



Potential Application of the EU's Staged Accession Model in Kosovo

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Introduction

Kosovo is a potential candidate for membership in the European Union (EU) as it formally submitted its application in December 2022. Compared to the rest of the Western Balkans, its European perspective is particularly clouded due to the lack of a comprehensive legally binding agreement with Serbia on normalisation of relations, as well as a result of refusal of five EU Member States (MS) to recognize the country as an independent state. Because of this situation, relations between Kosovo and the EU remain within the confines of constructive ambiguity and are unable to be made more plausible than a 'European perspective' for Kosovo. Although the Stabilisation and Association Agreement (SAA) entered into force in April 2016, it is an EU-only agreement with a clear position that deeper ties between Kosovo and the EU depend on 'objective circumstances' – which is crucially taken to mean when Kosovo is recognized by all EU MS. In this context, the EU institutions, and particularly the European Commission (EC), have often had to resort to improvisation in order to promote European integration for Kosovo. As political ambiguity limits the scope of engagement and fosters an asymmetry in the way the EU treats Kosovo compared to the rest of countries of the region, it becomes the main stumbling block in the EU's approach towards Kosovo.

The purpose of this paper is to examine potential alternatives with respect to the implementation of enlargement policy on the part of the EU and towards Kosovo. In this context, the paper analyses the application of the Staged accession model (the Model) in the case of Kosovo and how it might unlock its European integration potential. This paper is organized into five main sections, opening by discussing the overall shortcomings and challenges of the EU's current approach to enlargement vis-à-vis Kosovo. The third section of this paper focuses concretely on the potential of the Model and what it would mean in practice for Kosovo by examining the two key challenges. The fourth section provides a map of the stakeholders and focuses on who would support and who would be sceptical of the Model, while the fifth section concludes the paper with detailed discussion of its practical implementation in the case of Kosovo.

Identifying the Drawbacks of the EU's Overall Approach to Enlargement

Conclusion of a comprehensive legally binding agreement on the normalisation of relations between Kosovo and Serbia is a conditio sine qua non not only for turning a new page in the EU – Kosovo relations but also for solidifying regional stability and fostering regional co-operation and good-neighbourly relations in all Western Balkans countries' EU path.

Although the EU is facilitating a process of dialogue between Belgrade and Pristina to normalize their relations since 2011 (Brussels Dialogue), progress has remained rather limited. This is mainly because of the opposing positions of the two parties on the essence of a comprehensive normalisation agreement: Kosovo demands it to be centred on mutual recognition of statehood, while Serbia rejects any form of recognition of Kosovo's statehood. The lack of notable progress can be attributed to the complexity of domestic politics, manifested with weak political consensus on the need for compromise on the core issue for a comprehensive normalisation – in addition to a poor record of implementation to a large degree by Kosovo and Serbia – of the existing agreements from the Brussels Dialogue. This not only undermines EU's ability to assist in

resolving bilateral disputes between accession countries in its courtyard – which effectively have no prospect of membership without resolving them – but also damages the credibility of Kosovo's EU perspective as a whole. Facing such constraints, Kosovo is more than often tempted to look towards other actors, such as the United States, for support to resolving bilateral disputes with Serbia.

Another major drawback in the EU's approach towards Kosovo has been the visa liberalisation process, which has greatly increased the disillusionment with the EU among Kosovan citizens. Kosovars, for a long time, were the only ones in the Western Balkans that did not enjoy visa-free travel in the Schengen, however this has [changed only recently](#). The exemption from the visa requirement for Kosovo passport holder will be applied from the start date for the operation of the European Travel Information and Authorisation System (ETIAS) and in any case no later than 1 January 2024. Originally, in 2016 the European Commission (EC) recommended visa liberalisation for Kosovo, and in 2018 it confirmed that all conditions were fulfilled and the European Parliament (EP) voted in an overwhelming majority in support of visa liberalisation for Kosovo the same year. The visa liberalization process became a thorny issue in Kosovo-EU relations and was negatively impacting the public perceptions of the EU as well as its credibility. In fact, [64% of citizens](#) consider it a discriminatory move by EU MSs based on prejudice. This adequately illustrates that the current process is all but merit-based, thus weakening both the domestic commitment towards reforms as well as the capacity of the EU to push for reforms.

While through the visa liberalization process for Kosovo the EU managed to push for important domestic reforms, more is needed for genuine progress, especially in the rule of law sector and regional cooperation.

The inconsistency of the EU and the vagueness of European perspective render its current approach towards Kosovo unsustainable in the long run. In other words, from Kosovo's perspective, lack of recognition by Serbia and the five EU non-recognizing MSs prevents Kosovo from progressing further in the accession process to the status of a candidate country negotiating membership. Therefore, these two stumbling blocks effectively prevent the unfolding of EU accession conditionality in all areas of governance that would enable the development and consolidation of a democratic system based on rule of law, fully in line with EU standards, to take place. Given these political constraints, the EC has seemingly reached the limit of what it can do with Kosovo as a potential candidate country to implement EU accession reforms. Lack of EU leverage may also increase resistance within Kosovo to these reforms. First signs of this new situation have emerged, as public institutions become less compliant with EU's recommendations on key areas based on the latest reports by the Commission and OECD/SIGMA, such as public administration reform, while potential public criticism from the EU towards the government is no longer viewed as relevant. Ultimately, lack of a credible perspective for EU membership as the main incentive undermines both the reform process in itself and the strong societal consensus in support of EU accession because, given EU's current approach, even if the country meets the benchmarks and fulfils the conditions it may never be allowed to become a MS.

