on accessibility to public services for people with disabilities. Accordingly, when it comes to fairness and efficiency of administrative procedures, Kosovo scores below its neighbors in the region.¹¹

The situation with regards to corruption is complex. While petty corruption in relation to service delivery appears relatively low for the region, significant challenges related to nepotism, patronage and clientelism prevail in Kosovo society, with the current government seemingly unwilling and/or unable to address this. Nevertheless, in Transparency International's Corruption Perception Index, Kosovo has been making steady progress over the last three years. From 2016 to 2017 Kosovo improved by 3 points (from 36 to 39) and jumped the list from place 95 to 85 reaching the top half of the world's countries¹².

Portfolio level

The PAR portfolio, described above, has a limited direct impact on the improvement of fair and efficient service delivery with the notable exception in the area of property tax management (see below). However, strengthening national capacities for sound policy development, enabling fact-based decisions founded on accurate statistics and strengthening municipal capacities for planning all contribute to indirect results in this area. Sida currently has no direct contributions in the area of corruption/anti-corruption, but this is an area that in accordance with recommendations from the MTR will be explored further in 2018. The number of agreed contributions that are contributing to this objective is 5. Disbursements in 2017 were made to a value of 15 760 000 SEK.

Contribution level

The most notable result in this area since the last strategy report is undoubtedly the adoption of the Law on Immovable Property Tax. This law constitutes both a major result of, and a foundation for the continuation of the project "ProTax II". ProTax II is a collaboration with the Swedish Tax Agency and the Kosovo Ministry of Finance/Property Tax Department. The project has shown good results in strengthening the taxation system both nationally and in the municipalities. The adoption of the law has however been severely delayed, causing significant delays in the project to the point where a phase out was imminent. The adoption of the law in parliament on January 30, 2018 can be seen as a milestone for the project, and will enable Kosovo to increase its tax base and national revenue in an efficient, fair and transparent way in years to come.

8: A more pluralistic civil society, including political parties, with strengthened popular support.

Development towards the strategy objective

Results have continued to move in the right direction during 2017, especially with regards to a more pluralistic civil society and strengthened local ownership. Regarding the political parties and their relation to the public, the development is fragmented. The political establishment has even less public support than earlier; a 2017 policy report conducted by Group for Legal and Political Studies¹³, reports

¹¹ Sigma Monitoring Report: Principles of Public Administration, 2017, p 102

¹² Transparency International: https://www.transparency.org/news/feature/corruption_perceptions_index_2017#table

¹³ Determinants of Trust in Institutions in Kosovo: An empirical perspective, 2017, p6

that in general, citizen's trust towards institutions is low. Political developments of 2017 continued to polarize Kosovo society at large, a process that contributes to a shrinking space for democratic processes. CSOs as independent bodies continued to be heavily dependent of donors support in order to preserve their neutrality and independence

Portfolio level

The contribution portfolio has a high relevance and a broad composition of both national and Swedish organizations, which in turn give support to about 100 civil society organizations in Kosovo, which together cover the area of support very well. Supported CSOs continue to contribute to policies and activities that will advance gender equality, improve environmental protection, freedom of expression, to increased protection of minority rights, post-conflict transitional justice and to economic and social dialogue on protection of workers' rights. Continued core support to a selection of CSOs has led to the increased productiveness, integrity and independence. The core support has been a contributing factor to the fact that several organizations have managed to utilize the opportunities for impact and influence in regards to the complex socio- economic and political situation.

For a number of years, Sida has led the informal group of donor coordination meetings in support to civil society in Kosovo. In 2017 a "Letter of Agreement" was signed between Sida and 12 other donors and a Joint On-line Database of Supported Projects and CSOs was established. The number of agreed contributions that are contributing to this objective is 7. Disbursements in 2017 were made to a value of 10 571 000 SEK

Contribution level

Olof Palme International Center (OPIC) focus on labour rights, gender equality and empowerment of underrepresented groups through greater citizen's activism. Local OPIC partner organization Ec Ma Ndryshe supports the under-represented community groups in acquiring and fully enjoying their right to the city (and related human rights) through activism and community mobilizing of under-represented groups to foster democratic reform of urban planning in Prizren. Olof Palme Center program for Kosovo has 11 local partner organizations that contributes to the process of supporting creative forms of organizing citizens and civil society, to strengthen the watch-dogging and monitoring role of civil society and to influence decisions-makers. OPIC support partners working on citizens' participation and strengthening the legitimacy of civil society organizations, further emphasizing the importance of activism, movement building and membership.

