



15 Years of Partnering for Positive Change in Kosovo



CONTRACT LAW ENFORCEMENT (CLE) PROGRAM

FIFTH QUARTERLY REPORT May - July 2014



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Project Overview

The USAID/Kosovo Contract Law Enforcement (CLE) Program contract was executed by USAID and Checchi and Company Consulting, Inc. on May 7, 2013. The CLE Program builds on the progress achieved by the USAID SEAD Program and other USAID and donor programs. It works to address a range of challenges, including the reduction of the judgment caseload (including both backlog – cases older than two years – and inventory, cases younger than two years) in Kosovo’s court system, and support to the Ministry of Justice (MOJ) to implement the new Private Enforcement Agent (PEA) system; the effective enforcement of court judgments and enforcement of contracts; the training of judges, lawyers and enforcement agents; the expansion of mediation mechanisms; improvements to commercial legislation – particularly bankruptcy; and work with the business community to utilize well-drafted written contracts.

The CLE program focuses on improving the ability of citizens, businesses and the judicial system to enforce contracts, obligations, and court judgments in a timely and just manner to benefit citizens and businesses. Recognizing that the timely resolution of disputes is essential to the Rule of Law and the facilitation of commerce and economic growth, the program also supports the continued growth of an accessible and effective alternative dispute resolution system able to provide efficient, reliable, and respected mediation services.

Executive Summary

In the Program’s fifth quarter, CLE continued to support the courts with the task of judgment reduction. Large-scale, systematic enforcement against private bank accounts accelerated: through the end of the quarter, more than 7,600 cases totaling nearly €8,000,000 in claimed value had been presented for enforcement against bank accounts. During the reporting period, CLE embedded teams supported the Pristina, Ferizaj, and Gjakova basic courts, and continued to provide additional support to the Peja, Gjilan, and Prizren Basic Courts. CLE’s Backlog Reduction Initiative (BRI) removed its embedded team from the Gjilan Basic Court, where CLE support resulted in the removal of nearly 50% of the execution caseload (more than 1,000 cases were dormant and were suspended for six months, while 1,500 more were pending against bank accounts).

CLE also continued support to the Ministry of Justice (MOJ) in the development the new system of enforcement and to establish the Private Enforcement Agent (PEAs) Monitoring, Evaluation, and Disciplinary (ME&D) regime. During the quarter, CLE prepared a comprehensive ME&D operational manual, for use by the MOJ Office of Free Professions, which will regulate the PEA system. Due to elections, and the associated political campaign, however, the Minister of Justice declined to grant commissions to additional PEA’s (and Mediators), as he perceived that any grant of a license or commission during this period would be likely to be clouded by perceptions that they have been granted for political reasons.

CLE is working with the Ministry of Trade and Industry (MTI) to amend the Bankruptcy Law. The first legislative working group meetings have been held and work continued apace to develop the draft Law.

CLE continued to advance, with the Central Bank of Kosovo (CBK), draft regulations that will finalize implementation of the Law on Obligations. Training programs in commercial law, with judges through the Kosovo Judicial Institute (KJI), and with commercial lawyers through the Kosovo Bar Association (KBA); as well as CLE’s third customized program specifically designed for commercial department judges, were largely on summer hiatus.

Mediation activities continued to accelerate, with the Peja and Gjilan centers both seeing

increases in caseload over the previous quarter, and the new Prizren Center working closely with judges to identify cases for Mediation in anticipation of 14 new Mediators receiving their licenses from the MOJ.

CLE Outreach actively supported USAID 15th Anniversary Celebrations, staffing display booths and distributing materials. CLE also continued its regular series of “Put it on Paper” transactional practices workshops with businesses. Together with the Office of Prime Minister’s Agency for Gender Equality and the Women’s Chamber of Commerce – G7, CLE held a National Conference to present the findings of CLE’s National Survey on Women and Commerce with the President of the Republic of Kosovo and the USAID Mission Director as Keynote Speakers.

CLE Legal Advisor for Commercial Law, Mr. Douglas Muir departed the Program after completing a one-year assignment. Checchi began the process of recruiting his replacement upon the announcement of his departure from the Program. CLE Senior Attorney Ms. Zana Berisha also announced her impending departure from the Program, having accepted an offer of employment from USAID Kosovo. The Program will recruit an Attorney to fill that position early in the next Quarter.



Outgoing USAID Mission Director, Maureen A. Shauket, visits CLE program offices to thank the CLE staff for their work.

Summary of Progress May-July 2014

A. Component I: Improved Systems for Enforcement of Judgments and Reduction of Enforcement Cases

Enforcement of Judgments activities are intended to assist Kosovo’s institutions to improve the enforcement of civil judgments in an effective, efficient and accountable manner. These activities have two goals: 1) to support Kosovo’s courts to reduce, and ultimately, to effectively eliminate enforcement cases¹; and 2) to support the Ministry of Justice to establish the new private

¹ It should be noted that for several reasons, CLE supports the courts to eliminate *all* judgments although the explicit CLE tasking is to address backlog cases – those older than two years. The courts are understaffed, under-resourced, and lack capacity, however, and cannot reasonably be expected to improve upon their performance, especially as jurisdiction for nearly all civil enforcement has been transferred as of 1 July, 2014 to Private Enforcement Agents, and

enforcement system in Kosovo.

A.I. Backlog Reduction

CLE assistance to the courts to achieve judgment backlog reduction rests on three distinct activities: 1) case categorization (entry of case information into a database that allows for more efficient organization of the caseload and enforcement actions); 2)

isolation/segregation of cases for procedural actions, such as suspension of cases that have already seen two attempts at provide notice to debtors, or at collection; and 3) training on and implementation of two new, USAID-

developed mechanisms that facilitate enforcement – a Registry of Account Holders at the Central Bank; and the Tax Administration of Kosovo database of employees – that are transforming enforcement practice in Kosovo.



Prior to development of these information resources, enforcement consisted primarily of seizure and auction of movable properties, a profoundly time consuming and inefficient process. Without the Bank Account Registry, however, enforcement against bank accounts was even more time consuming than seizure of movables, given the logistics of physically ascertaining whether debtors had bank accounts. Typically at least two face-to-face visits to *each* commercial bank were required before an enforcement claim could be presented against an account. Enforcement against wages was also virtually impossible, as there was as a practical matter no avenue for the courts to obtain employment information.

Utilizing the Account Registry has transformed the enforcement process, making execution against bank accounts a viable – and now the preferred – method for enforcing claims. As a result, the last nine months have seen a dramatic shift in the culture of Kosovo’s court enforcement practices. The courts have shifted away from cumbersome, inefficient enforcement against movables. Through the end of the reporting period, nearly 8,000 cases with a claimed value of almost €8,000,000 were presented for enforcement against bank accounts. CLE is working with all the Basic Courts to implement the new KJC Standard Operating Procedures, which establish performance norms for enforcement personnel – including performance targets for enforcement against bank accounts – in order to increase the use of the Registry and to shift emphasis on higher efficiency in enforcement.