Enter Staged Accession Model: Addressing Risks and Embracing Opportunities

The reformed enlargement methodology (REM) [adopted by the EU in 2020](#), had limited impact, both in terms of deliverables on fundamental reforms, as well as having a more dynamic and predictable process. For instance, Kosovo's preparedness has not improved across the clusters, as EU's assessments in the country reports for the last three years are to a large degree similar. Recognising the importance of operationalising the REM, the Staged accession model builds upon it and inserts stronger dynamism and predictability into the accession process, while maintaining a strong focus on reforms. The Model does this by keeping the clusterisation of chapters as well as the enhanced reversibility mechanism which simplifies the procedure for implementing it. In addition to this, it provides a clearer and more tangible roadmap for progress from one stage to the other, while enhancing the credibility of the process as it also advances institutional, political, and financial integration of the EU and the Western Balkans.

The Model has the potential to unlock the status quo and inject some clarity and optimism into the European integration process for Kosovo and strengthen the EU's transformative power. This is because it provides for stronger political commitment and a clearer hierarchy of the process, with a focus on reforms and norms. It allows governments on both sides and the public to understand better where the country stands in the accession process and what is required to make further progress from one stage to another. This can help the public appreciate the relevance of key issues for Kosovo to progress and empower civil society to demand results in rule of law as well as normalization dialogue. In this sense, understanding the practical implementation of the Staged accession model in a national context is important. Therefore, in order to test the Model's value in the case of Kosovo, the following analyses whether and to what extent it can assist Kosovo in solving its key issues.

Normalisation of Relations with Serbia

Eleven years into the normalisation dialogue have yielded over 30 agreements between Kosovo and Serbia, yet they have not resolved the fundamental difference preventing the full normalisation of relations between them – their opposing positions on the comprehensive agreement. The 2022 Commission’s country reports share the same assessment for both countries on the normalisation dialogue, namely that they “*remained engaged*” in it, adding that the EU expects them to “*engage more constructively in the negotiations on the legally-binding normalisation agreement*”. In other words, *no progress* towards this agreement was made over the last annual period, meaning that the dialogue remains on an *early stage* towards its conclusion. This shows that, in the short run, another four assessment scales need to be passed to reach the *very good progress* scale, and that, on the long run, another five assessment scales have to be passed until Kosovo and Serbia reach full compliance, after *well advanced* scale, with the political criterion of good neighbourly relations.

The issues of normalisation of relations between Kosovo and Serbia is complex and the Staged accession model perhaps cannot directly address the issue, but the potential is there. First, it could help make it clearer by facilitating a process whereby the EU would reach a consensus among all MSs on what exactly the substance of this agreement should be and what is the timeframe to reach it. Second, it could strengthen its position and leverage to induce compliance by both countries. Third, it could help the EU apply both positive and negative conditionality to Kosovo and Serbia in a symmetrical and balanced way.

Carrots from the accession process have been quintessential in the past to move both parties closer to compromise, such as in 2013 when the ‘First Agreement of Principles Governing the Normalisation of Relations’ led to an SAA for Kosovo and accession negotiations began with Serbia. However, in recent years EU’s ability to utilize accession carrots to facilitate compromise has diminished because of a lack of consensus among MSs to come up with and stick to a timeframe within which all Western Balkans countries could become members. In other words, once the carrots became less apparent for both parties, the normalization dialogue became a protracted process with limited progress. Accordingly, the Staged accession model overcomes this significant barrier in the normalisation process as parties would have a very clear idea of where their constructive engagement would lead to in a short- and medium-term perspective.

EU’s Five Non-recognizers

The EU does not formally recognize Kosovo’s statehood and maintains a ‘status-neutral’ position towards the country, which has created the most significant challenge to the EU’s scope of engagement with Kosovo. This is because of the position of five of its MSs (Cyprus, Greece, Slovakia, Romania and Spain) to not recognize Kosovo as an independent state. This has pushed Kosovo and the EU to conclude an ‘EU only’¹ SAA and challenges Kosovo’s formal application for membership, which is a precondition to obtaining the candidate country status and commencement of membership negotiations. Some of the five non-recognizers have hinted that they will consider changing their position if Kosovo and Serbia conclude a legally-binding comprehensive agreement on nor-

¹ Prior to the Lisbon Treaty of 2007 other SAA agreement reached with other countries of the Western Balkans had to be adopted by national parliaments of EU member States. With the entry into force of the Lisbon Treaty the EU was able to sign SAA agreements, however, they are a bit different, as they do not address policy areas considered to be a prerogative of member States.

malisation of their relations, yet it is not a commitment by all of them.² It is unlikely that the Model will provide a clear solution when it comes to the issue of non-recognition by these MSs or that it will have a significant direct impact on their position. This is because it will not change the formal, legal rules and conditions for a state to start membership negotiations and decision-making procedure on this from unanimity to qualified majority, because this is established by the Lisbon Treaty. It will also not directly influence the underlying reasons of their position vis-à-vis Kosovo's statehood – their domestic political circumstances having to do with their minorities.

However, given that all EU MSs seem to be sharing the political will to admit all Western Balkans countries into the EU, conclusion of the comprehensive, legally binding agreement on normalisation of relations between Kosovo and Serbia is likely to eventually convince the non-recognizers to change their position in favour of recognition of Kosovo's statehood. At the end of the day, EU membership of all Western Balkans countries is a critical national security interest of each individual current MS and of the EU as a whole, especially given the ongoing Russian aggression against Ukraine, in order to close off the room for influence and security interference of competing non-Western powers such as Russia and China through their 'sharp power'. At least this is the least pessimistic expectation broadly shared in Kosovo. To this end, the Staged accession model could help in two directions. On the one hand, it could enhance EU's leverage over Kosovo and Serbia towards this agreement and thus fully normalise relations between them. On the other hand, it could serve as a consensus-building platform for the non-recognizers to constructively engage with Kosovo, since the Model would allow Kosovo to access EU institutions and advance dialogue between Kosovo and non-recognizers.

