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Matthew Smith

Chief of Party

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CHIEF OF PARTY REPORT

We are pleased to report that impressive progress continues to be made across each of the project components. The highlight for the quarter was the issuance of the Concession Tender to the three short listed bidders for the Pristina International Airport. The bidders have until 30 March 2010 to submit final proposals and award should be made very shortly thereafter given the transparent nature of the criteria for award.

On the fiscal side, the 2010 Budget was passed by the Assembly in December with the written support of the International Monetary Fund (IMF). This is an outstanding achievement by the Ministry and demonstrates the extensive capacity built within the Budget and Intergovernmental departments to now manage what is a sophisticated process and to international standards. With the passage of an IMF endorsed Budget, a formal IMF Program for Kosovo is now firmly on the agenda and high level negotiations on this topic will occur in February 2010.

Tax collections made a late surge in the quarter and are above budget target. This again is a considerable achievement in administrative performance given that tax rates were halved from the beginning of the year. Also in December, the revised tax laws covering VAT, Personal Income Tax and Profits Tax were all passed by the Assembly representing another outstanding achievement for this quarter. The implementation date for the VAT law is 1 July 2010 and much training will be conducted during the first half of 2010 to ensure the Tax Administration and the public are fully abreast of the implications.

Within the Treasury, our focus has been on the decentralization agenda and it is pleasing to report that in December the Minister of Finance certified 30 out of 33 municipalities, and 7 regional hospitals, devolving full payment authority from the Treasury after extensive capacity was developed by the Treasury within the municipalities and hospitals concerned. The three northern municipalities are in the process of agreeing to revise training dates and it is expected they will be in a position to be certified in the first quarter 2010.

The financial management training program, developed in partnership with the accounting body SKAAK, the Ministry of Economy and Finance (MEF) and the EMSG project was formally launched during the quarter. After twelve months of development, this course is now fully institutionalized in SKAAK/MEF with impressive results from early testing.

The resident assistance of an international advisor to the Property Tax department has now concluded after the successful roll out of the new Property Tax IT solution and the launching of the resurvey of properties. The surveyors commenced work in the pilot communities of Fushe Kosove and Shtime during the last week of November. By mid-December, over 5,000 properties have been surveyed – about 40% of the total.

Resident assistance is now being provided to the Publicly Owned Enterprise Department in the MEF and the advisor has quickly developed several Guides for POE Directors to aid the understanding of being a Director of a POE and associated ethics and corporate governance. These Guides will be used as training aids in the new quarter to further develop capacity in the MFE POE Department and directly in the POE Boards. With

assistance from EMSG advisors, the POE Unit successfully charted a course through the technically and legally challenging process of declaring a large dividend from retained earnings in the PTK.

In the Legal, Component the team delivered the courses on Bankruptcy, Copyright, Competition and Foreign Investment to practicing lawyers at the Chamber of Advocates. These courses had previously been delivered to judges and judge candidates at the Kosovo Judicial Institute (KJI). With the support of the Dean's Office of the Law Faculty of the University of Pristina, the team also redelivered five of its developed courses to master level students. Furthermore, the institutionalization at the Kosovo Judicial Institute (KJI) of the training methodology developed by the project as well as the specific training courses that have been developed so far is now highly advanced.

In Mining, a substantial pre-feasibility on a lignite mining venture in the Dukagjini basin has been prepared and will be discussed with USAID in January. The initial analysis suggests that the orebody could support a standalone mine for exported product to Macedonia, Greece and Serbia using the rail system which is already in place. This opportunity could result in significant foreign investment and an annual revenue stream to the budget of some Euro 40 million.

Finally, a new energy team was engaged in the quarter and assistance was provided to the MEF to engage the International Finance Corporation (IFC) and establish a Project Implementation Unit (PIU) to assist the Government Steering Committee to privatize the Distribution and Supply Network of KEK. The IFC was contracted in December and the PIU established at the same time, both being housed with our team to provide a systematic approach to the successful conclusion of these important transactions.

CROSS-CUTTING THEMES

Anti-Corruption – Direct advice provided to Airport Ministerial Committee on structure and operation of Airport Concession to limit opportunity for corruption. Similar advice is also being provided for the Energy transactions. The new Financial Management course will train government employees in transparency and accountability in financial management. Decentralization of Treasury Payments processing will improve accountability and audit process. Further development and correct implementation of the Audit Selection Model in Tax Administration will minimize the opportunity for corruption in that institution.

Human Capacity Development – The Brain Fund became a reality in the quarter with the formal transfer of skilled, trained staff in PPP and economic to the Ministry of Economy and Finance. The Financial Management training course has been successfully launched and is fully institutionalized in SKAAK and MEF. The Legal Training methodology is also well advanced to being institutionalized in the Kosovo Judicial Institute and training in the core legal modules is now being provided to legal students at the Pristina University.

Gender – A project re-assessment is to be scheduled prior to the end of the project.

Administrative – The new Energy Team is now complete with Ken Wentzel, Andrew Smith and Nick Towle arriving in the quarter. POE advisor Oliver Campbell-White also arrived as resident advisor. Etienne Cosyns left the project after retiring from work and Chad Corson successfully completed his assignment at the end of December.

Additional short term advisors in Public Private Partnerships continued during the quarter to further advance the Airport concession and conduct pre feasibility across the education and health sectors.

Team Reports

Objective 1: Strengthen the ability of three economic institutions, MFE, TAK, and CBAK

Objective 1.1: Strengthen the Capacity of the Ministry of Finance

1.1.1 ECONOMIC

Progress / Successes against the Work Plan

Kosovo continues to be largely immune from the difficulties in the wider world economic situation. Work by the Macroeconomic Department on the available macroeconomic data suggests that the economy of Kosovo has held up remarkably well. Exports have declined but from a very small base and this has been due primarily to the activities of one particular enterprise that depends heavily on world demand for non-ferrous metals. At the time of this Report however, there are some signs of recovery. There is little firm evidence that flows of remittances have been much affected. Although the growth of bank deposits has moderated a little, it remains positive. Further, the volume of micro finance credit continues to expand.

