

NORMAN PATERSON SCHOOL OF INTERNATIONAL AFFAIRS



The Fragility of Kosovo

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ACRONYMS & ABRIVATIONS	
ACA	Anti-Corruption Agency
BOD5	Biochemical Oxygen Demand
CIA	Central Intelligence Agency
COE	Council of Europe
CO2	Carbon Dioxide
CPI	Corruption Perception Index
CPIA	Country Policy and Institutional Assessment
ECA	European Central Asia
EU	European Union
ENU	Europol National Unit
EU	European Union
EULEX	European Union Rule of Law Mission in Kosovo
EUR	Euro
FDFA	Switzerland's Federal Department of Foreign Affairs
FDI	Foreign Direct Investment
FM	Foreign Minister
GDP	Gross Domestic Product
HDI	Human Development Index
IMF	International Monetary Fund
KFOR	Kosovo Force
KLA	Kosovo Liberation Army
KSA	Kosovo Statistics Agency
KSF	Kosovo Security Force
LDK	Democratic League of Kosovo
MP	Member of Parliament
MT	Metric Tons
NATO	North Atlantic Treaty Organization
NDI	National Democratic Institute
NGO	Non-governmental Organization
OSCE	Organization for Security and Co-operation Europe
OOP	Out-of-Pocket
PDK	Democratic Party of Kosovo
PM	Prime Minister
PM2.5	Particle Matter 2.5
PPP	Purchasing Power Parity
RAE	Roma, Ashkali, and Egyptian
RSC	Regional Street Crime
SAEK	Support to Anti-Corruption Efforts in Kosovo
SAP	Stabilization Action Plan
SIU	Special Intervention Unit
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNMIK	United Nations Mission in Kosovo
UNSC	United Nations Security Council
USA	United States of America
USAID	United States Agency for International Development
USD	United States Dollar
WBDI	World Bank Development Indicators
WGI	World Governance Index
WHO	World Health Organization

Executive Summary:

At present, Kosovo is experiencing a legitimacy and capacity issue in its state of affairs due to systemic isomorphic mimicry. It is trapped in a feedback loop, fostering ineffective governance, decreasing international recognition, and weak service delivery from its institutions. The primary fragility drivers are governance and economy, whereas the secondary fragility drivers are security and crime, human development, demography, and environment. The primary fragility drivers contribute to three main risks that are weakening its state capacity and legitimacy: informal economy, the rule of law, and service delivery. In addition to its issues with international recognition, Kosovo's internal performance has been mostly stagnant across all indicators, but a recent change in the government has seen a decrease in its governance and political stability with the rise of PM Albin Kurti. This policy brief analyzes the historical context, internal and external stakeholders, Kosovo's fragility, and its risk factors to determine scenarios for the next 12 months (December 2019 to December 2020). The objective is to revitalize Kosovo's appeal to the EU by providing policy recommendations that are entry points towards addressing Kosovo's main fragility risks: an informal economy, the rule of law, and their service delivery. At the end of the document, three recommendations aim to assist Kosovo in improving its structure as a state and move towards the best-case scenario: non-partisan accountability measures, tax and custom enforcement, and security reform in criminal enforcement.

Methodology:

This report uses quantitative and qualitative methods to identify and analyze the most up-to-date information about Kosovo. The quantitative data is extracted from primary research that includes, but is not limited to, the WB, the UN, the OECD, the European Commission, Trading Economics, and government agencies. The analysis of quantitative data looks at trends from 2008 – the start of its independence – to the most recent available data in order to draw a meaningful assessment of how Kosovo is progressing. The quantitative data is used to determine the performance of Kosovo through a cluster analysis of fragility indicators as set out by Carleton University's Country Indicators for Foreign Policy (CIFP): governance, security and crime, economy, human development, environment, and demography. The qualitative method is employed to find linkages between available data and reports on state performance and find other destabilizing factors in the country's development, as well as to substitute for missing data. Qualitative research includes, but is not limited to, reports from the European Commission, UNDP, USAID, news reports, statements from foreign ministries, and investigative journals. These six CIFP indicators are used to determine primary and secondary drivers of fragility. Based on the analysis, the CIFP's model of Authority, Legitimacy and Capacity (ALC) is used to determine Kosovo's structural fragility and the key fragility risks that must be taken into consideration.

End User:

This policy brief is presented to the European Union's (EU) office in Kosovo and Europol National Unit (ENU). The EU has been present in Kosovo since 1999. It has established reforms in Kosovo through the European Union's Rule of Law Mission (EULUX), as well as the Stabilization and Association Process (SAP) to ensure stability in the Western Balkans. The EU has been the lead-broker and advocate for the Pristina-Belgrade dialogue and has been working with various state agencies in the state-building effort.¹ Due to Kosovo's goal to join the EU, the policy recommendations listed below encourage the EU to provide assistance to the Government of Kosovo in dealing with corruption, governance, and security reforms.

History of Fragility in Kosovo

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15 JUN 1389:	Battle of Kosovo	Kosovo is considered to be the birthplace of Serbia.
29 SEPT 1918:	Serbia controls Kosovo	Serbia regains Kosovo after the collapse of the Ottoman Empire and following Bulgarian control during WWI.
31 JAN 1946:	Kosovo's autonomy	Kosovo as an Autonomous Region of the Former Yugoslavia
21 FEB 1974:	Kosovo's autonomy	Kosovo as an Autonomous Province of the Former Yugoslavia Kosovar Albanians work towards greater self-determination.
5 MAR 1998-10 JUN 1999:	Serbia-Kosovo War	President of Serbia Slobodan Milošević attempted to retain the former Yugoslavia while Albania Kosovars pushed for independence. The KLA was formed and began engaging in skirmishes with Serbian officials. These tensions erupted into ethnic conflict. UNSC Resolution 1244 established UNMIK.
15-18 MAR 2004:	Mitrovica Crisis	The largest outburst of violence since the end of the war, causing 14 deaths and hundreds of injured.
17 FEB 2008:	Kosovo Independence	To date, only 108 member states of the United Nations recognize Kosovo independence.
25 JUL 2011-19APR 2013:	North Kosovo Crisis	Kosovo police attempted to enter the municipalities of north Kosovo and take control of the borders without consulting KFOR, EULEX or Serbia causing a political crisis. Resulted in the 2013 Brussels Agreement giving more autonomy to the northern municipalities.
16 JAN 2018:	Oliver Ivanovic Assassination	Ivanovic was a Kosovo Serb politician who advocated for Serbian recognition of Kosovo independence.
19 JUL 2019:	PM Called to the Hague	Former Prime Minister Ramush Haradinaj resigned before being called to the Hague to testify about war crimes during the Serbia-Kosovo War. He, along with a number of other Kosovo elites, has ties linked to the Drenica group of the KLA. The EULEX has ruled against two cases connected directly to the Drenica group.
6 OCT 2019:	Elections	Albin Kurti of the Vetëvendosje party earned a minority vote, but have not formed a coalition with LDK yet. Vetëvendosje is a self-determination party that opposes foreign involvement and privatization because they view it as a source of corruption. PM Kurti also has ties to the KLA.

Stakeholder Analysis

Refer to Annex 1 for secondary stakeholders.

RELATIONS WITH KOSOVO	
POSITIVE	A country, institution, and/or organization is in steadfast support.
NEUTRAL	A country, institution, and/or organization does not have a bias.
NEGATIVE	A country, institution, and/or organization experiences bilateral irritants.
MIXED	A country, institution, and/or organization has developed its own agenda.