Also during the quarter, CLE brokered an MOU between the KJC and the Civil Registration Agency (CRA) under the Ministry of Internal Affairs enabling the transfer of citizens’ Personal Identification Numbers (PINs) from the CRA Registry to the KJC in order to facilitate enforcement against wages (wage garnishment). The KJC is virtually the only part of the Government which has not had ready access to PINs. Because all employment information available from the Tax Administration of Kosovo (TAK) is organized by PIN, enforcement against wages is largely unworkable without merging PINs into the case records in the KJC database. This is one of the key factors leading to the growth of judgment backlog in the first place: Every other governmental information repository utilizes the PIN to organize and associate data on citizens (name, address, birthdate, bank accounts, cadastral records, employment, etc.), while the courts continue to utilize only case numbers. As such, judgment

resources being made available for court enforcement are dwindling. Therefore, as a practical matter, all current cases will end up in backlog prior to Program end, and CLE supports the courts to enforce all civil judgments currently carried in their dockets.

case association with employment information, vehicle registration, the cadaster, bank accounts, etc., all require manual and “case- by-case” association by verification of name, address, etc.

During the reporting period, the MOU between the KJC and the CRA was signed. Although it was originally negotiated and anticipated between the Chair of the KJC and the Minister of Internal Affairs that the databases would be linked and merged using software solutions, senior managers at both institutions (CRA and KJC), lacking understanding of the IT systems’ capabilities, mandated that cases be individually and manually associated, a highly time-consuming and inefficient process. CLE during the quarter intervened at the Ministerial level with both KJC and MIA/CRA, and with the respective IT departments, to utilize software to associate cases with PINs en masse. Those discussions are ongoing. During the next quarter, CLE anticipates resolution of this impasse, once senior organizational leadership at the CRA returns from vacation. Once this issue is resolved then nearly all the court judgments in the database will be associated with debtor PINs, enabling large scale wage garnishment.

Finally, during the Quarter, CLE doubled the size of its BRI team, hiring an additional 5 Backlog Reduction Officers and a Deputy Backlog Reduction Coordinator to expand support to the courts.

A.I.1. Establish with KJC clear goals and targets for the complete reduction of backlogged enforcement cases in the Kosovo court system

CLE staff worked with the KJC and with individual courts in its first quarter to develop clear goals and targets across the lifetime of the Program. This is ongoing, with mutual goals being discussed in regular consultations with KJC leadership to adjust from the initial target of 15% overall caseload reduction in Year One. The CLE Program has set an ambitious target of reaching a reduction of 45% in courts receiving CLE support (which by the end of Year Two should include all but the Mitrovica Basic Court, which is subject to ongoing political negotiations with Serbia over the northern part of the country).

A.I.2. Assist KJC to improve systems for statistics related to execution caseload

Work on the database continued to progress this quarter. CLE created a web-based reporting application for use by the KJC and the Courts. Automatic weekly reporting is now enabled, and weekly reports are available for KJC management through the application. During the quarter, CLE worked closely with the KJC Secretariat and statistics unit to facilitate installation and use of the application, which will enable the KJC to not only track performance by court, but also by individual enforcement clerk in order to facilitate monitoring of adherence to performance norms. Installation was originally planned to be concluded by October. The application has been provided to KJC ahead of schedule, although through the coming quarter some formatting and redesign will be implemented by CLE as feedback from KJC is received. CLE will continue to work with the KJC and the courts to ensure that, starting from January 1, 2015, the application is utilized in lieu of other reporting processes, and its data is utilized to monitor the performance of courts and individual enforcement personnel against their performance norms.

A.I.3. Support Basic Courts with backlog reduction activities

In this quarter, CLE’s embedded backlog reduction team concluded working in the Gjilan Basic Court and its branches. Nearly half of the Gjilan court’s judgment caseload was entirely eliminated with CLE support, and the remaining caseload consists of cases that have either been prepared for the court to take action on (and for which no additional CLE administrative support can be performed, as any remaining actions are those that must be conducted by an “Official Person” under the Law on Enforcement Procedures), or had already been presented for enforcement (for example against bank accounts), but which had not yet been fully collected and

completed. CLE continues to support the Gjilan court, but the embedded team was transferred to Ferizaj and Pristina. CLE continued support to the Gjakova Basic Court; during the quarter, CLE also began supporting the Ferizaj and Pristina Basic Courts with embedded teams. CLE also continued directly assisting the Prizren and Peja Basic Courts.

The following table expresses overall results by Basic Court (not including branches) through July 31, 2014:

Basic Court	Percentage of backlog cases removed	Percentage of inventory cases removed	Percentage of total caseload removed	Total Number of Cases removed
Gjilan	43.11%	52.94%	47.54%	4,943
Ferizaj	10.91%	13.55%	12.06%	1,175
Prizren	4.51%	24.34%	11.02%	1,277
Peja	14.47%	24.08%	17.71%	1,542
Gjakova	34.70%	26.25%	31.79%	2,879
Pristina	2.85%	1.31%	2.48%	1,001

A.I.4. Support KJC and Basic Courts to improve performance of court enforcement clerks

Enforcement across all seven Basic Courts requires more enforcement clerks to achieve the goal of eliminating the judgment caseload entirely, and with CLE support, the KJC hired 20 additional clerks. CLE fostered communication and agreement to support this endeavor across four institutions – the KJC itself, the Central Bank, the Ministry of Justice, and the Assembly Budget Committee. A second cohort of 15 additional enforcement clerks was sought in the second half of the calendar year; however, due to ongoing political developments in seating a new government, the opportunity to revise the KJC budget to include further new clerks was lost (there was no opportunity for a mid-term budget review). CLE provided guidance, technical support, and training for these clerks, and doubled the size of its own BRI team to support the additional KJC personnel. CLE provides ongoing, continuous administrative and organizational support to enable court enforcement personnel to focus on official enforcement actions; continuous training and support on utilization of CLE developed information infrastructure; and adherence to performance norms that refocus enforcement on banks and wages.

A.I.5. Utilize improved methods and information resources to improve enforcement against bank accounts and earnings

As noted above, enforcement against bank accounts was almost impossible before the creation and implementation of the Registry of Account Holders at the Central Bank. Seeking enforcement against bank accounts as the first step in execution is becoming the norm in Kosovo’s courts. There have been learning curves and capacity issues in each Court while court staff learns the new system, and commercial bank staff adapt to increased Court emphasis on this enforcement method. Nevertheless more than 7,600 cases have been enforced against bank accounts to date.

Similarly, as noted above, CLE worked actively throughout the Quarter to resolve administrative issues preventing the *en masse* integration of the CRA database of PINs with the KJC judgment database. Enforcement against earnings is expected to sharply increase in the coming months, once databases are merged and most case files are associated with PINs.

A.I.6. Improve enforcement mechanisms related to immovable property

In this quarter, CLE continued to liaise with the US Treasury Department’s Advisor to the Central Bank, providing legal analysis and comment on draft CBK regulations governing mortgages. CLE also provides support to Court enforcement personnel with the processing of mortgage claims where embedded (Pristina, Ferizaj, and Gjakova). Many of the problems with enforcement against immovable

property – particularly auction requirements and property valuation – derive from provisions in the Law on Enforcement Procedures. There is little appetite in the Government for amending this law so little significant progress can be made to address the cumbersome real property enforcement procedures.