Major examples of success through this reporting period are:

- The transfer of the Macroeconomic Department staff from USAID funding to the MEF payroll has now taken place. These economic staff are now a part of the MEF staffing and financed from the 'Brain Fund' that has been established. It should be reminded that the establishment of both the Macroeconomic Department and the 'Brain Fund' are initiatives that were developed, supported and implemented via the EMSG Project.
- The IMF Mission in November, the central objective of which was to examine the Budget as proposed for 2010 prior to it being submitted to the Government, resulted in a favorable Letter of Assessment. This Letter is addressed to the EU to secure the release of €50 million of Budget support. Throughout this intensive period, the Minister and his Deputy were supported by the Macro Economic team which produced a range of necessary materials and analyses. The Mission team expressed its appreciation for both the amount and quality of the support provided.
- Under the terms of the Kosovo Partnership Program with the EU, there is a requirement that the EU undertake surveillance of fiscal policies and of the fiscal environment in the run up to the annual Budget. The EU team was engaged with the Ministry economic staff throughout this process with the result being a favorable assessment.

The IMF and EU Missions will serve also to bring about the release of an additional €60 millions of Budget support from the World Bank. This is designed to be released in three tranches of €20 million per year as a part of a Sustainable Economic and Employment Development Program (SEEDP) for Kosovo. Throughout all of the above, the role of the Project Adviser has been to work with the Minister, his deputy and with the economist

team to exercise quality control and to ensure that the essential policy messages are fully understood within the Ministry. Excellent relationships between Ministry and IFI officials contribute greatly to the favorable outcomes that have resulted.

Other important activities that have led to, or hold the prospect of leading to, favorable outcomes are:

- Work on developing a new fiscal rule for Kosovo that will incorporate the recent acceptance of the World Bank component of the outstanding debt held by Serbia on behalf of Kosovo. It is expected that the new rule, which is being discussed with the IMF, will also be an integral part of the Medium Term Expenditure Framework (MTEF) 2011-2013 that will be developed through the first part of 2010. The Adviser is providing technical/professional support in the development of these new arrangements.
- Work on the initial economic assumptions on which the MTEF will be based has now started. The Law on Public Financial Management and Accountability requires that this exercise which provides the starting point for the budget for 2011, be completed by the end of April 2010. Again, the Adviser is heavily involved.
- Policy discussions between the ministry and the IMF/World Bank concerning the taking on of the former Serbian Debt and what this implies for debt sustainability. Currently, the World Bank and IMF are producing a debt sustainability exercise, the first draft of which has been considered by the ministry economists. The draft is now being re-worked to incorporate Ministry comments..

A number of other pieces of analyses or commentary have been concerned with: proposals to provide support to some agricultural products; analyses of behavior of remittances, arrangements to introduce a limited scheme of deposit insurance; the possible form of a future IMF Program for Kosovo; and arrangements for payment of the first IMF Membership subscription.

Throughout the period, the Adviser provided support to the Minister, his Deputy and to the Ministry in the form of general policy briefing, contributions to presentations, speeches and attendance at meetings and seminars.

Issues/Obstacles

Given an IMF Program for Kosovo is imminent, a further expansion of the Macro-Economic department will be necessary to ensure resources to fully manage this demanding process and Program relationship.

1.1.2 BUDGET / INTERGOVERNMENTAL

Progress / Successes against the Work Plan

Throughout the fourth quarter, advisors assisted the Municipal and Central Budget Departments in facilitating the 2010 Budget process, which culminated in the Budget being approved by the Government, sent to the Assembly on 6 November and approved by the Assembly on 29 December 2009.

The Budget process was transparent, prepared in accordance with the law and met the key legal deadlines. The benefits of the MTEF approach were demonstrated, with the Government able to prepare a final 2010 Budget within 3% of the €1,111 million aggregate expenditure target outlined in the MTEF.

Attaining a restrained expenditure outcome required a process of further consultation with Budget organizations, revised submissions and comprehensive analysis of proposals by Budget analysts. A feature of this process was the accommodation of substantial new needs associated with Kosovo's status settlement, including higher municipal grants, and funding for enhanced competencies in foreign affairs and justice.

The budget documents presented to the Assembly again represented an improvement over previous years, with revised schedules and a narrative document (representing an update of the MTEF), enhancing transparency and providing useful analytical input to Assembly debate. Advisors participated in discussions regarding amendments to the annual Budget Law, providing input to improve the regulation of staffing, advances, transfers, municipal independence and contractual obligations.

The Municipal Budget was based on and respected the framework of government grants approved by the Grants Commission and envisaged in the MTEF. It introduced improvements in the quality and transparency of municipal budget documents, with particular focus on multi-year budget presentation. Following Municipal elections and the establishment of three new municipalities in November, Advisors assisted Municipal Budget Department in concerted efforts to ensure that the 2010 Municipal Budget accommodated implications of administrative and political decentralization.

The Municipal Budget Director and his staff demonstrated remarkable leadership and professionalism in the management of budget process for new entities, contacts with newly appointed local authorities, coordination with relevant government and international stakeholders, and technical assistance. As a result, Municipalities Gracanica, Kllokot, and Ranilug prepared budgets in accordance with the financing, procedures, and standards required for the Kosovo Consolidated Budget submission.

The Municipal Budget Department facilitated the implementation of transferred competencies (such as in the area of cultural services) and enhanced competencies in the secondary health care in Municipality Gracanica.

Importantly, the Budget was the culmination of detailed negotiation between the Ministry and the IMF. The Minister, Deputy Minister and Director of the Budget Department again showed strong leadership and technical capacity in leading both negotiations with Ministries and consultations with the IMF during their missions.

The IMF has formally assessed the 2010 budget as "proving a solid basis for enhancing medium term fiscal sustainability and tackling broad based budget reform". This IMF endorsement opens the pathway for much needed donor budget support in 2010 and beyond.

The Municipal Budget Department concluded the 2010 budget process and its training activities with a formal Conference for municipal leaders held in Mavrovo, Macedonia on 10 – 12 December. The Conference created an opportunity for central and municipal

leaders to jointly discuss municipal budget development experience and to formulate recommendations for the next budget cycle.

Advisors played a key role in advising the Government to finalize its Public Financial Management Action Plan. The plan is the final output of the PEFA self-assessment (with training and coaching by advisors) and stakeholder consultation process and now sets the agenda for future domestic and donor reform efforts in this field.

The end of year marked important improvements in the management of institutional intergovernmental relations as compared with the previous years. Advisors' assistance to the Grants Commission Secretariat resulted in its increased capacity to implement the requirements of the Law on Local Government Finances (LLGF). Rotating municipal members of the Grants Commission were appointed through a lottery held on 29 December 2009, with the Mayors of Municipalities: Vitia, Peja, Vushtri, and Zubin Potok selected to serve as Local Government representatives during 2010.