PRIMARY EXTERNAL STAKEHOLDERS	
SERBIA (Negative)	Serbia strongly condemns the declaration of independence by Kosovo in 2008. ² Serbia views Kosovo as illegitimate and has helped in funding Kosovo's North Mitrovica and political party Srpska Lista on the basis of protecting ethnic Serbs. ³ They continue to condemn human rights violations of minority Serbs in Kosovo, including their right to use their language. ⁴ Serbia's goal is to keep half of the UN from recognizing Kosovo's independence. ⁵ Serbia and Kosovo have engaged in the Pristina-Belgrade peace-talks since 2013, but progress is slow on normalization.
USA (Positive)	The USA has advocated for a long-term strategy; the USAID assists in building transparent and accountable institutions, diversifying economic growth, and enhancing security cooperation. ⁶ The U.S. envoy Richard Grenell has been supporting the EU-led Pristina-Belgrade peace talks. ⁷ The U.S. continues to support Kosovo's path to the Euro-Atlantic. ⁸
ALBANIA (Positive)	Albania strongly supports Kosovo by advocating for Kosovo to become a member of the COE and UNESCO. ⁹ Albania and Kosovo continue to work together to recognize Serbia as a state of genocide. ¹⁰ They have also signed an agreement to collaborate on Albanian and Kosovar foreign policies, including joint embassies. ¹¹
UNMIK (Neutral)	The UNMIK, through the UNSC Resolution 1244, supports a high level of diplomacy, institution building, inter-community trust building, and peace and stability in Kosovo. ¹² The UNMIK calls on Kosovo authorities to respect the rule of law after UN staff were detained in North Kosovo in May 2019. ¹³ They have also expressed concern over Kosovo passing a bill in 2018 to build an army that would be in violation of the UNSC Resolution 1244. ¹⁴
NATO (Neutral)	NATO has led a peace-operating mission called KFOR since 1999. Its military presence has shrunk from 50,000 to 3,500 personnel highlighting signs of peace, stability, and internal regional cooperation. ¹⁵ However, KFOR cites that North and South Mitrovica remain challenging areas to engage. ¹⁶ NATO Secretary General Jens Stoltenberg has expressed concerns over Kosovo's decision to build the KSF into a military, and the changing engagement strategy with the KSF. ¹⁷
OSCE (Neutral)	The OSCE supports Kosovo in enhancing public safety, democratization, human rights protection, and counter terrorism. ¹⁸ It has established policing programs in conjunction with the Kosovo police to improve public safety and catch transnational threats. ¹⁹ The OSCE encourages Kosovar agencies and institutions to continue implementing anti-corruption measures.
WB (Positive)	The WB supports Kosovo and tracks its progress in economics, business environment, poverty reduction, corruption and governance, and service delivery. ²⁰ Kosovo has been a member of the WB since 2009 and the WB has an ongoing 2017-2021 development strategy focusing on private sector growth, job creation, and improving public service delivery. ²¹
IMF (Positive)	The IMF reports on Kosovo's fiscal health and macro-fiscal policies. It also supports the state and external actors in economic stabilization and state-building projects. ²²

PRIMARY INTERNAL STAKEHOLDERS	
Vetëvendosje & Prime Minister Albin Kurti (Mixed)	The Vetëvendosje party is based on Albanian nationalism and self-determination, tackling corruption, and reducing unemployment. ²³ PM Kurti is known for his call to host a referendum to unify Kosovo with Albania. ²⁴ He seeks to normalize relations with Serbia only if there is reciprocity from Serbia. ²⁵ However, tensions have risen between Vetëvendosje and the Serbian-backed Srpska Lista. Vetëvendosje chairman Fitore Pacolli noted the Srpska Lista is a party that represents the Serbian state more than the Kosovar Serbs and will not be a part of the new coalition government. ²⁶

President of Kosovo (Mixed)	Hashim Thaçi has been President of Kosovo since 2016. ²⁷ Previously, he was the Prime Minister from 2007 to 2014. He was one of the founders of the KLA, and has declared that he will appear in the Hague if he is asked to comment on his contribution to the war in 1999. ²⁸ He is not onboard with a land swap settlement between Kosovo and Serbia, citing it will bring ethnic conflict, but he welcomes the US instead of the EU to broker a deal. ²⁹
Srpska Lista (Negative)	Srpska Lista won 98% of the Kosovo-Serb vote in 2019 and won 10 reserved seats; however, it is alleged that it participated in voter intimidation and tampering. ³⁰ It receives political support from Serbia. The party claims that soon to be PM Kurti's decision to block elected Serbian MPs undermines the Kosovo constitution. In turn, the party President, Slavko Simić, will consult with Belgrade prior to working with Pristina. ³¹
Kosovar-Serbs (Negative)	Kosovar-Serbs are predominantly located in North Mitrovica. In a 2012 self-declared referendum, 99.7% of Kosovar-Serbs rejected the Kosovo government. ³² Their view towards the government has undermined state security and service delivery efforts. Tension remained high during the 2018 visit by Serbian President Aleksandar Vucic to North Kosovo, as he encouraged Kosovar-Serbs to welcome a land swap with Serbia. ³³
Kosovo Security Force (KSF) (Mixed)	The KSF was established to defend the sovereignty and territorial integrity of Kosovo through a multi-ethnic security group and with the help of KFOR. In November 2018, President Thaçi welcomed a bill to create a military of 5,000 personnel as a protection measure. ³⁴ The Lieutenant General for KSF, Rrahman Rama, served in the KLA in 1999. ³⁵
Kosovo's Oligarchs (Negative)	Kosovo's oligarchs remain at the forefront of its political landscape. For example, former President and current Foreign Minister Behgjet Pacolli is alleged to be the wealthiest man in Kosovo. ³⁶ Pacolli was a former businessman, specialized in construction contracts in Russia and Switzerland. ³⁷ Ex-party leader of Srpska Lista, Milan Radoičić, has also been linked to Kosovo's oligarchy. ³⁸ He started to do business in Serbia with Zvonko Veselinović, an alleged Kosovar Serb organized crime leader.
Kosovo's Organized Crime Groups (Negative)	The KLA allegedly remains linked to organized crime in Kosovo. Its former commanders have entered politics or operate in the black market. Serbia is another major source of organized crime, with several mafia groups controlling routes running through Kosovo and having significant power in North Kosovo. This includes former paramilitary groups such as the Arkan Tigers and powerful businessmen with close ties to politicians. ³⁹ Zvonko Veselinović is a controversial Serbian businessman in North Kosovo who has been linked to Albanian criminal groups as well as Serbian politicians. ⁴⁰ He is known for allegedly smuggling oil, drugs, and arms from Kosovo to Western Europe with the Kosovo criminal Ismet Osmani. ⁴¹
Kosovo's Police (Mixed)	The Kosovo police were established in 1999 after the war. ⁴² The police are supposed to be apolitical when investigating politicians and civilian servants. ⁴³ The police have experienced challenges to enforce and protect North Kosovo due to ethnic Serbian rejection of Kosovo's jurisdiction; and has ultimately caused tension when trying to investigate crime. For example, in May 2019 Kosovo's police force raided North Mitrovica, arresting 8 individuals, sparking tension with Serbia and Russia. ⁴⁴
Kosovo ministries & agencies (Mixed)	Several ministries are key institutions that have been engaged in state-building; the Ministry of Finance is a key player as resource allocations have been lacking in implementation of reforms. The Tax Administration of Kosovo, the Ministry of Trade and Industry, and the Business Registration Agency cooperate for tax and business regulation authority. Kosovo's Anti-Corruption Agency and National Audit Office work in conjunction to tackle issues of corruption. Socio-economic development engages several other ministries, although recent budgets lack adequate strategy.