A.I.7. Streamlined procedures for management and dismissal of cases

In January 2014, the new Law on Enforcement Procedures came into effect, with streamlined procedures giving courts more power over the disposition of cases. New provisions allow for suspension and eventual effective dismissal of cases that prove unenforceable. CLE staff have been working with judges and enforcement clerks in all seven Basic Courts to ensure the new provisions' implementation, and to assist court personnel with administrative support on organizing and collating case files for (and in) suspension. This work includes sorting through thousands of case files in the Basic Courts to separate out cases that were ready for suspension, and assisting judges with the preparation of orders of suspension. Through the end of the reporting period, 5,488 case files were prepared for suspension, with 5,483 placed in suspension. These cases, as noted, are those that are demonstrably uncollectable, either because the debtor cannot be located (has immigrated, is deceased, or is otherwise un-locatable), or has no assets (insolvent businesses, destitute, etc.).

By a ratio of almost 5 to 1, cases that wind up being suspended are older, backlogged cases, some of which date from 2000 and are still denominated in Deutschmarks. One of the new features of the new Law on Execution Procedures (LEP) puts additional responsibility on creditors to provide the courts with debtor information during periods of suspension if the information originally provided is insufficient to locate debtors and their assets. Under previous law, there were no mechanisms available to courts to manage such cases – they remained interminably on court dockets regardless of viability. Under the new Law, drafted with USAID SEAD Program support, a number of provisions were enacted enabling courts to more rationally dispose of cases that were demonstrably unenforceable. By way of example, one case in Gjakova claiming only €25.00 had seen 13 attempts at delivery of notice to the debtor, without success. Under previous iterations of the LEP, the courts were obliged to continue to expend time and resources on seeking to enforce claims regardless of whether the creditor had provided sufficient information about debtors to the courts even when known, or when the cases were manifestly uncollectable. Implementing the new provisions of LEP now allows the courts to conduct “housekeeping” on cases that are not viable and clear them from the dockets. Given that many, if not most or even all of the oldest cases fall into this category, it will also provide needed finality for creditors who, with dismissal in hand following the period of suspension and one additional attempt at enforcement after 6 months in suspension, will be able to “clear” their books of uncollected debts. This is particularly important for the utility companies who have already paid VAT on these debts, and who will now be able to seek adjustments to their tax liabilities (CLE had in a previous quarter sought the assistance of the Ministry of Economic Development to encourage PTK in particular to withdraw a number of old claims (2001-2004), but they were unwilling to do so because of the considerable sum of VAT payments already made).

Activities under A.I relate to the following PMEP indicators:

IR 1.1(1) - Number and percentage of civil cases enforced as a result of USG assistance

During the reporting period, the total number of cases enforced and cleared from caseload as result of CLE assistance was 6,496 cases or 5.28 % from the total number of 122,898 cases in execution caseload for six Basic Courts where CLE is working. The total number of cases enforced to date as result of CLE assistance is 15,342 cases or 12.48% from the total number of 122,898 cases in execution caseload (CLE began working in additional courts during the quarter, and therefore the numerator and percentage result have changed to reflect additional cases counted (and a correspondingly lower overall caseload percentage reduction result)); the status of the Mitrovica Basic Court, and its branches, is the subject of ongoing political negotiations with Serbia over the

status of the north and integration of institutions there. It is the only Basic Court which CLE is not yet fully supporting, either with embedded staff or continuous liaison).

IR 1.1(2) - Progress on implementing recommendations from the EU Feasibility Study for a Stabilization and Association Agreement:

During the reporting period, the total number of cases enforced and cleared from caseload as a result of CLE assistance was 6,496 cases. To date, the total number of cases enforced and cleared from backlog as a result of CLE assistance is 15,342 cases.

IR 1.1.1(1) - Number of USG assisted courts with improved case management:

CLE assists 17 (of 27 total first instance) Courts, including select branches of basic courts: 6 (out of 7 total) Basic Courts (Pristina, Prizren, Gjakova, Peja, Ferizaj, Gjilan) and 11 (of 20 total) branches (Podujeva, Rahovec, Klina, Viti, Deçan, Malisheva, Suhareka, Dragash, Kamenica, Shterpce, and Kacanik).

IR 2.1(1) - Number of civil execution cases enforced or cleared as a result of USG assistance:

During the reporting period, the total number of cases enforced and cleared from the execution caseload as a result of CLE assistance was 6,496 cases. To date, the total number of cases enforced and cleared from backlog as a result of CLE assistance is 15,342 cases.

IR 2.1.1(1) - Percent of backlog of judgments reduced:

During the report period, 5.44 % of backlogged judgments were reduced from the total number of 84,246 backlog cases. To date, 9.54 % of backlog judgments were cleared in the six Basic Courts where CLE is working.

During the reporting period, 5.28 % of judgments were reduced from the total number of 122,898 cases in execution caseload (caseload is the sum of backlog (cases older than two years) and inventory (cases younger than two years)) in the six Basic Courts where CLE is working. To date, 12.48 % of total judgments were cleared from the total number of 122,898 cases in execution caseload (backlog plus inventory) in courts where CLE is working.

Note: CLE's explicit tasking is to eliminate judgment backlog, but given weak capacity in the courts and acknowledgement that virtually all cases will wind up backlogged if not cleared, CLE supports the courts to work on all judgment cases, whether backlog or inventory. However, for PMP purposes, the metrics focus on backlog reduction, so the numbers reported here are disaggregated. Above, in the body of the report, information on total caseload reduction, disaggregated by status of backlog or inventory, or total caseload, is more thoroughly discussed.

IR 2.1.1(2) - Percent change of court enforcement actions against bank accounts:

At the start of the CLE Program, no cases were being enforced against bank accounts. CLE established its baseline of 501 cases enforced against bank accounts at the end of the second quarter. During the reporting period, 3,254 cases were enforced against bank accounts, out of which 992 are fully collected. To date, 7,886 cases were enforced against bank accounts in, resulting in a total percentage change of 70.25% over the previous quarter.

A.II. Establish the new enforcement system

Work on implementing the new private enforcement system continued to progress this quarter, and the system formally launched in May, with the first group of 13 PEAs beginning to receive and enforce cases. CLE continued to support the MOJ to coordinate with a variety of

institutions – including the CBK, TAK, the Public Procurement Regulatory Commission, the Ministry of Public Administration, the Police, the KJC, and others – on their roles and responsibilities vis-à-vis the new system. The launch of the new system, however, was slowed considerably by MOJ administrative issues (transfer of responsibility over the PEA system from the MOJ Office of Legal Support Services (OLSS) to the Office of Free Professions), intensive involvement by the Minister of Justice in political negotiations with Serbia, and ongoing political “distraction” with elections and the subsequent (and ongoing) difficulties in seating a new government. Due to these factors the Minister of Justice for the third quarter in a row failed to grant commissions to 19 new PEAs who had completed all the necessary examination and commissioning requirements, or to hold additional new entry exams or calls for commissions. This continues to impede implementation of the next anticipated step towards fully implementing the PEA regime, the creation of the Chamber of Enforcement Agents, which will have several self-regulating organization functions, including some oversight. The Chamber, however, cannot be created until there are at least 20 commissioned agents and until that time, the MOJ itself serves as the interim Chamber.