Further, Advisors provided the Secretariat with the Report on "The System of Intergovernmental Grants in 2009: Assessment and Recommendations". The Report identified the need to strengthen application of the LLGF principles and institutional arrangements necessary for a successful implementation of grants system in the future. The Report is expected to constitute an important input into MFE talks with the IMF Fiscal Decentralization Mission scheduled in January 2010.

Issues/Obstacles

The revised structure for the Budget Department is not yet fully implemented. The new structure is considered a prerequisite to the implementation of new functions and building of new capacities required for the fiscal reforms set out in the PFM Action Plan.

Following the establishment of new municipalities and appointment of administration officials (e.g., the Gračanica Municipal Assembly was constituted on 29 December) implementation of extensive training program in public finances is to be put in place early in the New Year. Both national and international EMSG advisors in Treasury and Municipal Budget will be a key resource as will the new Financial Management program developed in consultation with the accounting body SKAAK.

1.1.3 PUBLICLY OWNED ENTERPRISES

Progress / Successes against the Work Plan

The POE Advisor took up his position on October 5, 2009. He has focused attention on those matters of most concern, namely: (1) improving the flow of information from POEs; (2) POE directors' understanding of their role and responsibilities; and (3) fulfilling the POE Unit's certain statutory duties to: (i) develop and promulgate a model POE code of ethics and corporate governance; and (ii) prepare the *POE Unit Annual Report*.

The POE Unit reflects the current shortage of skills in Kosovo's nascent civil service. The Head of the POE Unit has been in office for about nine months and is well connected in the business community. However, the Unit is well under budgeted and has had difficulty in recruiting and retaining staff. Currently there are three analysts.

Despite these difficulties, with the assistance of EMSG advisors, the POE Unit led the process culminating in the declaration of a €200million dividend from the PTK. This was a particular challenge given the policy, political and administrative hurdles in place, including an artificially high “charter capital” for PTK put in place by previous UNMIK ownership structures. A particular policy concern was protection of the stability of the banking sector where PTK funds are held. Advisors participated in developing an innovative solution for managed transition of the dividend into Treasury accounts.

POE staff currently work according to functions (e.g. handling subsidy applications and disbursements, and preparing information for posting on the Unit’s website). The POE advisor has suggested that staff work according to sectors. In this way, analysts would gain a better understanding of sector issues and develop a closer relationship with fewer POEs rather than the present arrangement whereby POEs have, at different times, to deal with everyone in the POE Unit.

The Head of the POE expressed concerns about the following and requested the POE Advisor’s assistance to deal with them:

- The calibre of POE directors, their commitment to their role, and the interference by some in the day-to-day business of the enterprises. This is essentially to do with the process of identifying and selecting candidates for the director positions, a process that is considered to be too political. An improved method of recruitment and selections is needed.
- The POE Unit’s lack of power of enforcement. For example, RTK refuses to acknowledge the role of the POE Unit and to submit its Board minutes and other requested information. The Unit has also experienced other difficulties which call for amendments to the POE Law when that is possible.
- Reports from POEs are not in a consistent format and rarely provide explanations for variances from budget. Indeed, late submission suggests that some have accounting arrears.
- POEs in the water and waste sectors are the most problematical, largely because of their provincial emphasis and relatively small scale. The water sector regulator has reported deterioration in performance in the first half of 2009 which he foresees will also be the outcome for the second half of 2009. Attention is therefore being given to introducing performance contracts in these POEs.

Current POE business plans are simply financial projections based on past results; they are not real business plans. Also the assumptions on which the business plans/annual budgets are based are rarely stated. This has highlighted the need for training on business planning and budgeting and budgetary control.

At the POE Advisor’s suggestion, Unit staff have recently begun to attend POE Board meetings. This enables them to better understand how the Boards function and to witness the contributions of the various directors. By this time next year, the POE Unit will be better placed to report on POE Board performance.

The POE Advisor drafted a *Guide to Being a Director of a POE*. This has been approved by the Head of the POE Unit and will be submitted for the Minister's approval early in January. The *Guide* refers to a code of ethics and corporate governance. The POE Advisor drafted a model *POE Code of Ethics and Corporate Governance* that has been circulated for comment. The *Code* will be finalized in early January and submitted together with the *Guide* for the Minister's approval, it will then be used as a training tool for Ministry staff and POE Boards.

The POE Advisor also prepared: (a) a format for the POE Unit's Annual Report; (b) a standard performance report format for all POEs to complete on a quarterly basis; (c) a compliance checklist for use by the POE Unit to prepare its annual report on each enterprise. In view of the interest in the performance contract mechanism, the POE advisor prepared a note on the topic and a suggested contract format.

Issues/Obstacles

The water regulator is keen to introduce performance contracts as soon as possible so that they are effective from January 1, 2010. This is not considered realistic and is not therefore listed here as a priority. If and when performance contracts are to be introduced, the first of these will require something of the order of six weeks input from the EMSG Advisor.

1.1.4 TREASURY

Progress / Successes against the Work Plan

Treasury continues to lead the evolution from centralized control over government finances towards a decentralized system of government financial management focused on transparency and accountability. In this regard, Treasury is transforming from a mechanistic accounting/control office towards to more analytical functions such as reporting, cash and debt management.

A key element of this transformation is decentralization of payment controls to Budget Organizations, while retaining the Treasury Single Account (TSA) and single Kosovo Financial Management Information System (KFMIS - FreeBalance). This is the final significant stage of decentralization of financial control, recognizing that management and accounting for revenues, assets, commitments and obligations has already been decentralized.

The latter part of the fourth quarter of FY 2009 saw the Certification of thirty Municipalities and seven Regional Hospitals that is a precursor to Delegation of Expenditure Management. These certified Budget Organizations have gone through a training and testing phase and each have signed a memorandum stating that their organization has achieved the minimum standards required by the MFE. These Budget Organization are now independently executing expenditures during a monitoring phase and will be accountable for performance under the scrutiny of the Auditor General.

The Treasury Decentralization Team is now focusing its attention on the Municipalities of Zvecan, Zubin Potok and Leposaviq in order to provide full training on all KFMIS

(Kosovo Financial Management Information System) modules for all Financial Officers. An initial meeting between the Treasury Advisor and the LCOs (Local Community Officers) from the three Municipalities and the MCO (Municipality Community Officer) from Leposaviq took place on 23 November 2009. It is anticipated that the next meeting will take place during mid January 2010 when developments will be discussed on providing KFMIS training for the Financial Officers.