LEVEL OF RISK	RISK INDICATORS
VERY HIGH	Expected to cause extreme damage to the national interest of Kosovo
HIGH	Expected to cause severe damage to the national interest of Kosovo
MEDIUM	Expected to cause some injury to the national interest of Kosovo
LOW	Expected to cause concern for the national interest of Kosovo

GOVERNANCE	HIGH RISK	WORSENING
INDICATOR	VALUES AND TRENDS	
Corruption Perception Index (CPI) (0 = high corruption to 100 = very clean)	2018 rating: 37 Country ranking: 93 rd out of 180 countries ⁴⁵	
Freedom of Expression Freedom House Index 2019 (0 not free to 100 highly free) (1 not to 7 highly free)	2019 ranking: 54/100 ⁴⁶ Freedom rating: 3.5/; Political Rights: 3/7; Civil Liberties: 4/7	
Government Effectiveness Worldwide Governance Indicator (WGI) ranking (0 = lowest to 100 = highest)	2018: 37.98 2013: 43.60 2008: 38.83 ⁴⁷	
Voice and Accountability Worldwide Governance Indicator (WGI) ranking (0 = lowest to 100 = highest)	2018: 39.90 2015: 41.31 2008: 36.06 ⁴⁸	
The Rule of Law Worldwide Governance Indicator (WGI) ranking (0 = lowest to 100 = highest).	2018: 40.38 2013: 35.21 2008: 34.13 ⁴⁹	
Political Stability and Violence Worldwide Governance Indicator (WGI) ranking (0 = lowest to 100 = highest)	2018: 24.29 2013: 18.01 2008: 83.65 ⁵⁰	
Personal Autonomy and Individual Rights Freedom House Index 2019 (0 = low freedoms to 16 = highly free)	2019 ranking: 7/16 ⁵¹ Freedom of movement: 2/4 Right to own property without interference of the state: 1/4 Do laws and policies bring equal treatment to all: 2/4	
Freedom of Media World Press Freedom Index (1 = free to 180 = suppressed)	2019: 75 ⁵² 2018: 82 2016: 9	
ASSESSMENT	Kosovo's political stability and governance is declining. In the aftermath of PM Kurti's election in October 2019, the elected Serb politicians from the Srpska Lista party have been blocked from entering the parliament. The recent events indicate Kosovo's increasing political instability. If PM Kurti and the Srpska Lista cannot create a political resolution, Kosovo could be pushed into a snap election. Additionally, weak reforms imposed by the EULEX have seen corruption only slightly reduced, but a significantly large public sector remains a key issue for Kosovo's governance. However, strained relations with Kosovo and Serbia remain at the forefront of Kosovo's efforts and have taken precedence over other political issues facing the country.	
RULE OF LAW	While the Kosovo Anti-Corruption Agency (ACA) has been created through the help of the EULEX to enforce anti-corruption programs, Kosovo's judicial oversight has not been fully implemented. ⁵³ The practice of rule of law has only seen a small number of investigations lead to convictions. Most notably, North Kosovo filed 74 attacks against the Kosovo state, and not one perpetrator was brought to trial. ⁵⁴	
DEMOCRACY	Kosovo has witnessed five elections in the last twelve years, ⁵⁵ signaling an ineffective government coalition. Elected PM Kurti has announced that any elected member from Srpska Lista – a pro-Serbia party – would not be part of the coalition as election results are unfair and not free. ⁵⁶ Instead, Kosovo is now consulting with the Kosovo-Serb Independent Liberal Party, which advocates for Serbia's recognition of Kosovo. ⁵⁷ Tension remains high, as Srpska Lista has challenged Kurti's violation of the Kosovo constitution that allows 10 elected ethnic Serbs to participate in parliament. ⁵⁸	

SERBIAN INFLUENCE	Srpska Lista's headquarters is in North Kosovo's Municipality of Mitrovica – a hotly contested issue, including Serbia supporting the party. ⁵⁹ Serbia will defend Srpska Lista if Kosovo blocks them out of parliament. ⁶⁰ The Serbian government makes up a fifth of Kosovo's budget and has supplied half a billion dollars in financial assistance to North Mitrovica. ⁶¹ Pristina holds limited authority and influence in the region due to North Mitrovica's failure to follow Pristina's jurisdiction. North Mitrovica's mayor, Goran Rakić, continues to welcome the proposal of joining Serbia through a land swap. ⁶²
GOVERNANCE	Even after 51% of the international community recognized Kosovo's independence in 2008, Kosovo still struggles for its freedom. ⁶³ Countries such as the Czech Republic are considering revoking its recognition, and Ghana already has. ⁶⁴ Corruption within Kosovo has established nepotism, particularly with former members of the KLA, former Prime Minister Ramush Haradinaj, and the leader of the PDK, Kadri Veseli, rising to power. With political elites in power, Kosovo has also experienced dubious qualifications and hiring processes to its public service with senior officials being appointed through partisan ties. ⁶⁵ At present, Kosovo's public sector has 70,000 employees and its high influx of employees in the public sector has the potential to neglect client-based services and merit-based hiring systems. ⁶⁶ Moreover, political elites and civil servants have immunity when serving for Kosovo, making it challenging to expel individuals who have abused power.

ECONOMY	HIGH RISK	STAGNANT	➡
INDICATOR	VALUES AND TRENDS		
GDP per capita	2018: \$10104.68 (PPP) 2015: \$9161.99 2009: 7720.03 ⁶⁷		
Unemployment	Total 2019: 26.9% ⁶⁸	Male: 25.4%	
	Total 2015: 32.9%	Female: 31.6%	
	Total 2008: 47.5%	Youth: 50.6% ⁶⁹	
Inactivity rate <i>Percent of working age population not participating in the labour force</i>	Male: 42.4% Female: 80.5% Youth: 29% ⁷⁰		
Trade balance	Imports: 55% of the GDP Exports: 27% of GDP ⁷¹		
Regulatory quality (-2.5=low to +2.5=better governance)	2018: -0.28 2015: -0.30 2008: -0.01 ⁷²		
Control of corruption (-2.5=low to +2.5=better governance)	2018: -0.52 2015: -0.52 2008: -0.59 ⁷³		
Taxes <i>Low compliance rate</i>	<i>Low tax collection:</i> Tax make up 85% of government revenue but only 14% of GDP (19% below the ECA average) ⁷⁴ Prevalence in bribery of tax officers in 4 out 10 cases ⁷⁵ Rate of tax evasion: Figure 6		
Informal economy	30% of GDP ⁷⁶		
Remittances	15% of GDP ⁷⁷		
Foreign Direct Investment (FDI) (inflow as percent of GDP)	2018: 3.04% 2015: 5.33% 2008: 9.48% ⁷⁸		
ASSESSMENT	Despite Kosovo's increase in economic growth by 4%, it continues to experience economic mismanagement, resulting in the provision of goods and services to not be distributed to everyone. ⁷⁹ Kosovo's unemployment and inactivity rates are the highest in the Western Balkans region, which coincides with Kosovo having the lowest GDP per capita in the region. ⁸⁰ An underutilized labour force and infrastructure gaps are making Kosovo unattractive for business investment. A recent IMF report confirmed the significant infrastructure gaps are impeding the economic growth and private sector development. ⁸¹ Poor regulations and the prevalence of corruption exacerbate the informal economy and the rule of law.		