Who joins the EU first?

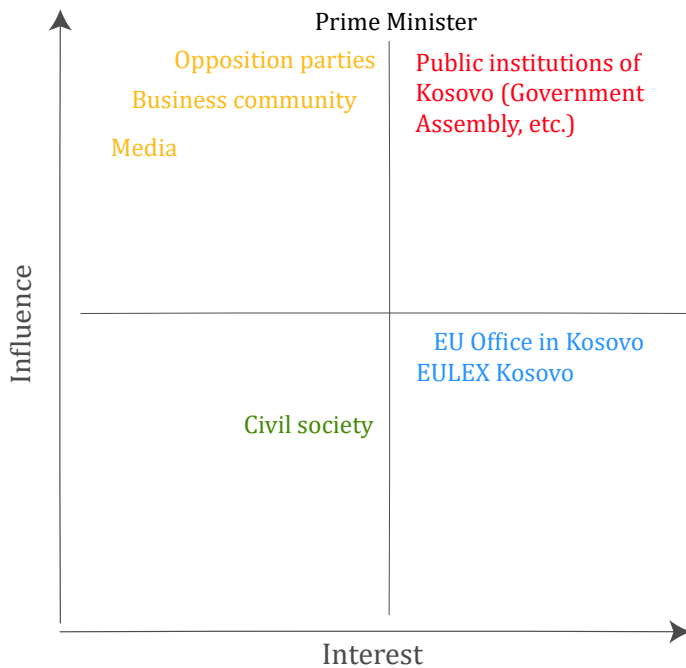
The primary concern in Kosovo, among government and non-government stakeholders alike, is the plausibility of Serbia joining the EU before Kosovo, even in the case of a comprehensive normalisation of relations including formal recognition of Kosovo's statehood by Serbia. In this context, the main issue, as viewed from Kosovo, is how Serbia as a new MS would behave towards Kosovo and what would that mean for the overall scope of engagement and conditionality policy of the EU towards Kosovo. Such concerns have been recently exacerbated by Bulgaria's veto against commencement of membership negotiations between the EU and North Macedonia. The existence of this concern is thus unsurprising, particularly as Serbia is still considered to be a "frontrunner" in the accession process, alongside Montenegro, whereas Kosovo is still at the very end of the queue. However, the Model provides a potential to address it.

Although from Kosovo's standpoint the best-case scenario would be *en-bloc* accession, whereby WB6 join the EU at the same time, the analysis shows that the Model nevertheless could address many important political concerns of Kosovo. Noting the political and societal costs of any potential vetoing of Kosovo's advancement on its path to the EU by Serbia as a future member state, the Model's biggest added value lies in the fact it directly addresses this matter. Based on the Staged accession model even if the regional frontrunners join the EU before others as new member states (Stage III), their veto rights in the EU Council would be suspended for a notable period of time, and therefore new MS would have no opportunity to misuse the process against the interests of their neighbours still in the accession process. Therefore, the Model would create a window of opportunity for Kosovo to join on its own merit.

² The positions towards Kosovo among the five non-recognizers differs. Spain is considered to have the fiercest opposition towards Kosovo's independence. In 2018 Spanish Prime Minister Mariano Rajoy did not attend the EU-Western Balkans Summit as a result of the presence of Kosovo, but in 2020 Prime Minister Pedro Sánchez did attend the virtual summit, albeit under the condition that national symbols would not be displayed. On the other hand, the approach of Greece towards Kosovo is in stark difference to that of Spain. Interactions at the high political level between Greece and Kosovo have increased in the recent period, while in 2021 Kosovo's Economic and Commercial Affairs Office in Athens was upgraded to an Office of Interests, in order to include a political component on top of promoting economic cooperation. Having in mind that Miroslav Lajčák is the EU Special Representative for the Belgrade-Pristina Dialogue, it stands to reason that Slovakia can potentially respond positively and change approach if Kosovo and Serbia reach an agreement on normalisation of relations. Romania and Cyprus have been less active on Kosovo issue.

Stakeholder Mapping

Figure 1: Stakeholder Matrix



This section discusses and speculates the potential positions³ of different state and non-state actors in Kosovo with respect to the Model, based on public statements and activities of the respective actors. The overall assessment in this section is optimistic about the reception of the Model in Kosovo because the model provides more clarity, compared to reformed enlargement methodology, of the accession path, which for Kosovo is a substantial incentive. This section is generally optimistic, because the positions of the stakeholders vis-à-vis the EU and the accession process is overall positive. While in the recent period the government in Kosovo has been rather unpredictable, this has been largely limited with respect to the process of the normalization of relations and EU's role, otherwise commitment towards the EU integration remains, at least in the discourse strong.