The creation of the new Municipalities of Gracanica, Ranilluk, Partesh and Kllokot require the Treasury Decentralization Team to ensure full and comprehensive training for all their Financial Officers in all modules within the KFMIS. A training program is being developed to provide the requisite training in the first quarter of 2010.

The PFM (Public Finance Management) Training and Certification Program being implemented by SCAAK (Society of Certified Accountants and Auditors of Kosovo) commenced on the second of November 2009 with participants from the seventeen Ministries broken down into seven distinct groups of Financial Officers. Examination results from Group 1 participants, the Chief Financial Officers resulted in a 69.3% pass rate. By February 2010 all Financial Officers from the Ministries will have been invited to attend and take the examinations. As from 22 February 2010 seven Municipalities from the Pristina region and the Public Health Institution-Pristine will be invited to attend the training at SCAAK. It is envisaged that successful examination candidates will have the opportunity to enhance their career prospects within Government operations.

Decentralization of payments and enhanced capacity in budget organizations will enable Treasury to close its regional payment offices. As 31 December 2009, three of five Regional Treasury Offices have been closed and the Financial Officers seconded to other jobs at mutually agreed Municipalities. The Regional Treasury Offices for Pristina and Mitrovice will remain open at least until the end of 2010. The free resources created within the Treasury are expected to be redirected to enhanced analytical functions, including reporting, cash and debt management and IT functions.

The automatic Bank Reconciliations Module (BRM) of the KFMIS is now available to be implemented with the new upgraded Free Balance version 6.4 of the KFMIS. The Treasury team tested the automated reconciliations process in the last two weeks of 2009 which resulted in minor technical issues being identified. These have now been resolved and Treasury is now prepared to perform live automatic reconciliations in the beginning of FY 2010.

During the Quarter Treasury staff independently prepared and issued instructions on the closing of accounts for 2009. This is setting the foundations for the preparation of quality 2009 financial statements for the Kosovo Consolidated Fund, where Treasury will again be seeking an unqualified audit.

Issues/Obstacles

Treasury has participated in the preparation of the PFM Action Plan. While Treasury received very good scores in the recent PEFA assessment, improving the quality of information in KFMIS regarding expenditure obligations will be increasingly important. Improving cash flow projections and identification of contingent liabilities will be key objectives in seeking to improve cash management during the expected future decline in cash balances and potentially higher debt servicing obligations.

1.1.5 PROPERTY TAX

Progress / Successes against the Work Plan

The EMSG advisor concluded his participation in the project on December 18. Going forward, the EMSG project will continue to support the MFE Property Tax Department with a local IT expert and a local property tax specialist through the end of the contract.

This quarter, the activities of the EMSG advisor focused primarily on kicking off the resurvey effort. The vendor's survey plan was approved in mid-November and the EMSG advisor and local staff trained the vendor's staff in data collection and use of the survey application on the Tom-Tom HTC Advantage PDA's. The surveyors commenced work in the pilot communities of Fushe Kosove and Shtime during the last week of November. By mid-December, over 5,000 properties have been surveyed – about 40% of the total. The MEF Property Tax Department is beginning quality control checks to verify the accuracy of the data recorded and the programming team is beginning to upload the new data. As long as the weather remains favorable, the survey will be completed in the pilot communities on schedule during the first week of January.

The EMSG advisor drafted the second tender for the resurvey to cover the rest of Kosovo. This tender was released on October 30. The MFE envisions multiple contract awards for each of the five regions. Offerors that submit the lowest cost will be selected to carry out the resurvey in each region. Technical proposals were opened on November 30 and evaluated by December 15. Vendors will be selected in the first half of January and start work shortly thereafter.

Property tax revenue declined during the fourth quarter. Table 1 shows property tax revenue on a monthly basis during 4Q2009.

Table 1: Property Tax Revenue During 3Q2009

	Oct	Nov	Dec	4Q09
Monthly Property Tax Revenue €	767,159	576,962	1,541,261	2,885,383
% Increase over 2008	- 22%	- 33%	- 9%	- 19%

During 2009, municipalities collected just over €11.3 million in property tax revenue, compared with €12.7 million in 2008 and the 2009 total levy of €15.1 million. The decline can be attributed to one major factor; the local elections in November created disincentives for local governments to aggressively enforce property tax collections. In addition, the election cycle coincided with the budget process and the setting of property tax rates for 2010. In October, several municipalities either reduced property tax rates or values for 2010. Incumbents highlighted these acts during the election. Also, bills for the second installment were not mailed to taxpayers. The MEF would not authorize PTK to mail property tax bills during the campaign for local elections.

The EMSG advisor drafted an amendment to the property tax legislation to change the installment dates from June 30 and December 31 to April 30 and September 30. This will allow municipalities to spend property tax revenue in the same tax year it is collected. These dates are also more in sync with the budget cycle. The amendment also obligates municipalities to deliver bills at least 30 days before each installment date. It should go before the Assembly in January 2010.

Issues/Obstacles

A permanent solution for retention of the Director of Property Tax is available through the Brain Fund. Ensuring the early application of brain fund processes for this position is critical to ensure continuity in tenure of the Director.

Objective 1.2: Strengthen the Capacity of TAK

1.2.1 TAX ADMINISTRATION

Progress / Successes against the Work Plan

Project support to the Tax Administration of Kosovo (TAK) continued throughout the quarter in several areas. Revenues collected through to the end of the year total €205.98 Million compared to a goal for 2009 of €200.9 Million. This result represents an outstanding success given the reduction in tax rates from 1 January 2009. Revenue in the month of November was very strong reflecting many of the actions EMSG assisted TAK in implementing, such as the levy on payments due to contractors from the budget, which has resulted in over €2 Million in additional collections.

An IMF Technical Assistance Mission visited TAK in early November to identify TAK's needs for a modernized IT system in recognition that the SIGTAS upgrade will give TAK a short-term solution, but longer-term solutions are needed. The IMF Team also followed-up on the recommendations from their previous visits. They acknowledged that significant progress has been made and TAK is on a good track to implement IMF recommendations.

As part of our advisory assistance to the TAK Director General (DG), EMSG advisors began development of a draft compliance strategy for the period 2010 - 2015 that will form the basis for a new TAK strategic plan that will be finalized in early 2010. In December, the DG announced a recruitment process for all regional manager positions. EMSG advisors drafted a proposed organizational structure designed to increase accountability and oversight capabilities. Assistance was also provided in drafting position descriptions. EMSG advisors have assisted TAK in developing new performance appraisal procedures which are expected to be implemented in early 2010. Our advisors also drafted brief handbooks for enforced collection and audit managers and team leaders, outlining their roles and responsibilities and providing guidance on workload reviews and general managerial requirements.