UNEMPLOYMENT	Unemployment rates have ranged between 20% to 30% over the years (Figure 4). ⁸² In comparison to the worst performing EU country in 2019, Greece had an unemployment rate of 18.1%. ⁸³ Youth and female unemployment are higher than the overall average – making Kosovo the worst in the region (Figure 2). The unemployment rate for people with tertiary education is rising – from 13.4% in 2013 to 22.6% in 2017 – indicating a lack of human capital policies to bridge the gaps between labour demand and training output. ⁸⁴ The combined effect of low investment in human capital for education and training, ⁸⁵ as well as infrastructure gaps in energy supply ⁸⁶ discourages large-scale business investments that could help foster job creation.
UNBALANCED ECONOMY	Kosovo's economy is largely consumption based, dependent on imports and remittances, and in need of diversification. With remittances consistently around 15% of the GDP, this growth does not seem sustainable in absence of low internal economy and production. ⁸⁷ The saturation of the economy with a low value-added service sector is linked to the large inflow of remittances with only 11% of remittances used for investment. ⁸⁸ Kosovo's service sector contributes over 50% to the gross value added but there seems to be a steady decline in sectors with export potential, such as agriculture. ⁸⁹ Considering reports of inefficiencies in farming due to the lack of mechanization and technical expertise, the decline can be partially attributed to limited investments in large-scale farming. ⁹⁰ In the goods sector, a considerable portion of the total value of exports (34.1%) is taken up by base metal making the economy vulnerable to certain commodity risks. ⁹¹ Kosovo relies heavily on a limited number of trading partners, such as the EU or Albania; ⁹² this not only weakens Kosovo's trade position, but geopolitical tension can stifle efforts to boost the economy. ⁹³
CORRUPTION & INFORMALITIES	The Regulatory Quality and Corruption Perception Index has seen a downward trend since 2008. The negative perception is further fueled by the highly active informal economy, which creates a low perception of public governance and the rule of law. ⁹⁴ The prevalence of business bribery indicates corruption is highest among custom and tax officers (Figure 7). Similarly, small-medium enterprises have reported corruption as the second biggest barrier to doing business in Kosovo, after high cost of finance. ⁹⁵ The readiness of tax evasion (Figure 6) further fuels the informal economy, creates unfair competition, and incentivizes businesses to stay small and cash-based. This may be one reason for the steady decline in FDI. This also reflects a business survey done in 2013, in which 3.3% of businesses reportedly decided against major investment due to bribery and 9.7% reported the reason as crime against businesses. ⁹⁶ Yet, Kosovo's weak capacity and administrative issues continue to lack resources and coordination efforts against corruption. ⁹⁷

SECURITY AND CRIME		HIGH RISK	STAGNANT 
INDICATOR		VALUES AND TRENDS	
Global Peace Global Peace Index 2019 (1 = extremely dangerous for human security to 163 = safe) (1 = low risk of conflict or tension to 5 = high risk)		2019: 86 2013: 92 2008: 103 ⁹⁸ Trend: From 2008 to present, criminality, access to weapons, political instability and relations with regional neighbors remain 4/5 on the risk scale.	
Global Terrorism Global Terrorism Index 2019 (1 = high relates of terrorist activity to 163 = safe)		2019: 79 2013: 60 2009: 44 ⁹⁹ Trend: Kosovo's reduction in terrorist activity, causalities and incidents has been improving since 2009.	
Military Expenditure CIA Factbook 2019 (1 = high spending on the military to 158 = low spending)		Military ranking: 130 ¹⁰⁰ 2013: 0.73% of GDP 2016: 0.77% of GDP 2018: 0.8% of GDP Trend: In 2018, Kosovo announced that it would establish the KSF as Kosovo's official military, increasing its personnel to 5,000 troops.	

Political Violence ACLED	In 2019, Kosovo experienced 96 protests. 10 of the 96 turned into violent attacks on Serbian ethnic groups, Romani groups and journalists. ¹⁰¹ Unidentified armed groups, private security forces and Albanian ethnic militants have been tied to such attacks. Kosovo's Prizreni, Freizaj, North Mitrovica, Pega and Gjilan, as well as Pristina are viewed as high risk environments for protests and political violence to occur.
Border Control	Control issue due to geography and corruption of officers. Border with Serbia disputed.
Drug and Human Trafficking	Limited control of smuggling activities, which include cigarettes, human trafficking, heroine, fuel, and construction material.
External Military Presence	KFOR (NATO and UN)
Militarization from External Neighbors	HIGH
ASSESSMENT	Kosovo's security has improved, but it still faces the proliferation of weapons, geopolitical tension with Serbia, organized crime, and political assassinations. Kosovo's uncontrolled borders with Albania, North Macedonia, Montenegro, and Serbia are behind the largest drug and human trafficking networks in the Western Balkans. Kosovo's police forces, which have been previously mired by corruption and open to bribes, continue to struggle to attain legitimate authority, with 1,095 Kosovars filing 552 complaints about police behaviour. ¹⁰² Kosovo's fight to combat drug trafficking, petty crimes, money laundering, and to improve fundamental freedoms has been challenged by the Kosovar, Serbian, and Albanian mafia groups that control Kosovo's politics and economy.
TERRITRORIAL DISPUTES	Kosovo's security and military apparatus in recent months has been on high alert. In May 2019, Kosovo's police raided North Mitrovica to investigate alleged drug smuggling. ¹⁰³ Serbia's President, Aleksandar Vučić, has placed Serbian troops along the border between Serbia and North Kosovo as a preliminary caution to protect minority-Serbs from violence. ¹⁰⁴ Serbia continues to denounce Kosovo's independence and has been engaging with other countries to revoke recognition of Kosovo's independence.
MILITARIZATION	Serbia's purchase of arms and joint-military exercises with Russia in 2019 have further destabilized the region. After Kosovo announced it would establish a military with 5,000 personnel in 2018, Serbia purchased Pantsir-S air-defense missile systems from Russia. ¹⁰⁵ Moreover, Serbia also purchased nine armed drones from China. ¹⁰⁶ Serbian Prime Minister Ana Brnabić has warned Kosovo that military intervention is possible if Kosovo establishes its own military. ¹⁰⁷ Serbia ranks the 36 th most militarized state out of 154, according to the Global Militarization index. ¹⁰⁸
ORGANIZED CRIME	Kosovo remains a safe haven for illicit activities, particularly drugs, human trafficking, and organ trafficking. Pristina has experienced human trafficking through both official and illegal entries due to its limited resources. ¹⁰⁹ Organs, drugs, and women are frequently trafficked by private clinics and fake job offers. ¹¹⁰ Political assassinations continue to occur by unidentified groups. In 2014, ethnic Serb Dimitrije Janicijević, the North Mitrovica pro-integration mayoral candidate, was assassinated. ¹¹¹ In 2018, Oliver Ivanović, a Serb politician leader was killed. ¹¹² Serbian mafia member and former Vice-President of Srpska Lista Milan Radoićić has been linked to the assassination. ¹¹³

HUMAN DEVELOPMENT		HIGH RISK	STAGNANT
INDICATOR		VALUES AND TRENDS	
Poverty rate World Bank: <i>poverty headcount at national poverty lines</i>		2017: 18% 2015: 17.6% ¹¹⁴ 2008: 29.2% ¹¹⁵	→
Access to health		Figure 1: Public health expenditure trend Figure 5: Out-of-pocket health expenditure impact on poverty	
Education <i>2015 data</i>		Mean year of schooling: 10.7 (HDI goal: 15) Expected year of school: 14.2 (HDI goal: 18) ¹¹⁶	
Literacy UNDP 2016 report		RAE adult illiteracy: 13.3% Albanian adult illiteracy: 1.6% Serbs adult illiteracy: 0% ¹¹⁷	