9: Improved conditions for democratic accountability to the people and participation in political processes, including the promotion of free elections

Development towards the strategy objective

The development toward the strategy objective has been overall positive during 2017 considering that it was election year; on June 11 early parliamentary election was organized and on October 22 regular local elections were organized. Civil society organizations have contributed to scrutinizing both election processes and have managed to have a considerable impact.

Portfolio level

Through a small but strategic portfolio, Sida continued the support to a considerable number of CSOs relevant to this strategy objective, with significant impact. The building and development of the capacities of civil society organizations has continued to take place as a central component of the work of Sida's partner, the Kosovar Civil Society Foundation (KCSF). In 2017 about 200 CSOs have benefited from KCSF's trainings through basic training packages and specific trainings¹⁴. The number of agreed contributions that are contributing to this objective is 5. Disbursements in 2017 were made to a value of 5 003 000 SEK.

¹⁴ Kosovar Civil Society Foundation: http://www.kcsfoundation.org/?page=2,6,631#.Wpz86_6Wzq4

Contribution level

In late 2016 one of our partners Kosovo Stability Initiative initiated the establishment of the Coalition for Social Justice with aim of influencing social justice through improved conditions for democratic accountability to the people and participation in political processes, including the promotion of free elections. Through 2017 and to date the coalition has reached the goal to have 8 local members including Olof Palme International Center.¹⁵ KCSF is furthermore the main organization responsible for the monitoring of the implementation of the Regulation on Minimum Standards for Public Consultation Process that entered into force on 1st January 2017.

10: Freer and more independent media*Development towards the strategy objective*

The development toward the strategy objective has been mostly positive during 2017. Laws protecting press freedom are mostly in line with European Union (EU) standards, but their enforcement is inconsistent. While the media environment is diverse, many private outlets struggle financially, particularly those serving Kosovo's ethnic Serb population. The public broadcaster, Radio Television of Kosovo (RTK), is still funded through the state budget, leaving it vulnerable to politicization. Most worryingly, journalists continue to experience death threats and occasional physical attacks in connection with their work, and in 2017 the Association of Kosovo Journalists reported an increase in attacks, especially on investigative journalists¹⁶. This is particularly a concern for online media. Cases of threats toward journalists are not always treated with priority by relevant institutions, a major challenge is also the lack of adequate implementation of working contracts that would offer journalists social protection, without compromising their impartiality and independence. Greater efforts are required to ensure that journalists are provided with the protection they need — both with regard to the judiciary as well as within their media outlets.

Portfolio level

Sida has a small but strategic support in this area, primarily through sub-grants from the partners Civil Rights Defenders (CRD) and Olof Palme International Center (OPIC). In addition to this, Sida continues to work closely and regularly and to consult regularly with other actors such as BIRN, Kosovo 2.0, Press Council and other partners on issues concerning press freedom, corruption on a local and central level. In the upcoming review of the overarching portfolio on support to human rights, it is expected that this area will become more prominent. This is also in line with the recommendations from the Mid Term Review from 2017. The number of agreed contributions that are contributing to this objective is 1. Disbursements in 2017 were made to a value of 2 858 000 SEK.

Contribution level

In 2017 CRD continued to support several alternative and online media outlets in addition to the Press Council of Kosovo, which is a self-regulatory body that oversees the implementation of the Code of Ethics by the press. All CRD media partners have contributed to the strengthening of independent journalism. Kosovo 2.0 continues to be outspoken and vocal public support to the LGBTI rights, women rights, the situation of Roma, Ashkalia and Egyptian communities and many other human rights themes. In 2017 CRD and its local partners supported the organization of its first official Pride Parade. CRD's partner produced a number of articles and a documentary of the LGBTI issues in Kosovo.

In November 2017, the Embassy of Sweden through Fojo Media Institute from Linnéuniversitetet, Sweden, facilitated a workshop for advanced journalism students of the Faculty of Philology at the University of Prishtina. The workshop, named *The Impact of Digitalization on the Media Landscape – A New Role for the Journalist?* brought together 30 young journalism students who actively discussed the issues and problems of online media.

¹⁵ Kosovo Stability Initiative: http://iksweb.org/en/?page_id=4194

¹⁶ Amnesty International Report 2017/18: The state of the world's human rights, 2018, p324

11: Partner countries better fulfil their international and national commitments on human rights, gender equality (including the EU's strategy for equality between women and men) and non-discrimination

Development towards the strategy objective

While Kosovo has a legal framework free of discriminatory provisions, de facto discrimination is prevalent¹⁷. Strategies to ensure non-discrimination are generally underfunded and institutional mandates to safe-guard human rights are unclear and overlapping. Some groups clearly stand out in terms of discrimination: the RAE communities, the Serbian minority, the LGBTI community, people living with disabilities, and women. Most international conventions are integrated into Kosovo's constitution and legislation, but the level of implementation of the international and national commitments for protection of human rights and gender equality is still low.