Accordingly, within the Government of Kosovo the Office of the Prime Minister, which includes the structures responsible to coordinate the European integration process, and in general the Government is the primary stakeholder who has high influence and would most likely have high interest in the Staged Accession model. They would welcome the clarity Staged accession model provides in terms of where Kosovo stands, and what it needs to do to progress from one stage to the other. In this aspect, the civil service, would arguably be in better position to formulate the necessary reform measures to the political level to help improve the level of preparedness of Kosovo in the respective clusters. The President and the National Assembly, though less powerful, are nevertheless highly relevant stakeholders. In the Office of the President there is since 2012 a National Council for European Integration established to foster national consensus on the European integration process; however, it has not been consistently functioning since. The Staged accession

³ The **influence** reflects the ability of the actor to stop or change the primary direction and approve the Model entirely. The more influential they are, the more likely they will have the ability to “make or break” the Model. These are actors that affect the Model. The **interest** describes the size of overlap between stakeholders and the Model's aims – how engaged the stakeholder needs to become vis-à-vis the outcomes of the Model. In other words, it should highlight the actor/institution that is expected to have an interest in terms of operationalising the Model (not necessarily presenting whether the stakeholder had already in the past expressed interest or endorsed the Model). These are actors that are affected by the Model or whose work would be affected by it.

model would arguably provide a better role for the national council for European integration, as in the current situation the perception is that the accession process is very complex, and there is often confusion among the policy-makers and the general public where progress – in a more tangible manner – is required for Kosovo to move forward. In order for the government to actively support the Staged accession model, it is important that the issue of Kosovo's position in the accession process is clear and emphasized, as well as how the Model would not grant the privilege of veto power to new member states and thus encourage internal EU reforms.

The normalisation dialogue, which has been identified as a major issue for Kosovo, is structured into 'political' (leaders) and 'technical' levels (negotiating teams), and the process is managed and led by the Prime Minister and the First Deputy Prime Minister, respectively. In this context the EU Office in Kosovo and the EULEX Kosovo are important stakeholders as they influence public perceptions and narratives. The Staged accession model would most likely be welcomed by both, as it would improve EU's credible engagement with Kosovo. The Model would also enable the EU Office in Kosovo to elaborate better its position vis-à-vis the shortcomings hindering Kosovo's progress in the accession process.

All current opposition political parties in Kosovo, are strongly in favour of the European integration process because they all have previously served in the government in different positions, it is highly unlikely that they would oppose the Staged accession model, provided it is framed as an opportunity to unblock European perspective for Kosovo (see section 3). In 2015, when the SAA was signed, the government in Kosovo was led by the LDK⁴-PDK⁵ coalition, which are currently the main opposition parties in the Kosovo Assembly. Furthermore, the Model would provide the opposition with a clear understanding of where the country stands in the integration process, and therefore is an opportunity for opposition to develop more coherent policy alternative and strengthen scrutiny over government's work. However, there is also the potential that high political polarisation in Kosovo can lead to opposition parties misusing the Model to showcase it as a failure of the government, given that Kosovo will be on Stage I. although this might not be likely due to the fact that most, if not all, WB countries would largely be in the same position when starting to implement the Staged accession model.

In addition, because the Model provides clarity over the manner in which the country can progress from one stage to the other, with a strong focus on reforms, based on the score the country is required to achieve to progress, civil society should also be considered as an important potential stakeholder in favour of this model. They are mainly interested in being involved in supporting the design, implementation and monitoring of legislation, policies and institutional development efforts required in the reform process throughout the EU accession process and afterwards. In the context of the Staged accession model specifically, the phase-in component is the most beneficial for all civil society actors because it will give them the opportunity to network and learn from their peers within the EU. This will, in turn, also benefit public institutions because such peer learning will better prepare these actors to comply with rules and standards within the EU in various areas and to promote it. Another objective of their involvement in this reform process is to ensure accountability and transparency of public institutions in charge. More specifically, in areas under political criteria, many non-government organisations are interested in reforms to create an enabling environment for civil society and media, but also in the area of fundamental human rights and freedoms and public administration reform.

Trade unions are interested in improving working conditions and standards for workers and those for their protection, including minimal wages and health and safety at work. Business associations are interested in many areas affecting enterprises and the business environment, such as taxation, economic policies, internal market, and many others.

4 Democratic League of Kosovo (LDK)

5 Democratic Party of Kosovo (PDK)

Though media in Kosovo are considered to have high influence and interest in promoting the EU integration process, it is unlikely that they would become an immediate partner in support of the Staged accession model as they will most likely amplify concerns over what that would mean in the context of Kosovo-Serbia relations. Although media play a vital role in shaping public debate, their interests and positions in some cases contradict EU positions on some issues within the normalisation dialogue, especially on those that are highly controversial in the relations between the two countries, such as the implementation of the 2013 agreement on the establishment of a community/association of Serb-majority municipalities.

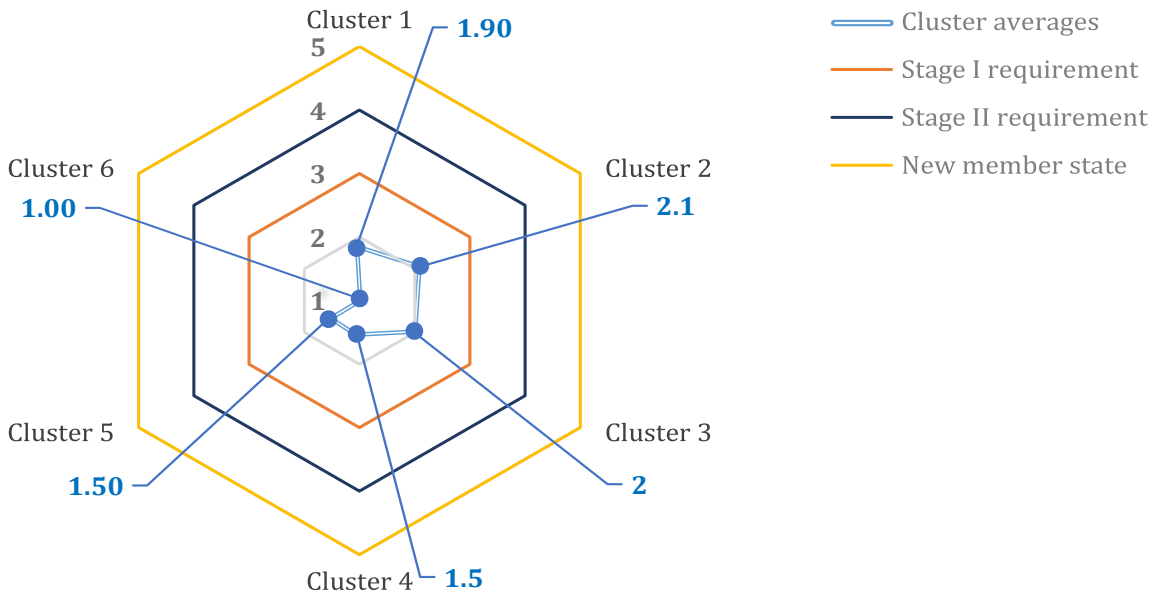
On this issue, most civil society organisations oppose the EU and are in line with the position of the current Government, which is a concerning indicator for the potential for the civil society to undermine its critical agency by increasingly embracing positions that are viewed as rather nation-alistic. However, civil society organizations have also expressed frustration with the government's stagnation in implementing the EU accession reforms. The Staged accession model also provides a potential resolution to the concerns of the civil society in Kosovo that fear that the normalization dialogue with Serbia is treated by the EU as far more important compared to domestic democratisation and good governance. The Staged accession model would provide much needed clarity for civil society on the concrete policy that require improvement in order for the country to progress.