Two Administrative Instructions related to the implementation of amended Law on Tax Administration and Procedures were signed by the Minister. These instructions provide direction and guidance with respect to a variety of tools expected to further improve TAK's capacity for administering the revenue system. These administrative instructions, largely drafted by EMSG advisors, will provide both TAK and the public with guidance on a number of new and revised processes.

Issuance of new fiscal numbers has continued this quarter. From a relatively slow start, TAK has issued over 34,000 fiscal numbers. EMSG advisors developed a reporting tool to assist in tracking progress in issuance of numbers. All Large Taxpayer Unit (LTU), VAT, regional large taxpayers, and all individuals with multiple businesses and numbers

will have been issued new fiscal numbers by the end of the year. With the delay in implementing the new SIGTAS upgrade, issuance of numbers to existing businesses will be finalized prior to the cut-over date.

Training was provided to TAK managers and Audit Team Leaders on the use of the Audit Model, which is a tool for assessing the level of audit risk for taxpayers as well as serving as an audit planning tool. Technical assistance was also provided with respect to depreciation/impairment, fictitious invoices and entities, VAT refund processing, finalization of IPA agreement procedures, and identifying the various entities involved in a taxpayer's transactions through diagramming the flow of transactions. In addition, an initial block of training was provided to Enforced Collection Team Leaders in the new procedures provided in the Administrative Instruction and Law on Tax Administration and Procedures. Additional training will be provided in 2010.

The VAT Law, Personal Income Tax and profits Tax laws were all passed by the Assembly in December. EMSG advisors have worked closely with the committee members in finalizing amendments and language. Income tax laws are to be effective from 1 January 2010 and the VAT Law to be effective from 1 July 2010. Much work will be required to draft administrative instructions and public information materials.

Further progress on upgrade of SIGTAS, the core TAK IT system, has been made during the reporting period. Specifications describing complete functionality of the upgraded system have been documented and approved by the TAK. Additional specifications are being finalized that, once implemented, will allow for direct application of payments against taxpayer accounts from the Central Bank payment system. Fine tuning of SIGTAS for TAK-specific requirements has been ongoing since mid-2009. Initial implementation of the upgraded system is scheduled for late January, 2010. Testing will begin immediately thereafter. Training will commence in January. The first declarations will be generated from the new system for active taxpayers in April, with initial capture and processing of returns scheduled for May.

An IT hosting configuration has been implemented in the TAK to facilitate e-services. The TAK intends to utilize the configuration to securely introduce electronic filing, capture of fiscal register data, a system dedicated to fiscal register coordination/management, basic data exchange, and searching of taxpayer registration data via the public TAK web site.

To enable significant scaling of TAK IT services, the MEF approved and budgeted for 8 additional full-time IT positions in the TAK. EMSG advisors have assisted with the hiring process throughout and have administered technical examinations and hands-on evaluations to approx. 70 candidates for the open positions. Thus far, candidates have been selected for 5 of the 8 positions. Additional capacity from new personnel is expected to dramatically improve operations and in-house development capability.

An IT strategic plan, one component of the TAK-wide 2010-2015 strategic plan, has been developed. The plan focuses on delivery of: 1) specific, high-value tax projects; and 2) pure technology efforts that are anticipated to provide adequate flexibility over the next several years. Some uncertainty exists with respect to international support of long-term IT efforts. The TAK IT strategic plan recognizes this and is appropriately designed.

Significant effort has been provided for development of tendering specifications (both technical/functional and contract-related) for several IT systems. The TAK intends to procure development of: 1) electronic filing; 2) a fiscal register management system; 3) the tools/technology required to transform fiscal register data; and 4) other minor IT requirements. Sufficient local capability exists in Kosovo to successfully develop and implement the desired systems.

Issues/Obstacles

New Personal and Corporate Income Tax Laws, as well as new VAT Law, were approved by the Assembly in late December. All laws will require dedicated focus on internal training and external education. Advisors will assist TAK in development of internal training plan and content in coordination with EU project (which will be responsible for most of the VAT activity); assist TAK in development of public education materials for both direct and indirect tax changes. Further assistance from other donors/EU member states with respect to the VAT issues may be necessary as a significant volume of materials (law commentary, sub -legal acts, public education materials, etc) needs to be prepared and published.

Objective 2: Stimulate Trade and Investment through Modern and Well-Implemented Commercial Laws

2.1.1 COMMERCIAL LAW

Progress / Successes against the Work Plan

In the fourth quarter of 2009, the team continued its legal training efforts aimed at improving the capacity of Kosovo's judicial and legal communities to understand and properly implement the fundamental economic and commercial laws that form a critical part of Kosovo's new legislative framework.

All Work Plan objectives in the area of commercial law training were met. Specifically, during the quarter the Legal Team successfully delivered the courses on Bankruptcy, Copyright, Competition and Foreign Investment to practicing lawyers at the Chamber of Advocates. Those courses had previously been delivered to judges and judge candidates at the Kosovo Judicial Institute (KJI).

The Legal Team also began to prepare the four remaining courses and related materials that the workplan requires to be delivered to judges and lawyers during the first five months of 2010. These final four courses will cover Property/Secured Transactions, Obligations, Expropriation and Corporate Governance. (The course on Expropriation Law was substituted for the originally planned Foreign Trade Law course at the request of the judges, who determined that an Expropriation law course would be much more relevant to the cases they are actually dealing with). During the quarter, the dates for the delivery of these four remaining courses to judges and judge candidates were set by the KJI. Immediately after the delivery of each of these courses at the KJI, they will be re-delivered to practicing lawyers at the Chamber of Advocates.

With the support of the Dean's Office of the Law Faculty of the University of Pristina, the Legal Team re-delivered five of the courses to master level students. Those courses

were delivered at the university throughout the fourth quarter and covered Trademarks, Business Organizations, Copyright, Competition, and Arbitration. Approximately 40 students attended each course. Another six courses will be delivered to those students in the first five months of 2010. The courses on Foreign Investment and Competition, for which materials have already been developed, will be delivered first; and the courses on Property/Secured Transactions, Obligations, Expropriation and Corporate Governance will follow (after their delivery at the KJI and the Chamber of Advocates).

Furthermore, the institutionalization at the KJI of the training methodology developed by the project as well as the specific training courses that have been developed so far is now highly advanced, and the KJI is requiring judges and judge candidates to attend these courses. In addition, with the recent promulgation of the Law on Advocates, which requires continuing legal education for advocates, the Chamber of Advocates has undertaken to include the courses developed by the project in its mandatory continuing legal education and certification program.