CLE has prepared the groundwork for establishing the Chamber, including a draft statute (now adopted as the interim Statute of the Chamber from the Ministry of Justice), and is poised to support formal establishment once the legal threshold of 20 commissioned PEAs is met. Notwithstanding the delay in establishing the Chamber, CLE continued to support the PEAs themselves.

Also during the reporting period CLE continued to support the MOJ to develop the Monitoring, Evaluation, and Disciplinary system for PEAs, including drafting an operational manual including process maps illustrating the ME&D system for PEAs. Finally, CLE provided support to the PEAs, and MOJ by drafting for MOJ an interpretive circular clarifying what administrative fees for document delivery could be charged (some PEAs had been seeking to charge for delivery to debtor (appropriate) but also by informing the creditor of delivery to debtor (not appropriate)).

[A.II.I. Develop with MoJ secondary legislation for the new enforcement system](#)

Throughout its first year, CLE supported the MOJ’s efforts to draft the secondary legislation necessary to fully implement the LEP and establish the new PEA system. Working with MOJ’s Legal Office, CLE staff drafted sixteen regulations and conducted an analysis and provided comment on one other for a total of 17 regulations and/or administrative instructions. The last Administrative Instruction adopted was Administrative Instruction MoJ-No.09/2014 on Disciplinary Procedure against Private Enforcement Agents. It was adopted during this quarter.

Fourteen regulations have already been adopted – specifically, those necessary for the PEA system to come into operation. Three regulations have been drafted but not yet adopted.

First, there is one administrative instruction that is still awaiting promulgation by MOJ. This is the Administrative Instruction on Managing Monetary Means. CLE has submitted the final draft of this administrative instruction, has collected stakeholder input, and has responded to comments. It has been discussed with MOJ but due to the MOJ’s summer holiday schedule is not yet ready to be signed by the Minister.

Second, there is the regulation on Inspection and Control of PEAs. The Ministry has stated that it wants to wait until PEAs have begun work and the Chamber of PEAs is organized before proceeding with this regulation. CLE has developed a comprehensive draft, along with an operational manual for Ministry personnel. Organization of the Chamber was expected to take place in this past quarter, but is delayed pending resolution of the ongoing political situation.

Finally, there is one regulation that must be approved, not by the Ministry, but by the Professional Commission that will be created to oversee the new PEAs. This is the regulation on the

Commission's own Rules of Procedure. The Professional Commission does not exist yet. It was expected to come into existence in the summer of 2014 but has also fallen victim to the ongoing political situation. Members of the Commission will be appointed after the PEAs have begun their work and Chamber of PEAs has been organized. The regulation has been drafted and finalized, and has been reviewed by the Ministry, so it is expected that its adoption will be the Commission's first action.

A.II.2. Conduct training for private enforcement agents

Additional training for PEA candidates is planned for the beginning of August. This training will be held for PEAs that have passed the exam but are not yet commissioned. CLE will also open this training up to assistants and support personnel employed by operating PEAs, as well as MOJ personnel from the Office of Free Professions (who will be responsible for oversight of the system). Additionally, a Training of Trainers for assigned MOJ personnel and CLE staff, who are likely to conduct initial trainings will be held in August. This is the first of up to three TOT's that CLE will hold, in order to establish capacity in MOJ, as MOJ adds additional personnel, and later for the Chamber.

A.II.3. Establish Chamber of private enforcement agents

The Chamber of Private Enforcement Agents will be formed, in accordance with the law, once 20 agents are licensed. Fourteen agents were licensed from the first cohort. The second group included sixteen agents, of which fourteen were expected to be licensed in March or early April of 2014 but were not due to the ongoing political situation. Once the second group has taken up their licenses, formation of the Chamber will begin. As noted above, there will be no additional progress on this activity until the political situation is resolved and a new Minister of Justice is appointed.

Activities under A.I relate to the following PMEP indicators:

IR 1.1.2(1) - Number of person/days of training delivered with USG assistance:

No training of PEA's was conducted during the reporting period.

IR 1.1.2(3) - Number of legal courses/curricula developed with USG assistance:

A Training of Trainers agenda was developed, which will be delivered for MOJ and CLE Staff immediately following the next scheduled PEA Initial Skills Training, scheduled for early in the next quarter.

IR 2.1.2(1) - No. of laws, regulations, and procedures designed to enhance judicial independence supported with USG assistance:

The total number of sub-normative acts approved is 14. During the reporting period, one sub-normative act was approved: the Administrative Instruction MoJ-NO 09/2014 on Disciplinary Procedure on Private Enforcement Agents.

B. Component 2: Development of the Contract/Commercial Law Framework and Systems, Improvement of Contract Enforcement Systems and Functioning of Mediation Mechanisms

CLE has been successful in developing buy-in for a new bankruptcy law, and supports the Ministry of Trade and Industry (MTI) to draft a revised bankruptcy law. CLE is also supporting the Central Bank of Kosovo (CBK) to draft a range of regulations governing financial services contracts necessary for completely implementing the new Law on Obligations, which entered into force in 2012.

To expand the "culture of contract" that that is critical to the functioning of a modern market

economy, the Program works closely with small and medium enterprises (SMEs) among Kosovo's Albanian and Serbian communities to foster improved contracting practices. Awareness of legal rules and procedures, and their implications for business activities, is quite low among the business community. Activities with the business community are ultimately directed towards developing and enhancing the use of contracts through provision of information and efforts to demonstrate the utility of changing business attitudes to view the use of written contracts not as an affront or lack of trust, but as a tool to distribute risk, memorialize the transaction more effectively, and utilize Alternative Dispute Resolution (ADR) mechanisms.

B.1. Development of the Contract/Commercial Law Framework

B.1.1. New Bankruptcy/Insolvency Law

The new draft Bankruptcy Law, sponsored by MTI and supported by CLE, was placed on the legislative agenda in early May 2014. CLE supported MTI by developing the package of documents necessary to support amendment of the agenda, and adhering to the process to build political and government support for a new law. CLE staff leads the Working Group, which began meeting in June. The Program will work to ensure that the process includes meaningful stakeholder input, including providing a draft of the law for public comment. A final draft, consistent with international best practices and EU standards, will be completed in the autumn of 2014. CLE will then support the process of inter-ministerial review, and submission to the Assembly. Once the draft is finalized and submitted to the Assembly, development of secondary legislation will commence, to ensure that all necessary additional regulations are ready for promulgation concurrent with adoption of the law.

B.1.2. Implement the Law on Obligations

Full implementation of the new Law on Obligations will require finalizing and promulgating secondary regulations, particularly those associated with financial services, including consumer lending and insurance. CLE began this work last year, collecting stakeholder input from the MOJ, CBK, and affected private sector actors (particularly commercial banks), and began the process of drafting in spring of 2014. This effort continued through the first half of last year, with drafting expected to be complete by the end of June 2014 and the regulations submitted for adoption in July; extensive stakeholder engagement with the process and the impact of the ongoing political situation (particularly with the MOJ) impeded conclusion of the effort by this deadline, however.