Portfolio level

Sida continuously contributes to joint efforts in supporting Kosovo in fulfilling its international commitments and Sida continues to address gender inequalities through balanced support to the Government institutions and civil society organizations. Main partners that benefits from Sida's support are Agency for Gender Equality (AGE), Ministry of Environment and Spatial Planning (MESP), Office of the Prime Minister and more than 100 civil society organizations through Swedish and local partners. The number of agreed contributions that are contributing to this objective is 2. Disbursements in 2017 were made to a value of 1 750 00 SEK.

Contribution level

Sida's core support and project support to Agency for Gender Equality (AGE) is becoming instrumental in strengthening AGE's capacities to mainstream the gender equality agenda in the government's frameworks, policies and systems. Significant progress and achievements were achieved during 2017 and AGE produced the following results: AGE has drafted 21 draft-laws and normative acts, 7 national strategies the package of Kosovo Regulatory Gender Impact Assessment toolkits and manuals, and a concept note for gender responsive budgeting, led the process on the CEDAW reporting and contributed to all reporting processes of the international human rights instruments. During 2017 AGE also produced a methodology for the development of the Kosovo Program for Gender Equality (KPGE) 2018-2020, and a four year communication strategy 2017-2021. AGE has, in addition to this, produced commentary of the Law on Gender Equality and drafted ex-post evaluation report of selected articles of the Law on Gender Equality that are beneficial to the judges, prosecutors, lawyers and law students¹⁸.

12: Women and men have, to a greater extent, the same power to shape society and their own lives

Development towards the strategy objective

The development toward the strategy objective has been overall positive during 2017 considering that Kosovo society is still very patriarchal, which influences women's position in the private and in the public sphere. Equal inclusion of men and women is a pressing issue as women are heavily underrepresented in power positions and in the overall labor market. Despite quotas, such as a 30% quota for women's inclusion in the parliament, few women reach high-level positions, creating imbalances in the overall power relationship in society. In the 2017 local election only 8 of the 204 candidates that ran to lead 38 Kosovo municipalities were women. Currently at the central level out of 22 ministries, only 2 are led by women. According to the Multidimensional Poverty Analysis Kosovo women are subject to discrimination as a result of patriarchal customs and tradition, and the gender inequality is perpetuated by the weak rule of law. LGBTI individuals and women of ethnic minorities such as Roma Ashkalia and Egyptian are disproportionately impacted by poverty and exclusion.

¹⁷ Sida, Multidimensional Poverty Analysis, Kosovo, 2017, p7

¹⁸ AGE Narrative Report 2017,2017, p 4-10

However, improvements could be noticed in several factors, such as awareness related to the importance of formal and informal education for their professional development or the awareness on health risks and environmental protection.

Portfolio level

Sida's support to this strategy objective is well balanced and covers both support to CSOs and to the principal Government institution, namely the Agency for Gender Equality.

During 2017 Sida has contributed to many positive results and showed potential in reaching the goals stipulated of the strategy objective. Sida is aware that promoting gender equality in Kosovo can be a very challenging task. In order to efficiently work in a challenging environment pervaded by patriarchal structures, Sida maintains regular dialogue with partners and government officials and other stakeholders lifting the importance of gender equality. Sida's partners are committed to continuously strengthen their role as advocates' for creation of an environment with equal opportunities for men and women, boys and girls to improve their livelihood. The number of agreed contributions that are contributing to this objective is 6. Disbursements in 2017 were made to a value of 4 947 000 SEK.

Contribution level

In 2017, the Agency for Gender Equality drafted its major strategic document "Kosovo Program for Gender Equality 2017-2020" (KPGE). The KPGE consists of three pillars: 1. Economic empowerment and livelihood, 2. Human development and gender roles and relations, and 3. Access to rights, justice and security. This strategic document will contribute to a more just society for men and women.

The concept of an integrated, community based approach, which spans education, health, economic empowerment, and environment protection has been utilized by the Danish Refugee Council (DRC) project in the two neighborhoods of Mitrovicë/a, Roma Mahala (RM) and DyKorriku/SitnickoNaselje (DK/SN). The project contributes to the economic empowerment of Roma, Ashkalia and Egyptian (RAE) women, men, girls and boys in Mitrovicë/a small-scale socio-economic grants implemented primarily by Roma, Ashkalia, and Egyptian NGOs. During 2017 DRC offered on the job/training programme supported by Ministry of Labour and Social Welfare (MLSW) that resulted in registration of 19 RAE candidates at the regional level, 10 from Roma and 9 from Ashkalia community. Also 4 businesses from Social Business Incubator (SBI) applied for the support while 6 RAE candidates 3 women and 3 men were engaged directly at SBI businesses.¹⁹

13: Increased trust and reconciliation between parties in and between countries

Development towards the strategy objective

Little progress was made with regards to inter-ethnic tensions and reconciliation processes during the reporting period. Tensions remained high in North Kosovo during the period and in January the Kosovo-Serbian dialogue in Brussel was interrupted by the high profile murder of a well-known moderate Serb politician in Mitrovica North.