The project will meet with the new USAID funded SEAD project during the next quarter with the expectation of passing all current training material and methodology over to them to ensure KJI has continuity in approach thereby enhancing institutionalization.

In addition to its formal legal training activities described above, during the quarter the Legal Team continued to assist with the development of a modern legislative framework governing commercial, economic and public administration matters. In particular, the advisors continued to provide key assistance to the Assembly in reviewing the new draft Law on Mines and Minerals. At the request of an advisor in the Prime Minister's Office, the Legal Team also began work on the development of a lengthy annex to its draft Special Chamber law. The annex sets forth the procedures to be followed by the Special Chamber. Additional modifications were also made to new draft Law on the Reorganization of SOE's.

In addition to the above, the Legal Team continued to provide legislative/legal advice and assistance, when needed, in a number of other areas to the Privatization Agency of Kosovo (PAK), the Ministry of Economy and Finance, other project advisors, the Government and the US Embassy. In particular, the Legal team provided key assistance to the Government and the Minister of Finance in ensuring that the necessary legal steps were taken to achieve the declaration of a 200 million euro dividend by PTK.

Issues/Obstacles

With respect to the draft law on the Special Chamber, the adoption of which we view as necessary to facilitating the work of the PAK, it will be necessary to obtain the support of the Minister of Justice in order to ensure that that draft law is approved by the Government and submitted to the Assembly. We expect the ICO - and possibly EULEX – to again become involved in the process.

We also point out that a recent “clarification” issued by the SRSG to the Special Chamber emphasizes a point made in the last quarterly report: that there is a major potential systemic risk to the legislative framework of Kosovo, as EULEX judges, who are now present on a number of courts of Kosovo, may decide that they cannot apply any law promulgated since mid-2008. Again, this potential problem, if it comes to

fruition, will create an enormous amount of legal uncertainty in Kosovo with the predictable attendant substantial negative impact on the economy.

Objective 3: Privatize or Commercialize POEs

3.1.1 PUBLIC PRIVATE PARTNERSHIPS

Progress / Successes against the Work Plan

Supported by USAID, Kosovo's multi-sector Public-Private-Partnerships (PPP) program continued to make significant progress through the fourth quarter of 2009. Building upon the recent successful creation of both the legal and institutional framework for PPP, the Government of Kosovo successfully launched an international public tender for the country's first PPP, a pilot project in the form of a twenty-year Design-Build-Finance-Operate-Transfer agreement for the operation and expansion of Pristina International Airport. The project will require the Private Partner to invest approximately €100 million in new airport infrastructure facilities and is expected to generate some €400 million in revenues for the Government over the life of the project.

After undertaking a formal review of qualifications of potential bidders, in November the Government of Kosovo publicly announced that three qualified bidders are eligible to compete in the tender for this project. The Bidders are all international companies or consortia of companies, with financial strength and extensive experience in airport operations and infrastructure concessions, including the following:

Company or Consortium Members	Nationality	Total Equity / Liquidity
1. Fraport IC ICTAS	Turkish German	/ €916 million / €420 million
2. Bouygues Construction / Egis Projects/ Eurokoha (local Kosovo company)	French Kosovar	/ €751 million / €95 million
3. Limak Group / Aéroport de Lyon	Turkish French	/ €597 million / €109 million

The request for proposals tender dossier, together with the draft PPP Agreement, was issued to qualified bidders in December, 2009. The deadline for the submission of proposals is scheduled for March 31, 2010.

To date, EMSG advisors have played a crucial role in ensuring the successful execution of this project, acting as a key advisor to the Ministerial Project Steering Committee and Project Implementation Unit; training, capacity building, and assisting the GOK in understanding the implications of complex decisions relating to this project; and acting as a broker which interfaces with the transaction advisor, potential bidders, and other stakeholders.

USAID also supported the aviation sector in other critical areas, such as (i) assisting the Kosovo Civil Aviation Authority on the development of an economic regulatory model for airports (approved in the fourth quarter of 2009), (ii) supporting the Ministry of Transport and Communications to draft ECAA-compliant secondary legislation relating charter flights which was promulgated in the fourth quarter of 2009, and (iii) preparing a draft law and organizational structure for the creation of an independent Air Navigation Services

Agency in Kosovo (expected to go for the approval of the Assembly in the first quarter of 2010).

PPP work during the fourth quarter also focused on identifying potential PPP projects and undertaking pre-feasibility studies in order to develop the multi-sector PPP project pipeline. After evaluation and prioritization, the PPP project pipeline will help set the parameters for a multi-year PPP work plan.

Prefeasibility studies were undertaken by USAID-sponsored experts for priority projects in multiple sectors including transport, energy, education, health, environmental infrastructure, and municipal works. While not all projects were deemed to meet value-for-money criteria, potential PPP projects were identified in the transport sector (e.g., rail airport link, highway infrastructure, multi-modal terminals), education sector (e.g., school infrastructure, research facilities), energy sector (e.g., generation, city heating), environmental sector (e.g., solid waste collection / recycling, landfill management), and municipal sector (e.g., public buildings, parking facilities, municipal works). Due to municipal elections during the quarter, additional pre-feasibility studies are still required relating to the municipal PPP pipeline.

Prioritization criteria were also established to assist the PPP Inter-ministerial Steering Committee in allocating resources and developing a strategic multi-year work plan for Kosovo's PPP program. Likewise, with USAID assistance, standardized procedures for the review and approval of PPP projects were developed and efforts began to integrate PPP into the multi-year budget process.

Capacity-building continued during the quarter, with training being imparted to government personnel and others on multiple topics, including the Airport PPP, PPP contract governance structures, risk mitigation strategies, etc. Amongst others, educational outreach sessions were provided at the American University of Kosovo (AUK) to both students and mid-career professionals.

Issues/Obstacles

In light of the growing emphasis on PPP throughout the country, there is concern regarding the paucity of resources that have been allocated in the Government Budget to the PPP Unit and the PPP Program. Currently the budget does not provide sufficient resources to meet the Government's upcoming PPP obligations. The Government must invest in the PPP program if it hopes for it to be successful and sustainable, as PPP projects involve commitments that must be met by the government, such as contract governance and oversight, training of public officials, etc.

There is likewise increasing concern that the Government may not be fully prepared to assume its responsibilities deriving from the Airport PPP, particularly with regard to contract governance. The Government must take measures to establish, fund, and train a Project Management Unit in the very near future.