One challenge with these regulations is that while they are clearly the responsibility of the Central Bank of Kosovo under article 140 of the Constitution, and the Law on the Central Bank (which establish CBK's exclusive competence to regulate financial services), CBK's legal department has shown both limited capacity to review regulations and a reluctance to do so. CBK lawyers, fearing potential backlash from the MOJ, are seeking a letter from the Minister of Justice disclaiming an MOJ role and there is effectively no Minister because of the current political situation. CLE's challenge will be to (1) encourage CBK to accept responsibility for promulgating these regulations absent a pronouncement from MOJ, and (2) help CBK's legal department perform a meaningful review of the draft regulations. The current goal will be to have the regulations submitted for adoption by the end of September and promulgated before the end of the calendar year, although this schedule may be further delayed should the political impasse last longer than anticipated.

Regulations for the implementation of the law on obligations
(Status as of August 1, 2014)

	Regulation	Status	Notes
1	On safe deposit boxes	Completed	Shareholder review completed. Several comments were included in the final draft.
2	On letters of guarantees and letters of credit	Substantially complete	Stakeholders suggested this be divided into two separate regulations.
3	On bank deposits in cash	Completed by CLE	Forwarded to KBA for stakeholder review
4	On the loan contract	Completed by CLE	Forwarded to KBA for stakeholder review
5	On current bank accounts	Completed by CLE	Will be forwarded to KBA for stakeholder review after completion of 3 & 4
6	On deposition of securities	Completed by CLE	Will be forwarded to KBA for stakeholder review after completion of 3 & 4

B.I.3. Amendments to the Law on Business Organizations

A set of amendments to the Law on Business Organizations (LBO) was drafted by MTI with UNDP assistance in 2013 and submitted to the Kosovo Assembly by MTI in early 2014. The amendments did not pass into law before the Assembly dissolved for the June 2014 elections and UNDP is no longer engaged with this process. The CLE Program will work with MTI to ensure that these amendments are resubmitted and go through the legislative process, that stakeholder concerns are addressed, and that the final version of the law is consistent with international best practices and European standards.

Once the LBO has been passed by the Assembly and enacted, the Program will draft a commentary for the law, time permitting. Finalizing the commentary will be dependent upon adoption of the law and, although anticipated in year two, a new government and Assembly may introduce delay into the process of adoption. As such, although completing the commentary in year two is the desired outcome, completion may be delayed (or even cancelled) as a result of possible government/Assembly action (or inaction).

B.I.4. Develop amendments to the Law on Mediation

A concept for a new Law on Mediation was approved by the GoK last year and placed on the Legislative Agenda in January 2013. This year the Program will lead a Working Group that will draft the new law. CLE is in continuous engagement with the Mediation Commission at the Ministry of Justice on developments, but no working group will be formed until a new Minister is appointed.

Activities under B.I relate to the following PMEP indicators:

IR 1.1.3(1) - Number of laws, secondary legislation, strategic plans, and procedures to improve the contract law system adopted with USG assistance:

During the reporting period, CLE supported the CBK with developing the regulations for implementation of the law on obligations. Regulations cover all of the unregulated areas of the Law focusing on financial institutions. The following regulations were developed during the reporting period:

Regulation on Safe Deposit Boxes
Regulation on Letters of Guarantees and Letters of Credit
Regulation on Bank Deposits in Cash
Regulation on the Loan Contract
Regulation on Current Bank Accounts
Regulation on Deposition of Securities

B.II. Engagement with the Business Community – Developing a Culture of Contract in Kosovo

B.II.1 Continued engagement with agriculture sector transactions – farmers and processors (in collaboration with the USAID New Opportunities for Agriculture (NOA) Program)

CLE has been collaborating with the USAID NOA Program to provide assistance to NOA's farmer and processor clients to adopt and regularly use CLE Standard Form Contracts. Beginning in April 2014, CLE provided pro bono internship opportunities for three interns to act as contract monitors, regularly visiting farmers, packing houses and processing centers to monitor compliance with the new contracts. Three interns will continue working to the end of the 2014 harvest (September 2014).

CLE is regularly monitoring the performance of nearly 650 contracts between farmers and processors. As harvest approaches, CLE is developing a regional tracking system for those transactions which look likely to encounter problems in performance (approximately 10%). Potential problems may be arising for a variety of reasons (predominantly related to hail damage to crops or irrigation problems, but there are also one or two where farmers simply decided to grow different crops at the last minute, failing to acknowledge the obligations they had entered into). CLE and NOA agree that the true demonstration of the utility of using written contracts will be timely resolution of disputes. CLE is preparing a roster of mediators willing to travel and provide mediation for those contracts where disputes arise, with a goal of bringing mediation to the parties within a week of notice (an ambitious, and potentially unreachable goal given the travel requirements and the limited roster of mediators, but worth striving for given the traditional reluctance of farmers in particular to utilize written contracts). Assuming that this pilot cooperation between the CLE and NOA Programs proves to farmers the utility of using written contracts, which at this point seems quite likely, the initiative will be expanded up to tenfold in the next growing season.

B.II.2. Legal information materials

Standard Form Contracts: Currently, as the existing Standard Form Contracts cover the vast majority of “problem” transactions reported by businesses or encountered in the courts, only one additional, new contract form on Letters of Credit is anticipated. The development of this form, which is likely to differ substantially in format as it will be utilized by financial institutions, will coincide with the development of regulations to be promulgated by the CBK.

Know Your Rights Brochures: Twelve “Know Your Rights” brochures on a wide range of commercial law and related topics, including the new PEA system, were created by the Program, and they have been distributed to businesses and other interested parties. Topics include contract enforcement against the public sector, the new system of PEAs, consumer protection, workplace health, basic labor law (including individual pamphlets on maternity leave and the rights of the employer and employee in termination), an introduction to intellectual property for entrepreneurs, and how to get access to legal advice and counsel. During the reporting period the brochure on Registering a Business was completed; all other brochures were under periodic review against any changes in law that may have occurred.

CLE will develop four additional brochures in Year Two. The first on Business Registration is complete. Two of the remaining brochures, on Bankruptcy and on the Letter of Credit, will be developed after finalization of the underlying legal instruments. An additional brochure is as yet TBD, but CLE is examining consumer demand, and the possibility to cooperate with the USAID

Partnerships for Development Program to develop a brochure on Construction.

CLE will also prepare a set of Standardized By-Laws and Acts of Incorporation in cooperation with MTI and the Kosovo Business Registry (ARBK). CLE will draft new standard by-laws and acts of incorporation for joint-stock companies (JSCs) and limited liability companies (LLCs). This activity will follow finalization of amendments to the LBO.

B.II.3. Outreach on contracts to the business community including non-majority Businesses

CLE will continue and expand its regular series of “Put it on Paper” round tables/workshops with businesses. During the reporting period, however, Program outreach event efforts were focused on the Women in Commerce Survey Report Conference, supporting USAID’s 15th Anniversary Celebrations with events and participation, and business outreach efforts focused on the non-majority (Serbian) business community in Gracanica.