Portfolio level

The portfolio related to this strategy objective is limited as of today. In accordance with conclusions from the MDPA as well as the MTR, Sida seeks to continue strengthening the conflict perspective in the portfolio at large and in the area of reconciliation and trust specifically. Existing (and possible future) contributions in the northern municipalities and in the area of municipal administration are deemed especially suitable in this regard. Sida will furthermore seek to contribute to learning and synergies bilaterally-regionally to strengthen results in this area. The number of agreed contributions that are contributing to this objective is 5. Disbursements in 2017 were made to a value of 5 150 000 SEK.

¹⁹ DRC Annual Narrative Report 2017,2017, p 15

Contribution level

The cooperation with UN Habitat and PAX aimed at strengthening the seven most northern municipalities in Kosovo (four Serb and three Albanian majority municipalities) went from inception phase to full project support in late October 2017. This support has strong components of civil society and citizen participation and a conscious approach to reconciliation and conflict-prevention. Results from the inception phase include coordination mechanisms put in place with PAX and Community Building Mitrovica (described as a “unique partnership between the UN and the civil society bringing multi-dimension expertise and cross-cutting apprehension of issues and solutions”). Further achievements include the deployment of a mixed team of ethnic Albanian and ethnic Serb spatial planners deployed in seven northern municipalities, governance mechanisms set for the core implementation phase with the Steering Committee placed under the leadership of the Kosovo Government, and the completion of an extensive base-line assessment and ensuing project document for the full project phase.²⁰

The support to the IBCM is contributing to employment in the ethnically divided city of Mitrovica and broader. IBCM is successfully integrating students from Albanian and Serb communities in northern Kosovo, as well as Roma, Ashkalia, Egyptian and Bosnian communities. Approximately 50% of the students and 60% of teachers are women. Students get EU accredited bachelor diplomas. Within six months of graduation, almost 80% of the bachelor graduates find jobs.²¹ The agreement period of Sida’s support to IBCM ended July 31 2017, but Sida as a main donor and other donors of IBCM have been in active dialogue with the Government, in order to arrange that the Ministry of Education takes over operational costs of IBCM. The agreement with the Ministry is signed, but it needs to pass the parliament with two third of votes.

2.3 Area of Support 3: A better environment, reduced climate impact and enhanced resilience to environmental impact and climate change

15: Enhanced environmental responsibility among the general public, the business sector and civil society

Development towards the strategy objective

As assessed by the midterm-review, there are few civil society organizations that work with environmental issues and there is a very low sense of responsibility within the business sector, the population and the public sector. The problems can be deduced to a lack of adequate experiences regarding environmental management. Important steps in the right direction have been taken in regards to support to environmental civil society in the country.

Portfolio level

Sida has during the reporting period broadened and increased the support to the environment and climate change portfolio with a support to Environmental Civil Society that aims to contribute further to this strategy objective (see below). The number of agreed contributions that are contributing to this objective is 5. Disbursements in 2017 were made to a value of 5 654 000 SEK of.

Contribution level

In June 2017, Sida signed an agreement with Regional Environmental Centre (REC) to implement a 4 year program in support to sustainable environmental civil in Kosovo. The main purpose of the project is to strengthen and specialize environmental civil society (ECSO's) in Kosovo who, in close cooperation with the communities, will be able to articulate their needs. Furthermore the intervention will increase capacities of the ECSO's in Kosovo to provide developed partnership and networks

²⁰ UN Habitat, Final report, Inception Phase, Sept. 2016 – Nov. 2017, 2017, p 2

²¹ Final Report, SPARK, 2017, p5

capable to address country environmental priorities and progress towards implementation of the sustainable development goals. The REC will cooperate closely with United Nation Development Program (UNDP) Kosovo to provide support to ECSO developing the outlined framework Small Grant Program (SPG), UNDP Kosovo Strategy, that aim to build local capacities and to engage main actors to align country programme with Global Environmental Facility (GEF) SGP, and enable participation in grant scheme.