The fourth important stakeholder in Kosovo that would most likely strongly support the Staged accession model is the business community. In addition to administrative and competitiveness-related trade barriers, businesses still suffer from red tape and other administrative burdens in doing business with the rest of the region and the EU. When the SAA was signed in 2015 it was strongly welcomed by the business community, and this shows that they would welcome a change in the status quo in Kosovo's European perspective. Business associations were among the first ones welcoming the SAA as it opened new trade opportunities and allowed Kosovo to further open up its economy to the rest of Europe, including the non-recognisers. Thus, given that businesses have much to benefit from further political and economic stabilisation and integration of Kosovo with the region and the EU, they would welcome changes to overcome the stalemate in Kosovo's EU membership perspective. Although their influence in general in Kosovo is very high, including national on decision-making processes, their interests might be low due to lack of capacities. Business community in Kosovo is largely seen as lacking investments in human capital to better understand and utilize benefits of the accession process.

Towards Practical Application

The value of the Staged Accession model lies in the fact it can be swiftly and efficiently utilised as a framework necessary for understanding how far the country in question has gone on its path to the EU. At the same time, this uncovers what exactly needs to be done in terms of reforms. The Commission's 2022 country report on Kosovo, which has assessed the level of preparedness for membership and the progress during the last annual reporting period in all chapters with the exception of Chapter 31, on foreign, security and defence policy, shows that the progress so far compared to the final result – EU membership – is rather slow. Therefore, the level of preparedness in most areas is assessed to be at an early stage.

Chart 1. Applying the Model to Kosovo



Kosovo scores an average of 1.67 (on a scale from 1 to 5) across the six clusters (including three subareas in Cluster 1), compared to the average rating of 3 for clusters (with minimum rating of 3 for Cluster 1) proposed for entry into Stage I. In other words, it is still between an early stage and some level of preparation for EU membership. Of the 31 chapters, Kosovo is at an early stage of preparation in 11 of them, has some level of preparation in 15 chapters, and it is moderately prepared in five chapters. Based on the Staged accession model, in order for Kosovo to enter stage I, it needs to make significant improvements in Cluster 4 (Green Agenda and Sustainable Connectivity), Cluster 5 (Resources, Agriculture and Cohesion) and Cluster 6 (External Relations) in order to move from early stage of preparation (1) to moderately prepared (3) and make progress in Cluster 1 (Fundamentals of the Accession Process) Cluster 2 (Internal Market) and Cluster 3 (Competitiveness and Inclusive Growth) in order to move from some level of preparation (2) to moderately prepared (3).

Table 1 Kosovo’s assessment of preparedness for EU membership based on EC’s 2022 country report

Cluster	Rating	
1. Fundamentals	1.9	Early stage of preparation
2. Internal Market	2.1	Some level of preparation
3. Competitiveness and inclusive growth	2	Some level of preparation
4. Green agenda and sustainable connectivity	1.5	Early stage of preparation
5. Resources, agriculture and cohesion	1.5	Early stage of preparation
6. External relations	1	Early stage of preparation
Average:	1.67	

In order for Kosovo to qualify for the ‘initial accession’ stage under the Model, it needs to improve its ratings across the six clusters, but especially in cluster 1, on the Fundamentals, which requires a minimum *moderate* preparation, or a rating of 3, while Kosovo currently has an average of 1.9 rating on this cluster. Concerning **Cluster 1**, Kosovo is at an early stage of preparation (1.5) in chapters 23 and 24, has some level of preparation in chapters 18 and 32 (2), while in Chapter 5 it is almost moderately prepared (2.5).

In order to increase the level of preparedness in **Chapter 5**, public procurement, Kosovo needs, among other actions and measures, to ensure that the Procurement Review Body is fully operational and independent; monitor the compliance of the public procurement code of ethics, as well as increase capacities of the Central Procurement Agency. In **Chapter 18**, statistics, Kosovo has made some progress, but in order to improve the rating from some level of preparation to moderately prepared it needs to increase the number of statistical products and their transmission to Eurostat; improve statistical governance and coordination between statistical institutions; as well as intensify preparation for the next census.

With respect to **Chapter 32**, financial control, in order to improve from some level of preparation to moderately prepared, Kosovo needs to start with implementation of the new public finance management strategy (covering 2022-2026); improve managerial accountability through alignment of special laws with the overarching Law on the Organisation and Functioning of the State Administration and Independent Agencies, as well as ensure systematic and timely implementation of external audit recommendations.