CLE has been piloting efforts to engage with the non-majority business community since the final quarter of Year One. In coordination with the USAID Advancing Kosovo Together (AKT) Program, CLE Program efforts are testing an approach to raise the level of formalization (i.e. business registration) as well as the rate of written contract usage among non-majority businesses in both Mitrovica and Gracanica. Following a pair of CLE round tables in Mitrovica (one of which was attended by the literally days-old newly launched AKT Program), and one in Gracanica, a common theme among Serbian businesses in both locations was a desire to conduct business with businesses throughout Kosovo including a desire for ADR. In order to try methods to best facilitate building linkages, CLE determined to focus first on Gracanica businesses, as it is more conveniently located and because businesses in Gracanica are far more likely to have satisfied all the necessary Kosovo registration requirements. Working together with AKT, this pilot will also provide an opportunity to test the most efficient means of supporting registration, communicating advantages, etc. in anticipation of the much larger task of integrating businesses based in the North.

This effort consists of three stages: (1) Round tables *Stavi ni Papir / Put it on Paper* for businesses, covering the usual topics of contract formation, ADR, and enforcement of judgments. The agenda for these workshops was modified to include a section on the advantages and disadvantages of registration. The workshops were a forum to advertise the following two events as well. (2) Encouraging and supporting businesses to register. This will include developing and distributing business registration packets in Serbian, working with local business and community leaders to distribute them to businesses in Gracanica, and, where necessary, working with individual businesses to help them through the registration process. Currently, CLE and AKT are planning to hold a registration day event at the municipality’s business center sometime in the fall of this year. (3) Working to develop linkages between non-majority and majority community businesses, to include organizing a trade fair in cooperation with AmCham and the Kosovo Chamber of Commerce (and of course AKT).

During the reporting period, CLE and AKT co-hosted the first “Put it on Paper” workshop/round table with Gracanica based SMEs (CLE’s second such workshop in Gracanica). A “firm profile” survey instrument was developed and is being distributed by the Municipality of Gracanica to businesses to ascertain their registration status, as well as to learn about both the demands and supplies of goods and services available in Gracanica. The latter information will facilitate matching Gracanica businesses with KCC and AmCham members based on potential for engaging in commerce. The surveys are expected to be completed by mid-September, with both a registration event and the trade fair anticipated next quarter. CLE also held a workshop in Pristina as part of USAID’s 15th Anniversary celebrations.

Activities under B.II relate to the following PMEP indicators:

IR 2.1(3) - Percent of businesses surveyed that use contract forms regularly in their regular course of business:

This is a mid-Program indicator. CLE will conduct a national survey of businesses at the mid-point of the Program (Oct-Nov. 2014), and again prior to Program end (March 2016).

B.III. Mediation (and arbitration monitoring)

CLE continued operating the two mediation centers in Gjilan and Peja. These two centers have been operating continuously since July 2011; they were created by the USAID SEAD program, then operated in the interim between SEAD and CLE by the USAID Effective Rule of Law (EROL) Program. They accept cases referred by the courts as well as cases submitted directly by the parties. A third center was opened in Prizren during the previous quarter. This center works closely with the Court on the review of cases, but no mediations have yet taken place. There are 50 additional mediators (all of which were trained by CLE), of which 14 are intended to service the new Prizren center who have concluded the entire process of licensing but have yet to receive their license from the MOJ. The Minister of Justice must sign their licenses; as with PEA commissions (discussed above), however, he has not.

During the reporting period a total of 34 new cases were accepted by the CLE mediation centers, 15 in Gjilan and 19 in Peja. 36 cases were resolved and 9 were transferred back to the courts.

The following table gives an overview of the cases referred to the two CLE-operated mediation centers during the reporting period.

	Peja		Gjilan		Prizren	
	Q5	To date	Q5	To date	Q5	To date
Cases reviewed by Program for potential referral	185	1722	211	1863	182	182
Cases selected by Program and judge for potential referral	180	1296	222	1576	165	165
Cases referred to mediation (based on agreement of parties)	19	183	15	198		
Cases settled through mediation and approved by court	7	68	29	132		
Cases not settled and transferred back to court	5	57	4	58		
Cases in progress (agreement to mediate signed and mediator selected)	52	58	--	8		

CLE does not directly work on arbitration, but does monitor recognition and enforcement by the Courts. On January 1, 2013, the Commercial Court in Pristina was restructured and absorbed into the Commercial Department (CD) of the Pristina Basic Court. Recognition and enforcement of arbitral awards and enforcement of interim measures of arbitral tribunals now fall within the competence of the CD. During the reporting period, CLE staff met regularly with the representatives of the CD, including the Presiding Judge, Mr. Bajram Myftari, and the CD Administrator. As of February 2014, the CD has recognized three arbitral awards, including one high profile international arbitration award against a State Owned Enterprise.

B.III.1. Develop mediation infrastructure

CLE will support the drafting and passage of a new Law on Mediation (see B.I.4, above). No working group will be formed until a new Minister of Justice is appointed. CLE has already identified a number of amendments to be made to the law.

Mediation Regulations:

CLE will support the efforts of MOJ's Mediation Commission to finalize the most important regulations governing mediation and other relevant secondary legislation. This will involve the cooperative drafting of at least four major regulations, and possibly more. Top priority will be given to the Regulation on Training and Certification; the Regulation on Grievance and Disciplinary procedures; the Regulation on Mediation Centers; and the Code of Ethics for Mediators. CLE has

prepared drafts ready for review by MOJ and other stakeholders.

Support to the KJC to request a budget to place Mediation Centers and related staff in each Basic Court:

During the reporting period, CLE secured KJC support for placing one mediation center, and staff, in each basic court. The KJC requested only five managers in its budget request to the Ministry of Finance. CLE will work with the KJC and MOF, as well as the anticipated Budget Committee of the Assembly, once it begins working, to follow this request through the process. Assuming the budget request is approved, CLE will work with the KJC to transfer the CLE centers' operations to the respective Basic Courts.

B.III.2: Continued support for existing mediation centers

CLE will continue operating the mediation centers in Peja, Gjilan, and Prizren, and will seek to extend the availability of mediation services in the Peja and Gjilan basic court branches, as well as in Pristina. CLE will also support the Mediation Commission efforts to expand mediation practices in Pristina. This will include a range of outreach activities, including interviews, articles, and the presentation of mediation in public fora.

A third center was opened in Prizren during the previous quarter. This center works closely with the Court on the review of cases, but no mediations have yet taken place. There are 50 additional mediators (all of which were trained by CLE), of which 14 are intended to service the new Prizren Center, who have concluded the entire process of licensing but have yet to receive their license from the MOJ.

B.III.3: Assume operation of UNDP mediation center(s) (TBD)

CLE will continue to work with USAID to determine whether the Program should assume operational responsibility for one or more of the UNDP mediation centers in Pristina, Gjakova, and Ferizaj. With USAID approval, and subject to available resources, CLE may take over one or more of these mediation centers. Should this happen, CLE will operate the new center(s) in the same manner as the existing CLE-operated centers in Peja, Gjilan and Prizren. During the reporting period, UNDP continued to operate its centers, and regularly communicated its ongoing efforts to secure additional funding. As such, it looks increasingly unlikely that CLE will assume support for any of UNDP's centers, given CLE will not operate centers past May 31, 2015.