Although the central PPP Unit is now functioning, considerations should be given to increasing the PPP Unit staff, as well as establishing Satellite PPP Units for project development in certain key ministries. The PPP-ISC also needs to designate a duly qualified director of the PPP Unit whose experience and management expertise will help generate public confidence in the PPP program.

Poor procurement precedents continue to create doubts over Kosovo's credibility as a contracting authority, thereby threatening its ability to attract serious investors into PPP.

Objective 4: Assist Kosovo's Energy Sector to Become More Efficient, Transparent, and Modern

4.1.1 ENERGY

Progress / Successes against the Work Plan

The EMSG project is assisting government in understanding the various potential transaction structures and strategic options available for proceeding with attracting private investment into the supply and distribution network of the energy sector. While this task was originally intended to also include privatization of both Kosovo B generating units, the recent inclusion of these two facilities into the planned New Kosovo tender has altered this task order assignment in a way that is still evolving.

However, the Contractor's mandate still remains clear from one perspective—that the EMSG Team will strongly assist the Government of Kosovo to achieve a successful sale of these two generating assets while at the same time strongly support the New Kosovo tender process by working closely with PricewaterhouseCoopers (PwC), Hunton & Williams, and their designated Project Implementation Unit (PIU) to achieve a successful transaction on the generation side as well.

As a result, it would appear that the Contractor's role is gradually morphing into one of serving as the independent privatization advisor for the Government of Kosovo for both planned privatization transactions in the electricity sector. Early evidence of this emerging trend is that the EMSG Energy Team has been invited by the Minister of Energy and Mining to participate in joint planning meetings that have already been set between the EMSG Team and PwC commencing in early January 2010.

At the request of USAID, Deloitte met with senior IFC officials in Washington, D.C. on October 1, 2009, and convinced IFC to agree to serve as the Privatization Transaction Advisor for the privatization of KEK's distribution assets and supply functions. Subsequent highly productive discussions were conducted between IFC and the MEF during the annual IMF/World Bank meetings in Istanbul. The MEF formally engaged IFC as the transaction advisor for KEK's distribution assets and supply functions on November 13, 2009.

The EMSG Energy Team and IFC have been worked closely throughout November and December to develop a proposed transaction schedule with early emphasis on market soundings with potential strategic investors, development of a strategic options paper, selection of stringent pre-qualifications criteria, and development of a pre-qualification package on a fast track basis to run in parallel with the New Kosovo/Kosovo B transaction. Moreover, close coordination with IFC is being facilitated and further enhanced by the fact that the IFC transaction advisory team works in the EMSG Energy Team office alongside the EMSG Energy Team and PIU staff whenever they are in Pristina.

The EMSG Energy Team assisted the MEF in preparing required tenders under the Public Procurement Law. The evaluation of responses received resulted in 4 out of the 7 offered positions being filled and formal establishment of the PIU on December 7, 2009. In this regard, the PIU presently has two PR/Communications staff, a Finance specialist, and a Business/Technical staff member engaged and on board. Pending positions include a Project Manager, Legal, and Administrative support staff members. PIU staff members are presently aligned with EMSG Energy Team counterparts according to areas of expertise and are seated together to facilitate training and capacity building efforts.

The Prime Minister officially launched the Privatization Committee (PC) for KEK's distribution assets and supply functions on December 7, 2009. The Minister of Economy and Finance addressed the mandate of the PC and introduced project governance requirements (Bylaws and Declaration of Impartiality and Confidentiality) to be abided by all members. IFC presented its initial thoughts on the proposed transaction, timeline, and sequencing with the combined New Kosovo and Kosovo B transaction.

The EMSG Energy Team undertook a legal and regulatory review of the existing legal, regulatory, and institutional framework of Kosovo in preparation for supporting the privatization of KEK's distribution assets and supply functions. In this regard, the team worked closely with other USAID contractors including AEAI, Pierce Atwood, and PA Consulting. A coordinated review of all proposed revisions to existing energy sector laws was led by the EMSG Energy Team and completed just before the Christmas holiday period.

The EMSG Energy Team also developed a risk mitigation matrix for this proposed transaction. In addition, the team is in the final stages of developing a tariff impact model to test various risk mitigation and proposed transaction strategies to determine the most cost-effective approach to this proposed transaction from the perspective of impacts on tariffs over time.

The EMSG Energy Team in concert with IFC transaction advisory staff have been developing an optimal transaction structure for review and approval of the PIU, MEF, and the PC. In addition, the team has been working closely with IFC to prepare a draft Strategic Options Paper for review and approval by the Government of Kosovo before proceeding further with this proposed transaction.

Issues/Obstacles

Outstanding issues and obstacles confronting the Team at this point in time include the following:

- Need to Complete PIU Staffing (Project Manager, Legal, Administrative Support)
- Lack of clear resolution and direction regarding support for the privatization of all existing KEK generating assets including all Kosovo A and B units.
- Lack of a clear understanding with World Bank regarding the ultimate use of the limited Partial Risk Guarantee available to the Government of Kosovo for these transactions

4.1.2 MINISTRY OF MINES AND ENERGY - MINING

Progress / Successes against the Work Plan

The Government of Kosovo, through the MEM, has now embraced the concept concerning the revitalization of Trepca. This quarter, our mining advisor had many meetings with the head of Strategic planning in MEM where the issues and challenges concerning moving forward with Trepca have been presented in full detail. Our concept of a debtor led restructuring project is now considered by the Ministry to be the most appealing choice, and the Ministry is drawing up plans to implement such an approach. This is a significant move forward from the previously adopted approach of maintaining the status quo (pending further developments at the Special of the Supreme Court), and creates an opportunity to guide the implementation of a professional restructuring program. It is notable that the arbitration program concerning the concentrate sales dispute continues to progress at the ICA (the International Court of Arbitration) in Zurich. Trepca has been instructed by UNMIK not to take part in these proceedings, and therefore it seems likely that the case against Trepca North for the failure to honor a concentrate sales contract will be awarded in favor of the plaintiff and this may well precipitate the stripping away of the moratorium, and either the sliding of Trepca into liquidation – or the immediate appointment of an Administrator by the Special Chamber.

The draft strategy of the MEM has been developed further with the addition of an implementation plan for each of the strategic objectives. Our advisor has been assisting with this plan by guiding the ministry toward approaches that will encourage international private investment.