Gender equality rating (1=low to 6=high)	2018: 3.5 2015: 3.5 2008: 3.5 ¹¹⁸
Social protection rating (1=low to 6=high)	2018: 3.5 2015: 3.5 2008: 3.5 ¹¹⁹
Human Development Index (HDI)	0.74 ¹²⁰ * <i>Trend unavailable</i>
Inequality Index (Gini Index) (0=perfect equality to 100=perfect inequality)	2017: 29 2015: 26.5 2009: 31.8 ¹²¹
Government Effectiveness (-2.5 = low governance to +2.5 = high governance)	2018: -0.43 2015: -0.42 2008: -0.5 ¹²²
ASSESSMENT	Kosovo's low human development index is mostly driven by poor quality of education and health. Service delivery failures are exacerbating poverty gaps and socio-economic inequalities. This reflects a 2015 UNDP household survey citing unemployment, lack of economic growth, and poverty/low standards of living as the top three concerns in Kosovo. ¹²³ These findings align with a USAID report that local governments face challenges in delivering basic services, such as water, provision of birth certificates and other human development-related services. ¹²⁴ The recent budget has inadequate resources and implementation planning on key areas highlighted for the vulnerable population. ¹²⁵ Overall, Kosovo's institutional ownership, delivery on social services, budgetary commitment, and implementation efforts remain challenging. Thus, the improvements of legal and strategic frameworks have not resulted in meaningful progress in service delivery or informalities.
GENDER INEQUALITIES	Despite improvements in Kosovo's legal framework, there are reports of leniency in gender-based violence cases, and a lack of funding for victim support and tackling human trafficking. ¹²⁶ In a 2016 comparison, only 8.27% of the women's labour force have basic education compared to 52.37% of males; causing women to resort to low-wage or informal jobs that have less labour protection. ¹²⁷ Gender inequality is exacerbated by discrimination in the workplace, underrepresentation in decision-making in the government, and widespread gender-based violence. ¹²⁸ Rural women are more likely to drop out of basic education as they progress from primary to secondary schooling. ¹²⁹
ETHNIC INEQUALITIES	Although historical ethnic tensions have underscored the Albanian and Serbian dispute, Kosovo's poor service delivery seems to disproportionately impact other ethnic minorities. Access to basic education and water are especially concerning among Roma, Ashkali, and Egyptian (RAE) ethnic groups; for example, illiteracy rates are high among RAE at 13.3% compared to 1.6% Kosovo Albanians and 0% among Serbians. ¹³⁰ Among RAE, child mortality is three times higher than the national average and 15% of RAE children are malnourished causing them to be moderately or severely stunted. ¹³¹ Legal and administrative inadequacies to address property rights is a special area of concern among ethnic Serbs with 96% of claims filed by them. ¹³²
SERVICE DELIVERY INADEQUACIES	Kosovo's poor quality of education is evident through regional comparisons (Figure 3). Kosovar students consistently scored the lowest in all three areas of education competencies determining their socio-economic competitiveness. The education system lacks qualified staff, infrastructure, and updated teaching material. Labour laws are not comprehensive or readily enforced, but the informalities worsen labour conditions with almost 40% of the total labour force not aware of new laws. ¹³³ There is lack of social services, legal framework, and institutional direction to address labour and violence against children. ¹³⁴ With an inadequate and inefficient public health sector, about 20% of the population have no access to health service due to poverty ¹³⁵ as there is reliance on expensive private healthcare. ¹³⁶ In 2014, the out-of-pocket (OOP) health payment was 33.3% compared to the recommended limit of 15-20% by the WHO. ¹³⁷ The rural population is disproportionately affected where more people become poor due to OOP health payments compared to urban areas (Figure 5). Among other ECA countries, Kosovo has the highest percent of respondent who found accessing doctors difficult (Figure 14). The recent health sector strategy leaves accessibility gaps unaddressed, with no plan to improve institutional accountability, productivity, efficiency, and quality. ¹³⁸ The negative sentiments on public sector corruption and institutional failure is exacerbated with reports of public procurement inadequacies increasing medicine cost. ¹³⁹

DEMOGRAPHY		MEDIUM RISK	STAGNANT
INDICATOR		VALUES AND TRENDS	
Total Population		Figure 16 – Stagnant trend Ranging from 1,747,383 to 1,845,300 people from 2008 to 2018	➡
Life Expectancy at Birth, Total (Years)		Figure 17 – Increasing trend Ranging from 69.398 to 71.946 years from 2008 to 2017	
Population Density WBDI ¹⁴⁰		2016: 166.8 people/square km 2012: 165.8 people/square km 2008: 160.5 people/square km	
Population Growth (annual %) WBDI ¹⁴¹		2018: 0.8 2015: -1.1 2011: 0.9 2008: 0.8	
Ethnicity Central Intelligence Agency ¹⁴²		Albanian: 92.9% Bosnian: 1.6% Serbian: 1.5% *Serbian dominated regions in the north did not participate Turkish: 1.1% Ashkali: 0.9% Egyptian: 0.7% Gorani: 0.6% Romani: 0.5%	
Religion Central Intelligence Agency ¹⁴³		Islam: 95.6% Roman Catholic: 2.2% Orthodox: 1.5% *Serbians are predominantly Orthodox Other: .07% None: .07%	
Migration Asylum Applications to the EU, Total		Figure 19 – Decreasing Trend Ranging from 73,240 to 4,750 applicants from 2009 to 2018	
Migration Schengen Visa Applications, Total Schengen Visa Info ¹⁴⁴		2018: 90,840 2017: 90,475 2016: 77,796 2015: 80,173 2014: 74,285	
Internally Displaced Persons, Total Displaced by Conflict and Violence		Figure 18 – Decreasing trend From 20,000 to 16,000 people from 2009 to 2017	
ASSESSMENT		While there are certain elements of Kosovo's demography that indicate an improving trend, such as life expectancy and internally displaced persons as a result of conflict, there continues to be issues that need to be resolved. Ethnic tensions between the majority Albanian and minority Serbian populations persist. Kosovo is also suffering from a brain drain, as its 2018 net migration rate remained low at -2.6. ¹⁴⁵ This is due to poor economic performance and a lack of employment opportunity. These indicators present a medium risk that remains stagnant and are symptoms, rather than drivers of Kosovo's fragility. The rule of law is impacted by both ethnic tensions and migration, however migration also contributes to the informal economy through remittances.	
ETHNIC TENSIONS		Ethnic relations between the majority Albanian Kosovars and the minority Serbian Kosovars remains a challenge. Symbolically, Kosovo marks an important historical point in Serbia's history and is frequently cited as being the cradle of the Serbian nation. At present, the Serbian minority predominantly resides in the northern municipalities of Kosovo in Leposavić, North Mitrovica, Zvečan and Zubin Potok, but Serbian enclaves exist throughout Kosovo (Figure 8). ¹⁴⁶ Serbian opinion polls indicate that there is strong opposition to recognizing Kosovo's independence, as only 8% are willing to recognize Kosovo if it brings regional stability and accelerates development in Serbia. ¹⁴⁷	