B.III.4: Continue implementing the KJC Protocol on court referral of cases to mediation

Support for the mediation centers in Peja, Prizren, and Gjilan is ongoing, with CLE employing managers of the centers and providing ongoing administrative support, especially on the review of cases that are referred from the courts. Implementation of the Protocol is in full effect in these three Basic Courts. CLE staff continue to meet with the Presidents and staff of the other five Basic Courts to discuss the Protocol and its implementation. CLE has in the past conducted training programs in four Basic Courts on the subject of the Protocol, and the administration of the referral process. All Basic Courts except for Mitrovica have now received training on the Protocol.

B.III.5: Support to mediators and mediation-related activities:

CLE will continue supporting the Association of Mediators. In particular, it will support the Association's continued organizational development, by helping it recruit new members and finalize its internal regulations and bylaws. The project will also work with the MOJ to ensure that there is continued government support for expanding the availability of mediation, particularly in Pristina and Ferizaj.

During the reporting period CLE continued to liaise with mediators and the MC regarding the planning for this retreat, likely to take place in autumn, 2014.

CLE does not plan to train any new mediators in Year Two, as a large number of new mediators were trained in Year One. Unless the demand for mediation grows unexpectedly fast, this group should be sufficient for now. However, there will probably be a need for refresher training, especially for those mediators whose original training is already more than two years old. It is also possible that there may be a demand for specialized training, i.e. in family mediation, in civil cases, and so forth. This has been discussed with the mediators, and there is clearly interest, but the exact level of demand is not yet clear. CLE staff will conduct an informal survey of the mediators and the market to determine whether this is worthwhile. During the reporting period CLE continued to liaise with mediators and the MC on this issue, and all mediators will be formally surveyed next Quarter.

During the reporting period CLE liaised with 5 of the 7 Universities in Kosovo (University of Pristina, American University of Kosovo, Universum College, AAB, Riinvest College; meetings with the University of Business and Technology and Iliria College will take place in August) who are invited to send teams to the Kosovo intramural Moot. The best performing students will become the team representing Kosovo in the ICC Moot in Paris. Additionally, CLE developed the moot problem that will be the basis for the intramural selection phase. The first call for student applications was issued in late July. Student team selection and preparations will be ongoing throughout next quarter, with the competition in Paris held in February 2015.

CLE will also support a regional pre-moot competition for the Vis Competition, to be held in Pristina in January or February 2015. Teams will be invited from Kosovo, Albania, Macedonia, Montenegro, Serbia, Bosnia, Croatia and Greece. Regional pre-moots are common in other regions but there has not yet been one in the Balkans for this competition. The pre-moot will provide opportunities for students to interact with students from other countries, practice and improve their advocacy skills, and refine and adjust their oral arguments before the actual competition. The pre-moot will be organized by Program staff in cooperation with the team coaches and the University of Pristina. During the reporting period, CLE liaised with regional universities but little additional efforts were possible during the summer break.

Activities under B.III relate to the following PMEP indicators:

IR 1.1.3 (2) – Number of Alternate Dispute Resolution (mediation) agreements concluded and enforced

During the reporting period 34 cases were referred; 36 cases were settled (including cases referred in the previous quarter).

IR 2.1.3(2) Percent of arbitral awards recognized or enforced by courts

This indicator stands at 3/3, or 100%.

B.IV Training

B.IV.1 Improve the skills and knowledge of judges assigned to the Commercial Department of the Pristina Basic Court, Court of Appeals, and Special Chamber of the Supreme Court.

In Year One, CLE developed a curriculum of specialized courses for commercial judges. The first of these courses took place in March 2014. During the reporting period CLE delivered a course on "Arbitration Procedure and the Court's Role in this Procedure" ten judges were present - nine Kosovo-Albanians and one Kosovo-Turk. Six were female and four male. All but two of the Supreme Court civil judges attended the training.

In Year Two, this curriculum will continue with nine further courses on specialized topics in



commercial law, including basic principles of accounting for judges, and intellectual property. This program is predominantly aimed at the CD judges, and appellate and Supreme Court judges are encouraged to attend. Because the predominant focus is on the trial level judges, however, the training program was placed on hiatus for the summer at the request of the Pristina Basic Court President Judge. Training delivery will commence next quarter.

B.IV.2: Provide training on commercial law topics for judges in cooperation with KJI

In Year One, CLE provided several training courses for judges on commercial law topics through the Kosovo Judicial Institute (KJI). This activity will continue in Year Two. Two courses will be offered in the fall semester and it is anticipated that at least two more will be offered in the spring semester. During this quarter, due to KJI's summer break, no training courses were provided through the KJI.

B.IV.3: Improve the commercial law and contracting skills of Kosovar lawyers

As in Year One, CLE worked with the KBA to provide professional training for lawyers. CLE is accredited by KBA to offer courses to advocates as part of the Mandatory Continuing Legal Education (MCLE) program for attorneys provided by KBA on a range of commercial law topics. During the reporting period, CLE coordinated with KBA and the USAID Partnerships for Development Program, who will also develop and deliver training courses for KBA.

During the reporting period, CLE and KBA finalized the training schedule for the upcoming training year. CLE will be delivering the following courses for KBA (including courses offered together with Partnerships for Development, e.g. Public-Private Partnerships): contract on loan, interest and penalty interest; business organizations; pre-contractual liability, formation and interpretation of contracts; corporate governance; United Nations Convention on Contracts for the International Sales of Goods (CISG); Law on Arbitration; Law on Mediation; trademarks; bankruptcy; construction contracts; enforcement procedure; contract for license, leasing, control of goods and storage; Law on Public-Private Partnerships.

The following courses were delivered during the 5th Quarter:

United Nations Convention on Contracts for the International Sales of Goods (CISG). A total of 51 Kosovo-Albanian participants were present. (7 female and 44 male).

Law on Mediation. A total of 37 participants were present; 36 Kosovo-Albanians and one Kosovo-Serbian (8 female and 29 male).

Trademarks. A total of 45 participants were present; 44 Kosovo-Albanians and one Kosovo-Serbian (9 female and 36 male).

Bankruptcy. A total of 23 Kosovo-Albanian participants were present. Among these participants, (7 female and 22 male).

Activities under B.IV relate to the following PMEP indicators:

IR 1.1.2(1) - Number of people/person days of training delivered to justice sector professionals

The total number of training days for the training courses delivered during the reporting period was 174.

IR 1.1.2(2) – Number of judges, lawyers and court staff trained with USG assistance; % commercial judges trained

The total number of judges trained was 10, 4 judges were from the Pristina Basic Court - Commercial Department, 2 judges were from the Court of Appeals, and 4 judges were from the Supreme Court.

100% of CD judges at the Pristina Basic Court attended a portion of the specialized (year-long) training program during the reporting period.

IR 2.1.2(2) – No. of judges and judicial personnel trained with USG assistance

10 (of 13 total Commercial judges at all levels) were trained during the reporting period, including all 4 from the Commercial Department of the PBC.

C. Component 3: Outreach, Gender and Monitoring

C.I.1. Conduct outreach on the new enforcement system

During the reporting period, CLE published an article on the launch of the private enforcement agent system. The private enforcement agents started officially working on May 5, 2014. The article announces the establishment of the PEA offices, PEA roles and responsibilities, and provided general information on the new PEA system. The article was published in one of Kosovo's leading business magazines, *Ekonomia*.