With regard to the rule of law chapters in Cluster 1, Chapter 23, judiciary and fundamental rights, and Chapter 24, justice, freedom and security, present the most significant challenge for Kosovo to improve the level of preparedness. The 2022 assessment shows that the country is at an early stage/some level of preparation (1.5) in both chapters, while the ‘to do list’ is extensive. In **Chapter 23** Kosovo needs, among other actions and measures, to improve the integrity and professionalism in its justice system, including the asset declaration system, disciplinary proceedings, performance evaluations, etc.; effectively implement the rule of law strategy and action plan; as well as reduce the backlog of cases. In order to improve the level of preparedness in **Chapter 24**, Kosovo needs, among other actions and measures, to strengthen the capacity of the Special Prosecution Office to investigate and prosecute high-profile organised crime cases, as well as establish a Joint Threat Assessment Centre, including a threat level grading system on terrorism and related link. The country report provides sub-sections for both chapters that contain more detailed recommendations, such as in order to improve the fight against corruption in Chapter 23, Kosovo needs to increase capacities of the Corruption Prevention Agency; strengthen the efficiency of confiscation regime; strengthen law enforcement-prosecution cooperation and implement the new legislation on political party financing, etc.

With respect to **functioning of democratic institutions**, Kosovo can be considered moderately prepared with an overall score of 2.75⁶. The EC’s 2022 Kosovo Report gives a generally positive assessment, especially on the conduct of elections and civil society, which also are assessed positively by other sources such as **Freedom House**. On elections, Kosovo needs to improve women’s political participation and implement recommendations of EU observation missions, especially on procedural shortcomings; polarised political atmosphere has undermined effectiveness of the work of the Assembly and its decision-making process; on governance, Kosovo needs to improve political consensus and cross-party support for reforms and decentralize the decision-making process by delegating more responsibilities to line ministries; the government needs to improve engagement with the civil society and increase transparency.

⁶ This score is calculated using a special formula that incorporated the assessment of the Freedom House Nations in Transit report, for National Democratic Governance (3), Electoral Process (3.5), Civil Society (4.5) and Local Democratic Governance (3.5). Since the scores of the Freedom House report are presented on a scale of 1-7, the mean score for the political criteria area was calculated by adjusting the scores to a scale of 1-5 using the following formula: $x_5 = (x_7 - 1)(4/6) + 1$

Concerning **public administration reform**, Kosovo remains at some level of preparation (2), having made limited progress over the last year. Key concerns in this area include delays in implementation of the Law on Public Officials in accordance with a ruling by the Constitutional Court, which has negatively affected the organisation and accountability of public administration; more practical concerns are related to classification and systematization of positions in the civil service; reduction of administrative burden; rationalisation of independent bodies and executive agencies, etc. In this area Kosovo has adopted the necessary policies to address shortcomings; however, there is weak political will and leadership to push for implementation of the necessary reforms.

Finally, on **economic criteria**, the report assesses that Kosovo is at the early stage (1) in both areas: existence of a functioning market economy, and capacity to cope with competitive pressure and market forces within the Union. Among others, the EU recommends to focus on the following key reforms in the former: mitigating the impact of adverse shocks of the post-pandemic crisis by well-targeted support measures, as needed, and returning to the deficit ceiling of 2% of GDP in the medium term; preparing a review of the social security system; improving the quality of public spending by reforming the public wage system and addressing bottlenecks in the management of capital investment; implementing business environment measures, in particular through administrative burden reduction and implementation of laws on inspection and electronic identification.

With respect to **Cluster 2** on Internal Market, Kosovo is moderately prepared concerning the right of establishment and freedom to provide services and financial services, while it has some level of preparation on free movement of goods, freedom of movement of workers, freedom of movement of capital, company law, intellectual property law, competition policy. It is at an early stage of preparation on consumer and health protection. In 2022, Kosovo made some progress across the chapters in cluster 2, besides Chapter 28 where limited progress is noted. To improve its level of preparedness, Kosovo needs to further align its national legislation with *acquis*, *inter alia*, by amending the law on consumer protection and increase awareness on consumers' rights and traders' obligations, particularly regarding online buying, as well as further align company law and legislation on corporate accounting and statutory audit.

In regard to **Cluster 3** on Competitiveness and Inclusive Growth, Kosovo has is moderately prepared on economic and monetary policy, enterprise and industrial policy and customs union, and has some level of preparation concerning digital transformation and media, taxation. Kosovo's level of preparation is at an early stage concerning education and culture, science and research, and social policy and employment. Kosovo must make substantial progress concerning science and research where limited progress is noted by the EU. Kosovo should, among others, implement the Youth Guarantee Implementation Plan, to support youth employment, adopt the new Labour Law in line with relevant EU *acquis*, prioritise and increasing budget for research especially on European Research Area priorities, as well as increase participation in the Horizon Europe EU Programme.

Concerning **Cluster 4** on Green Agenda and Sustainable Connectivity, Kosovo has some level of preparation regarding energy and trans-European networks and is at an early stage on transport policy as well as environment and climate change. Key challenges are noted in energy as well as environment and climate change, where limited progress is made. In order to improve its level of preparedness, among others, Kosovo needs to continue the environmental upgrade of the "Kosovo B" thermal power-plant and decommissioning of the non-working parts of "Kosovo A", adopt the law on renewable energy sources and introduce a competitive bidding process for renewable energy projects in compliance with state aid legislation.