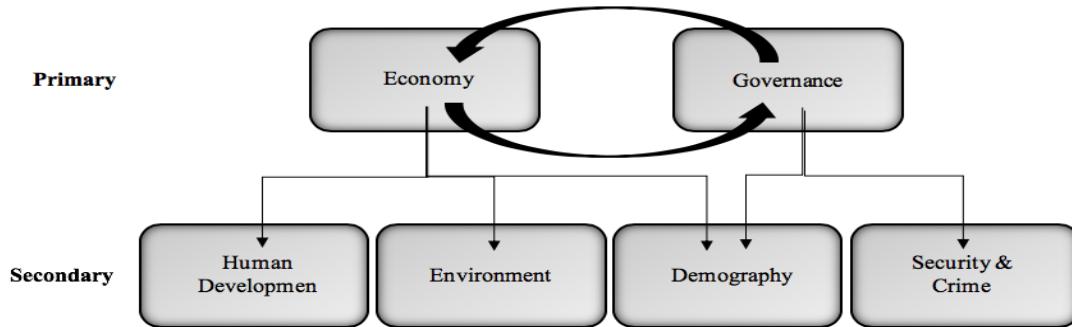
BRAIN DRAIN	Migration trends are particularly damaging for Kosovo. Approximately one fifth of Kosovo's population resides outside of its borders, totaling between 450,000 and 550,000. ¹⁴⁸ In 2014 and 2015, taking advantage of asylum liberalization to the EU, Kosovar asylum applications increased significantly. While this problem appears to be resolved, Kosovars merely shifted from asylum applications to visa applications to the Schengen zone. Indicative from public opinion polls, over 50% of Kosovar youth between the ages of 18 and 34 would like to move permanently to another country. ¹⁴⁹ This desire to migrate likely stems from a desire for better economic opportunities as 79% of Kosovars view unemployment as the biggest issue for Kosovo in the near future. ¹⁵⁰ In response to the brain drain, Kosovo's Ministry of Science, Education and Technology has implemented a program titled "brain gain" with the aim of engaging with its large diaspora population. ¹⁵¹
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ENVIRONMENT	MEDIUM RISK	STAGNANT 
INDICATOR	VALUES AND TRENDS	
Air Pollution – PM2.5 Air Visual – Air Quality Index ¹⁵² <i>Range: Good; Moderate; Unhealthy for Sensitive Groups; Unhealthy; Very Unhealthy; Hazardous</i>	2019: Ranked 19 th in the World Ranging from Good to Unhealthy across the country	
Metric Tons of Carbon Dioxide Equivalent (Mt of CO2)	Figure 20 – Stagnant Trend Ranging from 7 to 9 Mt of CO2 from 2008 to 2017	
Water Pollution BOD5 by Average for each River Basin (mg/l O2) Ministry of Environment and Spatial Planning ¹⁵³ Figure 9 for Water Basins Location	Basin of Drini i Bardhe: 2013: 8.23 mg/l O2 Basin of Iber: 2013: 6.35 mg/l O2 Basin of Morava e Binces: 2013: 6.69 mg/l O2 Basin of Lepenc: 2013: 8.10 mg/l O2	
Access to Water World Bank ¹⁵⁴ & Danube Water Program ¹⁵⁵	2018: 84% Managed by Regional Water Companies 2013: 67% Managed by Regional Water Companies	
Water Exploitation Index by Type of Water Source – Percent of Long-Term Average Available Water	Figure 21 – Increasing Trend Highest in Europe, ranging from 79.2% to 87.2% from 2013 to 2017	
Wastewater World Bank ¹⁵⁶ Danube Water Program ¹⁵⁷	2018: 72.5% of Population Connected to Public Sewage and Wastewater Collection 2013: 53% of Population Connected to Public Sewage and Wastewater Collection	
Total Waste Eurostat ¹⁵⁸ Kosovo Agency of Statistics ¹⁵⁹	Total Waste Produced: 2016: 2,855,990 tons 2014: 1,039,803 tons 2012: 1,166,619 tons Total Waste Treated: 2018: 429,534 tons 2015: 329,369 tons	
Landfills European Commission ¹⁶⁰ Kosovo Environmental Protection Agency ¹⁶¹	Sanitary Landfills: 2018: 7 Illegal Dumpsites: 2017: 1,572 in 38 Municipalities 2013: 400 in 34 Municipalities	
Forested Land Kosovo Statistics Agency ¹⁶²	2017: 39.09% (430,000 Hectares) 2011: 41% (450,000 Hectares)	

Electricity Production from Oil, Gas and Coal Sources (% of Total) WBDI ¹⁶³	2015: 97.7% 2011: 98.2% 2008: 98.5%
Electricity Production from Coal Sources (%) of Total)	Figure 22 – Stagnant Trend Ranging from 96.5% to 98% from 2010 to 2015
Energy use (kg of oil equivalent) per \$1,000 GDP (constant 2011 PPP)	Figure 23 – Decreasing Trend Ranging from 179.009 to 139.378 from 2008 to 2014
CPIA Policy and Institutions for Environmental Sustainability Rating (WBDI) (1=low to 6=high) ¹⁶⁴	2017: 3 2013: 3 2009: 3
ASSESSMENT	Foreign aid has improved various areas impacting Kosovo's environmental practices, such as its ability to monitor and manage air quality, water pollution and waste. However, both natural disasters and human activity pose a significant threat to Kosovo environment. While Kosovo has enhanced its ability to monitor and manage the environment, it lacks the capacity to deal with these issues on its own. Thus, the environment remains stagnant with medium risk. The environment impacts both service delivery as well as the rule of law. While foreign aid is helping to improve service delivery, there is much to be done. Meanwhile, because Kosovo has legislation in place to address environmental issues, but an inability to do so, this also impacts the rule of law.
FOREIGN AID	Kosovo has seen some major improvements in its ability to deliver services to larger portions of the population. Access to water to everyone has limited the provision of water from informal sources. Kosovo has also begun to manage its waste better by implementing more efficient monitoring systems, as well as taking on the responsibility of collecting and processing more of its waste. Kosovo's regulations have improved enabling it to come more in line with global standards, for example its energy use per \$1000 GDP (constant 2011 PPP). These improvements are largely linked to foreign aid. The UNDP completed a disaster risk reduction initiative in Kosovo between 2013 and 2016 enhancing Kosovo's capacity and propensity to mitigate natural disasters. ¹⁶⁵ Through the WB, Japan contributed financial aid to strengthen the integration of disaster risk management and climate resilience in trade, competitiveness, and roads in the Western Balkans between 2017 and 2019. ¹⁶⁶ Switzerland's FDFA also works closely with Kosovo to enhance its water security and its resiliency to climate change and the environment. ¹⁶⁷ The EU has committed management and funding aid to enhance a climate-resilient rural economy. ¹⁶⁸
ENVIRONMENTAL RISK DUE TO NATURAL DISASTER	While there have been improvements, Kosovo's environment remains highly vulnerable and susceptible to natural disaster. Due to Kosovo's reliance on surface water and the presence of many illegal dumpsites, floods pose a serious threat to Kosovo's water security. In 2010 and 2014, Kosovo's northern municipalities in the Iber River Basin were affected by floods. ¹⁶⁹ This region's flooding affects 5% of Kosovo's annual GDP. Kosovo's water supply is also threatened by drought, as it has been struck by a series of droughts in 2007, 2008 and 2014. ¹⁷⁰ These droughts increasingly impact the Iber River Basin, and, in 2014, Kosovo had to ration its water for 400,000 people. ¹⁷¹ Earthquakes are another area of concern; as recently as 25 November, 2019 a 6.4 magnitude earthquake occurred off the coast of Albania in the Adriatic Sea. Earthquakes impact the southern and eastern regions of Kosovo the most and can affect up to 9% of Kosovo's annual GDP. Due to a lack of monitoring stations at this time, it is unclear how much damage was caused by the recent earthquake.
ENVIRONMENTAL RISK DUE TO HUMAN ACTIVITY	Human activity is also impacting Kosovo's environmental risk. Air quality ranges from good to unhealthy across the nation. This is largely a result of poor waste management and a reliance on carbon-based fuel. Although quality monitoring has improved and regulatory legislation has been enacted, these practices have yet to yield significant results. Though Kosovo is impacted by forest fires, they are not a factor in deforestation. The loss of approximately 3.5% of Kosovo's forests between 2000 and 2018 stems from human activity. ¹⁷² Currently, water pollution is driven by a lack of waste management facilities within Kosovo, and wastewater is directed directly into Kosovo's rivers without being treated. ¹⁷³ However, there are three waste water treatment facilities under construction.