C.I.2. Conduct outreach on backlog reduction

During the reporting period, CLE has been working on developing a television PSA on backlog reduction. PSA development will be finalized during the next quarter.

CLE authored an article on backlog reduction and submitted it to the American Chamber of Commerce (AmCham), to be published in the next edition of the AmCham *Business Horizon* magazine.

C.I.3. Outreach to the business community (See also B.II.2 above)

During the reporting period, CLE held a Put it on Paper roundtable in Pristina as a part of USAID's 15th Anniversary Celebrations. This roundtable was co-hosted by the executives of the leading business associations in Kosovo, the AmCham and the Kosovo Chamber of Commerce. There were 28 participants, out of which 12 were female entrepreneurs. The purpose of the roundtable was to discuss the importance of written contracts, alternative dispute resolution mechanisms, and developments in enforcement of judgments.

CLE also finalized two reports from focus groups with businesses; (1) FG Report with Serbian businesses in Kosovo and (2) FG Report General Kosovo Businesses. The reports provide analysis of qualitative research undertaken by CLE Program to understand and record the existing situation of Kosovo-Serbian businesses and Kosovo businesses in general, as well as to assess the knowledge and potential lack of information that these businesses have with respect to the businesses environment. The report on FG with Serbian businesses was published on CLE's web, while the FG with Kosovo businesses will be mainly used for internal purposes to plan Program activities.

C.I.4. Outreach on mediation

During the reporting period, CLE developed a PSA on mediation, which has been shared through online channels, CLE's Facebook Page and CLE's web page.

C.I.5. CLE nationwide survey on women and commerce

CLE finalized data collection for the women and commerce survey, from 1,290 respondents, and held three focus groups with women in business. An analytical report of the data was prepared and translated into Albanian and Serbian. CLE held a national conference, with the President of the Republic of Kosovo, the USAID Mission Director, the Director of the Agency for Gender Equality at the Prime Minister's Office, and Kosovo's only female Mayor (from Gjakova Municipality) as keynote speakers. The conference was held on June 3, 2014 and was attended by more than 140 participants, out of which 11 were male participants. CLE has also prepared an article on Women in Business, which will be published in AmCham's *Business Horizon* magazine.

There was substantial media coverage on the Women and Commerce Conference held on June 3, 2014. The conference was featured in online and print media, as well as TV news. Five (out of eight)



local newspapers published articles on this conference, including: Kosova Sot, Bota Sot, Epoka e Re, Bota Press, and Lajm. Fifteen online media portals published news on the conference, including: Koha.net, Kosova Sot, Telegrafi, Kosovalive360, Almakos, Bota Press, Kosova Press, Epoka e Re, Gazeta Express, Kosovain.eu, Kosova.info, Kosova News Network, Lajmi.net, Evropa e Lire, and Shekulli. Six local TV networks, including Klan Kosova, KTV, RTK, RTV21, Kosova Press, and Lajmi TV covered the Women and Commerce Conference on the evening news.

CLE recognizes the importance of donor coordination with regard to gender topics and was in past quarters regularly coordinating with GIZ to jointly hold a series of conferences on 'Gender Issues - Commerce and Property Rights', for which this conference would have been the first of several events. Unfortunately, GIZ was not prepared to proceed in co-hosting this conference, nor present the findings of its survey on women and property rights simultaneously with the CLE report. CLE continued to liaise with GIZ during the reporting period, but work on GIZ's analysis was not yet final.

Other outreach related activities

CLE continuously updates its web-page and Facebook page with updated information, events, and articles regarding the processes and the Program.

CLE published the June edition of CLE's newsletter. The newsletter summarizes CLE's events and activities, success stories, and any other information interested to stakeholders on quarterly basis.

Activities Planned for Next Quarter

A. Component 1: Improved Systems for Enforcement of Judgments and Reduction of Backlog in Enforcement Cases

Next quarter should see increasing activity in this component with enforcement against wages. The second and third cohorts of new Private Enforcement Agents should receive their commissions and begin enforcement activities, assuming resolution of the current political situation.

B. Component 2: Development of the Contract/Commercial Law Framework and Systems, Improvement of Contract Enforcement Systems and Functioning of Mediation Mechanisms

Work on the new Bankruptcy Law will continue apace next quarter, with the finalization of a draft for stakeholder review. The drafting of regulations for the Law on Obligations should conclude, barring shakeups at the CBK. The number of mediations referred and completed is expected to continue to rise. Training courses with the Chamber of Advocates will continue. Specialized training for commercial court judges will resume. Cooperation with USAID NOA on agricultural contract issues will continue, with CLE providing contract monitoring services and potentially facilitating mediation services in the event of disputes, to NOA counterparts.

Short-term Consultants this Quarter

Under subsection F.7.A.3 of the CLE program contract (Contract No. AID-167-C-13-00001), a quarterly statement is required on any short-term consultants, including progress and observations, significant issues, and a description of follow-on activities and plans.

Judge (ret.) Bruce Markell (Bankruptcy Expert) regularly engaged with the working group, and provided a full day of training to the working group on the new law on bankruptcy on the concepts on modern bankruptcy laws and best practices. In addition, Judge Markell has been intensively engaged in drafting of the new law. He is expected to return to Kosovo for a final review of the draft law by October 2015.

Peter Kahn (Enforcement of Judgments Expert) worked 14 days on the draft of the Kosovo Private Enforcement Agents Supervision Manual and Supervision Flow Chart.

Chris Thompson (Enforcement of Judgments Expert) worked 14 days on the draft of the Kosovo Private Enforcement Agents Supervision Manual and Supervision Flow Chart.

Both Mr. Kahn, above, and Mr. Thompson noted the low capacity of the understaffed Office of Free Professions at MOJ. CLE has already planned a wide range of activities and support to the MOJ, and will also seek to support the MOJ to expand the staff available for oversight and supervision of the PEA regime.

Danka Ropic (Gender Expert) prepared the final analytical report on CLE's survey on Women and Commerce, and presented the report at the National Conference on Women and Commerce.

Kujtesa Nezaj (Legal training) has been engaged by CLE to develop the training materials on trademarks and patents. Ms. Nezaj will be delivering a training course on trademarks and patents for the judges adjudicating commercial matters at the Pristina Basic Court, the Court of Appeals, and the Supreme Court, and on trademarks to the Kosovo Bar Association.

Environmental Compliance Statement

Under subsection F.7.A.3 of the CLE program contract (Contract No. AID-167-C-13-00001), a quarterly statement is required on actions taken related to environmental regulation compliance. Due to the nature of the CLE program's work, its activities do not have environmental impact. Nevertheless, the program has appointed an Environmental Compliance Officer who reviews program activities to ensure compliance with relevant environmental regulations. No issues arose in this quarter.

Status of Budget Expenditures

Under subsection F.7.A.3 of the CLE program contract (Contract No. AID-167-C-13-00001), a quarterly statement is required on the status of budget expenditures. As of 31 July 2014, CLE had expended \$2,469,276.08. During the reporting period, spending was \$559,916.43. CLE anticipates the monthly burn rate to continue to be approximately \$186,639.