As for **Cluster 5** on Resources, Agriculture, and Cohesion, Kosovo has some level of preparation on agriculture and rural development as well as food safety, veterinary, and phytosanitary policy, whereas it is at an early stage with respect to fisheries as well as regional policy and coordination of structural instruments. No progress was noted by the EU on fisheries and limited progress on agriculture. To improve its level of preparedness Kosovo needs to take extensive measures in or-

der to further align the national legislation with the *acquis*, as well as improve policy implementation in this thematic cluster. Among others, Kosovo should further align its market policy with EU *acquis* and establish an inventory of fish species, adopt the Agriculture Land Law, and secure the means and resources required for effective operation of the Food Control and Traceability Management System and of the Laboratory Information Management System.

Lastly, concerning **Cluster 6** on External Relations, Kosovo is at an early stage of preparation with limited progress. There is no assessment on foreign, security and defence policy for Kosovo in the framework of this cluster. Kosovo's performance in this cluster is very low compared to other thematic clusters, accordingly major actions are required by the government. In order to improve the level of preparedness, Kosovo needs to, among others, remove remaining unjustified trade restrictions; implement commitments under the Common Regional Market Action Plan 2021-2024; ratify and implement CEFTA Additional Protocol 5 on trade facilitation and Additional Protocol 6 on trade in services as soon as possible; and finalise the negotiations on, and adopt, the Additional Protocol 7 on dispute settlement.

The analysis of the most relevant benchmarks in all clusters and chapters within them showed that Kosovo faces particular hurdles to break the *status quo* and progress into the initial stage of accession. In addition to the need to improve the level of preparedness in all clusters, but especially in cluster 1, there are even more difficult political challenges that hinder country's progress in the EU integration process. As the presentation of the assessment of the latest EC report on preparedness to join the EU showed, Kosovo is on average at an early stage of preparation (1.67), slightly better prepared than Bosnia and Herzegovina but behind the other four Western Balkans countries. Of the 33 negotiation chapters the accession countries are assessed on at this stage, Kosovo is assessed in 31 of them. It has achieved some level of preparation in over half of all chapters (17), is at an early stage in nine of them, and is moderately prepared in five chapters.

Conclusion

Given the state of play and challenges analysed in this policy brief, Kosovo needs to work in two directions in order to improve its preparedness required for the rollout of the Staged accession model. On the one hand, in order to progress towards better levels of preparedness, it needs to deliver key reforms required by the EU, which are rather difficult and politically costly. Speaking in numbers, the Commission's 2022 report has listed over 130 specific reforms that Kosovo needs to focus on over the next annual period before the next report is issued in October 2023. More than half of them, over 50, fall in the cluster 1, about another 50 in clusters 2 and 3, and the rest in clusters 4, 5 and 6. In accordance with the Model's approach, if the respective reforms are implemented by the government, Kosovo would arguably enjoy a greater level of institutional integration with the EU as well as receiver increased funding already during the accession process instead of waiting for additional benefits to come only upon the completion of the entire process. This shows how the Staged accession model would provide a higher focus on reforms and establish a more predictable process of accession.

In addition to implementing specific reforms and overcoming political barriers, Kosovo also needs to focus on increasing awareness and capacities of public institutions on the Staged accession model and how can the country benefit the best out of it in all clusters and chapters. Civil society organisations, media, businesses, trade unions and other stakeholders also need to increase their awareness so as to increase their involvement in supporting this process on both the political and reform fronts. Civil society and media need to focus in particular on strengthening public accountability of political decision-makers and public institutions over this reform process, as well as on supporting where they can to better respond to reform demands and public awareness. All stakeholders need to work together to strategically utilize the Model to speed up integration and convergence with the EU in all areas.

Annex - The overall state of preparedness of Kosovo across the chapters of the acquis

Cluster	Chapter	Chapter title	Rating	Description
II	1.	Free Movement of Goods	2.0	Some progress, but further measures are necessary, such as approval of a new law on general product safety and implementation of European Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)
II	2.	Free Movement of Workers	2.0	Some progress, but Kosovo needs to make progress in concluding new bilateral agreements on social security with EU Member States.
II	3.	Right of Establishment and Freedom to Provide Services	3.0	Some progress, such as by establishing Point of Single Contact, but Kosovo needs to deliver on EU's recommendations from previous reports, such as to align with the EU acquis on mutual recognition of professional qualifications
II	4.	Free Movement of Capital	2.0	Some progress, but more is required in the alignment of the Kosovo legal framework with the acquis and fight economic and financial crime.
I	5.	Public Procurement	2.5	Limited progress, as further alignment of the laws with the EU acquis is needed as well as functionalization of key institutional mechanisms, such as Procurement Review Body. Also, Kosovo needs to improve implementation of the existing laws.
II	6.	Company Law	2.0	Some progress, with the adoption of the Corporate Governance Code, in line with OECD principles, but further alignment is necessary.
II	7.	Intellectual Property Law	2.0	Some progress, but further alignment of the secondary legislation is needed, and improving capacities and functionality of the existing mechanism to enforce legislation.
II	8.	Competition Policy	2.0	Some progress, but adoption of new legislation is necessary as well as further alignment. State aid schemes are not aligned with EU state aid rules.
II	9.	Financial Services	3.0	Some progress, but challenges with implementation, such as Solvency II measures and Basel III framework
III	10.	Information Society and Media	2.0	Some progress, but further alignment is needed with EU's Toolbox for 5G cybersecurity. And revising the legislation on independent media commission and align
V	11.	Agriculture and Rural Development	2.0	Limited progress, with major challenges in implementation of spatial planning legislation and the loss of agricultural land.