Key Fragility Drivers:

Kosovo's poor economy and governance are the primary drivers of fragility. These primary drivers are linked to its poor performance in the secondary drivers listed below. Failure to improve the two primary drivers has caused stagnation in human development, environment, demography, and security and crime.



Key Fragility Risks:

Refer to Annex 2 for further details on indicators of each key fragility challenges.

Informal Economy

The informal economy and social contracts that existed prior to Kosovo's independence as a state have been embedded in the state-society relations. Therefore, two regimes are at play: the state and the underworld. This is evident when looking at the KLA, which has seen its former commanders move up the political chain while having ties to organized crime networks. Informal authority groups operate below the surface and exploit Kosovo's institutions, creating incompetency in service delivery and good governance, but also hindering progress towards economic growth. The informal power regime is also evident in northern Kosovo where sovereignty is contested by various groups, including Serbia's control through financial assistance and ties to political parties, as well as organized crime's control of businesses and the state affairs. The two-tiered regime causing a weak central government and powerful criminal and political groups have created a safe haven for illicit activities to flourish. Drugs, human trafficking, and firearms are commonly smuggled; however, smuggling of construction material, fuel, and groceries occur as well. The informalities have created an uncompetitive business environment and a prevalence of corruption, leading to saturation of small and cash-based businesses, money laundering, and citizen's unwilling to pay taxes. In turn, Kosovo's limited governance results in public service dysfunctionalities, challenging Kosovo's output legitimacy.

Rule of Law

Despite the appearance of a functional state, Kosovo's practice of the rule of law is troubled by corruption, ineffectiveness, and persistent dysfunctionality. The two-tiered system creates challenges in enforcement because of the informalities in policing and judicial structure. The judicial system is meant to be an independent agency but there is evidence of political interference, administrative ineffectiveness, and inaccessibility due to high flows of corruption. Kosovo's police officials are suspected of bribery, politicization, and clientelism that impact its ability to properly enforce the law. The informal networks in the public sector have weakened police authority and legitimacy output due to distrust and lack of cooperation at the local level. Political parties and senior officers have too much influence in the decision-making of independent agencies. This establishes a system of corruption and institutional incapacity to target the most influential players. Kosovo's large public sector has raised nepotism and cronyism, which undermines the democratic institution, processes of being non-partisan, and its capacity for public service delivery. There is lack of political will to implement rule of law reforms in good faith, further exacerbating its output legitimacy.

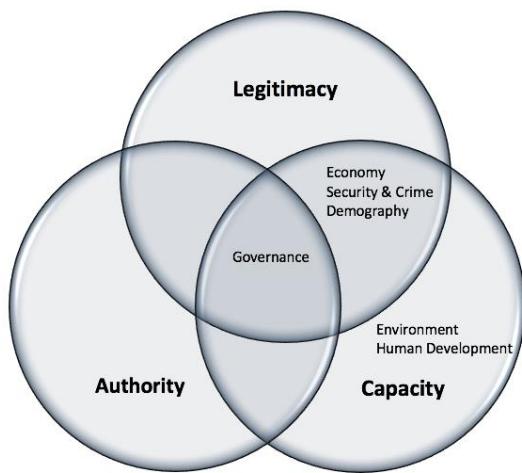
Service Delivery

Kosovo's limited improvements in education, employment, social services, and the environment, indicate weak institutional capacity to deliver on government functions. Kosovars have developed a negative perception of its government's performance, seen in comparison of ECA countries ranking Kosovo third worst after Bosnia and Serbia (Figure 15). This dissatisfaction is evident in the 2019 NDI poll where, after unemployment and corruption, the top six issues for voters all relate to service delivery, including health, water, education and the well-being of youth.¹⁷⁴ Despite ethnic basis due to Kosovar-Serbs rejecting the central government's jurisdiction, the NDI poll indicates that all ethnic groups view the government equally; approximately half of the Albanian, Serbs and other ethnic groups

think the government is moving in the wrong direction.¹⁷⁵ Dissatisfaction with service delivery not only delegitimizes the government but it also encourages informalities and smuggling of basic goods and services; for example, reliance on informal services due to inadequate supply of water.¹⁷⁶ These inadequacies in service delivery also create an incentive for bribery and tax evasion. Inspection and regulation regimes have been reported to be excessive, burdensome, and unnecessarily time-consuming.¹⁷⁷ In this regard, businesses reported that reasons for bribery all related to administrative issues (Figure 10). Combined with a prevalence of formal and informal actors – such as, NGOs, the EU, USAID, and Serbia – providing assistance to citizens, Kosovo's output legitimacy is undermined due to distrust in its capacity to fulfil basic state functions and improve the socio-economic development.

Structural Analysis:

ALC Model	
Authority	The power to enact binding legislation over a population, possession of a monopoly over the legitimate use of force on national territory, and the capability to provide a stable, secure environment in which public, private and civil society interests can be realized.
Legitimacy	The ability of a state to generate public loyalty, support, and acceptance of citizens through a voluntary, reciprocal arrangement of effective governance and citizenship, and the international recognition thereof.
Capacity	The power or faculty of a state to mobilize and use resources, a basic competence in political and economic management and administration, and in regulating domestic affairs and conducting international transactions.



Legitimacy-Capacity Feedback Loop

While the fragility indicators on their own speak to Kosovo's capacity issue, a wider lens shows deep-rooted legitimacy issues. At the same time, authority is derived from legitimacy and dependent on state's ability to establish a positive output legitimacy. Kosovo is often viewed as a new state establishing itself, but the region has historically functioned under an informal state-society regime and, since its independence, is deriving its authority and legitimacy with the help of international security, political and development actors. These informalities and issues, along with criminal and political networks, became entrenched in Kosovo's governance structure. Legitimacy and authority are derived from the informal social contracts between the elites while the challenges of it persists in governance and policing. This is found in party politics, as well as nepotism within the public

sector. However, in turn the failed process of true democratization and infighting delegitimizes government in the eyes of citizens. The state's weak capacity to deliver on basic state functions of public goods and services further deteriorates Kosovo's legitimacy. Kosovars' dissatisfaction with the government's performance increases instances of citizens relying on informal sources for basic state functions. This perpetuates the informalities and weakens Kosovo's legitimacy. This weak legitimacy weakens capacity as it creates challenges for controlling rule of law (i.e. corruption) and addressing economic development, as a result. Therefore, Kosovo is dealing with output legitimacy issues. Based on the definition of Carment et al., it suffers from a poor relationship between voluntary participation from its citizens and effective governance, which feedback into one another.¹⁷⁸ Additionally, a lack of international recognition from a large portion of the international community plays a large part as well. Kosovo relies on external actors to derive its capacity, legitimacy and authority as a state; whether it is the recognition of the state or reliance on the actors for service delivery. Without such international support, Kosovo and its government are relatively weak in state function. The result of this is systemic isomorphic mimicry¹⁷⁹, where Kosovo has adopted external ideas of a state and is progressing on the surface to meet basic international standards but the state dysfunctions are morphed without truly addressing them. Systemic isomorphic mimicry is a result of gaining state legitimacy that is characterized by a lack of capacity, weak implementation and output in key areas of the public sector, corruption of officials, and gaps between adopted laws and actual practice. These challenges are persistent in Kosovo, as well as widespread, deep-rooted, and largely stagnant.