16: More sustainable public services in areas such as water and sewage, waste management, energy efficiency and renewable energy

Development towards the strategy objective

The development within this area of support continues to face great challenges. Environmental protection, including natural resource management and protection, remains a low priority. As assessed by the mid-term review of the strategy, issues related to the high unemployment and demand for economic development overshadows policies relating to environment sustainability and climate-change resilience. Still, international environment and climate change agreements, including EU Environmental Legislation, form an integral part of Kosovo's legal framework despite Kosovo not being member of UN. To a larger extent the framework for protecting the environment is in place, but implementation is lagging behind due to a lack of institutional capacity and political priority.

Portfolio level

As assessed by the strategy MTR, Sida's support within strategy objective is a complement to the support of EU and other donors, which have projects aiming at reforms of legislation and policies and strengthening institutional capacities at central and municipal level. The interventions within this area of support lead to better alignment with EU *acquis* and improve implementation of the environmental legislation and management in the country. The number of agreed contributions that are contributing to this objective is 5. Disbursements in 2017 were made to a value of 10 436 000 SEK.

Contribution level

During 2017, extensive cooperation with the Ministry of Environment and Spatial Planning (MESP) in support of the implementation of Kosovo Environmental Program (KEP) has taken place. Annual review meeting between Sida and Ministry of Environment and Spatial Planning assessed the progress of the program implementation, supporting capacity development of the Ministry, the Inter-Ministerial Water Council (IMWC) and municipalities in environmental monitoring and management and revision and implementation of environmental legislation in compliance with EU directives. As part of the KEP, the MESP presented the first institutional gender analysis (Gender Analysis: Understanding gender roles, resources and relations at the Ministry of Environment and Spatial Planning) made in any Ministry in Kosovo.

The contribution *Strengthening Sustainable Private Forestry Development* (SSPDF) when following the project Mid-term review (MTR) recommendations the quality of the project results framework and the process of internal monitoring and evaluation has been improved. The MTR showed that there are clear benefits providing long-term support to this project to be able to adjust its work to changing conditions to ensure sustainability of the results. Sida decided to extend the implementation of the project for an additional year and a half to ensure the sustainability and potentially achieve long-term effects in the sector.

3 Implications for the Continued Strategy Implementation

The main conclusion of this report is that the contribution portfolio to date is relevant, well-balanced and overall being implemented according to plan, albeit with a number of difficulties arising from

changes in context. In the short term, only minor adjustments will be made. Here, it should also be noted that the highly restricted allocated frame, where current and planned commitments already go beyond allocation, restricts Sida's opportunities to make substantial changes to portfolio at this stage. Nevertheless, with regards to planning for a long term perspective, a number of strategic issues will need to be evaluated and addressed to ensure relevance beyond 2020.

- Given the strategic relevance of the portfolio Sida aims to become more engaged within the area of economic development in the coming years. Given the context described above, the most relevant results in this area of support are deemed most likely to be achieved with a specific focus on seeking synergies with Strategy Objective 12, focusing on Women's Economic Empowerment as well as with Strategy Objective 15, focusing on support for a Green Economy. A portfolio review is planned for 2018 in the area of economic development to explore these opportunities. In addition, Sida sees a need for a long-term engagement in the area of corporate social responsibility, relevant for developments both in the area of economic development, human rights and sustainability.
- In the area of human rights and democratic governance, Sida will seek to renew and reinforce the work on countering shrinking democratic space, with a focus on freedom of expression and independent media. In accordance with results from the MDPA, an increased focus on vulnerable groups such as the LGBTI-community and people with disabilities is also warranted in the upcoming period.
- Sida will furthermore during 2018 evaluate the support to the public administration reform, ensuring relevance and added Swedish value. Possibilities for increased engagement on municipal level will be explored in this regard. Sida will also seek to strengthen our understanding of corruption and anti-corruption initiatives in Kosovo and explore options to engage with new partners in this.
- Given the context analysis, Sida will continue to focus on the inclusion of the overall conflict perspective in the portfolio, and targeted contributions relevant to Strategy Objective 13. Existing (and possible future) contributions in the northern municipalities and in the area of municipal administration are deemed especially suitable in this regard. As a first step, Sida has tasked the Swedish Tax Agency to explore opportunities to extend the property tax project to these municipalities in the period 2018-2020.
- In the area of environment and climate, Sida will in line with the analysis in this report seek to further strengthen institutional support to central Kosovo actors. In 2018 Sida will therefore initiate support to cooperation between the Swedish Environmental Protection Agency (SEPA) and the Kosovo Environmental Protection Agency (KEPA). In the long term, Sida furthermore sees the need to increase support to management of natural resources, with a particular focus on forestry.