Cluster	Chapter	Chapter title	Rating	Description
V	12.	Food Safety, Veterinary and Phytosanitary Policy	2.0	Some progress, but issues with implementation and capacities. Important to start operating the Food Control and Traceability Management System and the Laboratory Information Management System developed with EU support
V	13.	Fisheries	1.0	No progress at all, but as Kosovo does not have a coastline, the challenges are related with poor administrative capacities of government in this area, and lack of market policy and data collection in line with the EU acquis
IV	14.	Transport Policy	1.0	Some progress, but more is required to improve existing infrastructure; adoption of policies, such as ITS-intelligent transport system and align with EU rail market acquis.
IV	15.	Energy	2.0	Limited progress, and major challenges, especially in promoting renewable energy, efficiency and environmental upgrade of the thermal power plant Kosovo B. No progress on opening retail market.
III	16.	Taxation	2.0	Some progress, but further alignment is necessary especially of the personal income tax and value added tax. Kosovo also needs to improve data quality and exchange across the institutional framework.
III	17.	Economic and Monetary Policy	3.0	Some progress, particularly with respect to transmission of data to Eurostat, but weak capacities of the government on financial statistics are a challenge. Also, further alignment of economic policy with the EU Directive is necessary.
I	18.	Statistics	2.0	Some progress, however, Kosovo needs to increase the number of statistical products and transmission to Eurostat. Major challenge for Kosovo will be implementation of the next population census, originally planned for 2021.
III	19.	Social Policy and Employment	1.0	Some progress, including preparations for implementation of Youth Guarantee, but Kosovo needs to approve a new Law on Labour, and further alignment is necessary, such as on health and safety at work. Also, important to address discrimination against women in employment process.
III	20.	Enterprise and Industrial Policy	3.0	Some progress, but Kosovo needs to improve capacities of the respective public institutions in this area, including that of Ministry of Industry, Entrepreneurship, and Trade. SMEs also lack easily accessible and affordable credit, which hampers their growth.

Cluster	Chapter	Chapter title	Rating	Description
IV	21.	Trans-European Networks	2.0	Some progress, but more progress is required to implement connectivity projects and develop capacities of regulatory authorities. After EU provided additional financing, Kosovo needs to secure the remaining funds to complete the remaining segment of 'Peace Highway' (route 7) that connects with Merdare crossing point.
V	22.	Regional Policy and Coordination of Structural Instruments	1.0	Stagnation. Kosovo is yet to establish the institutional framework for management of EU funds. The government needs to improve capacities across IPA structures as well as improve the single project pipeline. The draft Law on Regional Development will divide Kosovo into seven regions at NUTS III level.
I	23.	Judiciary and Fundamental Rights	1.5	Overall limited progress, and in the long list of homework to improve rule of law, Kosovo needs to strengthen integrity and performance evaluation, as well as reduce backlog of cases in the judiciary. More political will and resources are needed to improve the track record against corruption. Corruption remains a major challenge for Kosovo.
I	24.	Justice, Freedom and Security	1.5	Overall, some progress, but limited progress when it comes to the fight against organised crime. Need to improve capacities of the Special Prosecution Office. With only one conviction in 2021, more results are required in the fight against money laundering and terrorist financing
III	25.	Science and Research	1.0	Limited progress, as Kosovo lacks a strategic approach and prioritisation of this area. More efforts are necessary to increase participation in Horizon Europe programme.
III	26.	Education and Culture	1.0	Some progress, but the overall assessment is very negative for this sector. Kosovo needs to improve quality (especially of textbooks), infrastructure as well as increase support for vocational education. Digitalisation of schools will be a major challenge. Meetings of the Implementation and Monitoring Council need to resume, which is a key platform between Kosovo government and the Serbian Orthodox Church.
IV	27.	Environment	1.0	Limited progress, and further alignment is necessary (i.e., on water). Key weakness is the unsustainability of the waste management system.
II	28.	Consumer and Health Protection	1.0	Limited progress, and more legislative measures by the government are necessary, such as amending the law on consumer protection.

Cluster	Chapter	Chapter title	Rating	Description
III	29.	Customs Union	3.0	Some progress, but further alignment with the EU's customs code is necessary. Informal economy and tax evasion are major challenges.
VI	30.	External Relations	1.0	Limited progress, and compared to previous assessment, there is backsliding. Kosovo needs to remove trade restrictions and implement commitment under Common Regional Market Action Plan.
VI	31.	Foreign, Security and Defence Policy	-	No assessment for Kosovo
I	32.	Financial Control	2.0	Some progress, but further measures are required to improve managerial accountability as well as implementation by the government of the recommendations from the external audit reports.
V	33.	Financial and Budgetary Provisions	-	No assessment for Kosovo



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The **National Issue Paper Series** was developed within the project “**Support for further development of the model of the Western Balkans staged accession to the European Union**” implemented by the **European Policy Centre (CEP – Belgrade)** and the **Centre for European Policy Studies (CEPS – Brussels)**. The essence of the Project has been to focus on operationalising the **Staged accession model**, co-designed by CEP Belgrade and CEPS Brussels. In order to achieve the set goal, the Project has been supporting the research and analysis needed to develop a series of 14 issue papers. **Six national issue papers** have been created on potential application of the Staged accession model in each of the Western Balkan countries, with a focus on the political and economic specificities of each WB country, the potential implementation dynamics at national level, the stakeholder analysis, as well as the analysis of opportunities and risks that should be considered in the context of the potential model application.

The national issue paper series will directly contribute to the full elaboration of **the Staged Accession Model 2.0** and showcase its application in practice in all the countries in the region.

The core project team has also counted on the valuable expertise of **prominent regional researchers**, as well as individual members of the **Think for Europe Network (TEN)**, such as the **European Policy Institute (EPI – Skopje)**, **Institute Alternative (IA – Podgorica)**, and **Foreign Policy Initiative Bosnia and Herzegovina (FPI BH – Sarajevo)**.

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