We continue to meet and work with the staff and directors of the Independent Commission for Mines and Minerals (ICMM) to assist them with their relationships with the private sector. The two foreign exploration companies active in Kosovo at present continue to undertake early stage exploration work for lead, zinc, silver and gold. The Ferronickeli nickel mining and smelting operation looked set to move to care and maintenance, however, with our guidance, the ICMM gave the company a grace period on the royalty payments to be repaid 12 months later. The operations at Ferronickeli have emerged successfully from the deep downturn in commodities, and as nickel prices are recovering, look set to repay the royalties withheld earlier than anticipated. We continue to work closely with ICMM, and the Ferronickeli management to ensure an equitable treatment of the company during the difficult times and to ensure that the enterprise could continue to employ 1000 workers and continue production at about breakeven levels. It is notable that Nickel operations in Macedonia suffered significant layoffs during this time.

Our advisor has developed a first draft of the study to look at the economics of the significant private sector mining opportunity that is created by the fully drilled out lignite reserve in the Dukajini basin. This, at this early stage looks as if the orebody could support a standalone mine for exported product to Macedonia, Greece and Serbia using the rail system which is already in place. One of the interesting observations that makes this deposit more valuable is that the stripping (the removal of waste overburden) in about a third of the deposit area is very low because it outcrops on surface. The original thinking in ore bodies such as this was to maximize the orebody utilization, but with fossil fuels becoming less favorable, it seems unlikely that the known reserves in Kosovo will be fully exploited. If this is the case, then there is an opportunity to exploit a smaller

reserve at a significantly reduced cost. Mining jobs (including for minorities who live close by) would likely total around 1,000 direct work places and typically this produces another 2,000 indirect jobs. If export royalties were hiked to our recommendation of 4 Euros a ton, the direct benefit to the KCB would likely be 40 million a year. Other spin off benefits include a significant boost to an envisioned railway PPP. Discussion with large companies involved in the industry indicates that there is considerable interest in this deposit, with the proviso that some long term guarantee of revenue stream from sales could be achieved.

Issues/Obstacles

The lack of availability of decision makers causes significant delays to policy development and implementation.

Problems Encountered, Status and Proposed Solutions

Objective	Problem/Issue	Mitigation Plan	Status
1.1 Intergovernmental	The grants financing foreseen in the 2010 Budget for three new municipalities is provisional only and requires adjustments at the beginning of the fiscal year in order to secure adequate financing for education and health services in accordance with the LLGF provisions.	Reconciliation of information, including collection of necessary statistics, underpinning the determination of grants. Grants Commission decision validating adjustments in grants financing	To be addressed in January-February 2010
1.1 Budget	Structure of Budget Department not conducive to further reform efforts.	Proposal currently before Minister for interim steps to implement new structure.	To be addressed in January-February 2010
1.1 Property Tax	Municipalities refuse to deliver property tax bills and enforce collections due to local elections	Drafted amendment that obligates municipalities to mail bills 30 days before each installment	To be presented to Kosovo Assembly in January 2010
1.1 Tax	E-Filing contract could not be finalized for 2009 budget funding, thus delaying implementation of e-filing until mid-2010.	Ensure that TAK properly budgets for e-filing in 2010 and a contract is issued that will meet the technical requirements for the project.	Raised with Minister and Tax Budget to be funded in 2010.
1.1 POE	Lack of understanding of POE Board responsibilities; capacity and resourcing in POE	Develop key guides to understanding POE Board role. Use as Training guides. Raise resource issues	Key Guides produced, training to be undertaken first quarter. Director

	Department	with Director/Minister.	aware of resource issues. To be raised with Minister.
3.1 PPP	PPP Unit requires further resources and personnel to meet expanding responsibilities	Work with PPP-ISC and Minister of Finance to better define work plan and resource requirements	TORs for additional staff have been prepared and issue has been raised with Minister.
3.1 PPP	PPP-ISC must define project priorities and integrated multi-sector work plan	Work with PPP-ISC to prioritize potential projects and authorize pipeline.	Pipeline is being finalized and issue has been raised with Minister

Success Stories

Pristina International Airport - Pre-qualification of 3 international consortia and the launch of the RFP and contract for the first major infrastructure Public-Private-Partnership in Kosovo's history.

Tax Administration - Audit risk assessment model successfully established in SharePoint and is now available to all regional offices. Security and network issues were resolved allowing the model to be available on-line to all regional offices. This real time matrix model identifies taxpayers with highest risk, as well as identifying the issues that caused the elevated risk. The audit model will be used both as a tool for identifying risky taxpayer as well as a tool for identifying the specific issues to be audited, thus improving the process for planning individual audits. Current risk identification is available only for legal entities, but the tool is also useful for all types of entities as it also provides a quick review of all returns submitted by the taxpayer for the past three years. It also contains other useful information such as Customs import and export data for each taxpayer.

Decentralization – December saw the Certification of thirty Municipalities and seven Regional Hospitals for the Delegation of Expenditure Management. These Budget Organizations are now independently executing expenditures and will be accountable for performance under the scrutiny of the Auditor General. Decentralization of payments and enhanced capacity in budget organizations will enable Treasury to close its regional payment offices.

Intergovernmental - During the period November – December, the Budgets for three new municipalities were prepared by the newly elected municipal authorities in accordance with budget development procedures and standards and consolidated within the 2010 Kosovo Consolidated Budget. Four representatives of Local Governments, including minority communities, were appointed to serve on the Grants Commission during 2010 in accordance with the LLGF requirements.

Budget - 2010-12 Budget endorsed by IMF as “proving a solid basis for enhancing medium term fiscal sustainability and tackling broad based budget reform”.

Major Upcoming Activities

Objective	Upcoming Activity	Counterpart(s)	Planned Dates
1.1 Intergovernmental	Delivery of budget training for officials from the newly established three municipalities	Municipal Budget Department Municipalities Gracanica, Ranilug, and Killokot	January - February
1.1 Property Tax	Resurvey performed in all municipalities	MFE Property Tax Dept; Municipalities; Survey Companies	Beginning Jan 2010, continuing through Sept 2010
1.1 Treasury	SKAAK PFM Certification ceremony (media)	Minister of Finance, SKAAK, USAID	March 9 11am
3.1 Airport PPP	Pre-Bid Conference	PPP-ISC; PIU; Transaction Advisor; Qualified Bidders	January 27-29
3.1 Airport PPP	Deadline for Submission of Proposals	PPP-ISC; PIU; Transaction Advisor; Qualified Bidders	March 31
3.1 Airport PPP	Contract Award / Signed PPP Agreement	PPP-ISC; Qualified Bidders	April / May 2010