Scenarios: December 2019 – December 2020

MOST LIKELY	As promised, PM Kurti concludes negotiations with LDK and forms a coalition party. However, the ongoing parliamentary dispute with Srpska Lista and the 100% tariffs against Serbian imports continue to prevent dialogue between Belgrade and Pristina. The tensions leave the government with low support in key regions of the country. PM Kurti addresses corruption and nepotism by implementing new reforms in the Anti-Corruption Agency and renews the expired Anti-Corruption Strategy and Action Plan 2013-2017. However, the politics of Kosovo continue to take precedence over structural and administrative issues, leaving the reportedly underfunded action plans and implementation efforts unaddressed. At the same time, PM Kurti halts privatization on Kosovar agencies, as promised during his campaign. As such, corruption reforms are unsuccessful at improving the public sector and economic environment.
WORST CASE	The Kurti government forms a coalition without resolving the ongoing parliamentary dispute with Srpska Lista. ¹⁸⁰ This political decision aggravates the ongoing tensions between North Kosovo and Pristina, and stalls the Belgrade-Pristina talks. Kosovo is unable to use economic, social, and political influence in key areas of the country as the government struggles to win support in Serb-dominated regions. The Kosovo-Serbia dispute remains at the forefront of the government's mandate, causing a backslide in economic and corruption reforms. Kosovo's institutional capacity and service delivery are impacted by geopolitics, further slowing down improvement in Kosovo's development. Therefore, Kosovars discontent with the state grows as it fails to deliver on its promise to enhance state legitimacy and capacity.
BEST CASE	PM Kurti's coalition government addresses the party dispute and establishes the government with the elected Srpska Lista. Talks with Serbia normalize. The Kurti government delivers on corruption reforms by implementing the EU's recommendations to improve its existing anti-corruption strategies through implementation efforts. ¹⁸¹ The institutional reforms addressing corruption improve local capacity to address accountability issues, bribery, informalities, and crime. Subsequently, foreign aid continues to improve infrastructure gaps. The reduction of corruption and improvement of infrastructure gaps increase foreign investors' confidence in the Kosovo market, increasing business investment and job creation.
WILD CARD	After France opposed Albanian and North Macedonian accession into the EU, a renewed approach to the Western Balkans may change the dynamic between EU-Balkans relations. ¹⁸² In turn, the Western Balkans pursue their own course by attempting to establish a political and economic 'Schengen.' ¹⁸³ Thus far, Kosovo has abstained from engaging in any talks related to the prospects of a mini 'Schengen,' however the process of multilateral negotiations between Bosnia, Serbia, Albania and North Macedonia may lead PM Kurti to follow his previous calls towards creating the "Greater Albania" due fears of isolation. As a result, ethnic and territorial disputes resurface between Serbia and Kosovo, causing Serbia to annex North Kosovo. In turn, Kosovo's migration surges over fears of possible annexation and occupation by Serbia. The central government collapses along former KLA factional lines further weakening its legitimacy and capacity.. Kosovo engages in small skirmishes along the border of the northern municipalities, mirroring the conflict in 1999. The international community strongly condemns Serbia's behavior, causing the EU to revoke Serbia's accession status.

Policy Recommendations

Policy recommendations are ranked by order of effectiveness in addressing key fragility risks.

Policy Option 1: Accountability Measure

It is recommended that the EU assist Kosovo in establishing a non-partisan monitoring body to enable citizens to act as a committee in overseeing issues of corruption in the public sector. The Kosovo Anti-Corruption Agency (ACA) that currently reports to the Assembly will also have to report to the non-partisan body on public procurement bid and contracts, public official's registration of gifts and assets, public sector human resource's hiring and promotion process, and judicial appointments and system performance.

Relevance:

This policy is intended to address the rule of law and informal economy. The anti-corruption laws are robust but accountability and capacity measures are lacking in Kosovo.¹⁸⁴ As such, the creation of legal reforms and anti-

corruption agencies has not brought meaningful change. Kosovo's nepotism and illicit money flow remain a concern – especially corruption in public procurement and enforcement programs, lack of clarity in how public funds are being spent and a large public sector that is made up of political and criminal elites from pre-independence era. Therefore, citizens feel disenfranchised and distrust the government, while transparent civil engagement continues to be a big challenge. Additionally, Kosovo's laws require officials to disclose their financial assets and gifts, and provide access to information; despite this, court records show an impediment of this access and prevalence of bribery and politicization in its judicial system.¹⁸⁵ The OECD is working with ACA and the Office of the Disciplinary Prosecutor to strengthen their capacity while providing a platform for citizens to report corruption.¹⁸⁶ Yet, despite these efforts, the initiative for enhancing institutional transparency and empowering citizens to advocate for more accountability could benefit from a hands-on approach. While the ACA has a reporting mechanism, the concern of politicization of independent agents requires a non-partisan, citizen-led body. The current state capture has created a divide between citizens and the government of Kosovo. This policy approach will bridge this divide, and embed citizens into the political system to exert better accountability from public officials.

Strategy:

To ensure unbiased appointments to the oversight body, the selection process will employ a random method to select a pool of candidates who will go through an in-depth assessment under a standard examination system to ensure the viability of their service. To disincentivize politicization and abuse of power, the members will be able to serve only for two terms of two-years each and compensation will be based on stipend paid for the meeting days of the body, as opposed to fixed salary. To empower members in providing their judgement that are not based on fear or intimidation, any monitoring decisions will be reported as a collective body and an individual members' contribution to the decision will be kept confidential.

Risk:

Engaging with citizens will be a challenge due to the required commitment and low compensation. However, business and household surveys have consistently ranked corruption as one of the biggest concerns; the NDI poll also highlights a high percentage of citizens that view government's performance poorly.¹⁸⁷ This is the key area that keeps coming short of expectations in all progress reports and there is evidence of an appetite from citizens to demand accountability and have a greater part in decision-making. There may be concerns of biases from members who are dissatisfied with government or underqualification. However, the ACA will be tasked with reporting, assisting the members in learning the system, addressing issues raised, and following up on flagged items to ensure there are proper checks and balances on both ends. Additionally, this will be established as a monitoring body, as opposed to a decision-making body, so the considerations are not intended to be binding. The confidentiality of members may raise concerns of transparency, however proper monitoring systems in place will ensure a balance between transparency and member protection.

Evaluation:

The effectiveness of this policy will be measured through annual public reports to determine whether issues flagged by the committee were addressed.

Policy Option 2: Taxation Measure

It is recommended that the EU provide aid to the Tax Administration of Kosovo and Kosovo Customs to enhance the enforcement capability of tax collection and customs officers. This recommendation aims to enhance the state-society contract and service capacity through tax revenue generation, compliance, and accountability.

Relevance:

This policy is intended to address corruption and service delivery. Tax evasion (Figure 6) and bribery of tax and customs officers (Figure 7) perpetuate the issue of corruption. Tax evasion occurs more often depending on the size of the firm – the smaller firms are more likely to engage in tax evasion.¹⁸⁸ Furthermore, bribery is difficult to track and catch. The EU's 2019 report on Kosovo highlighted that there is progression in its enforcement of legislation and rule of law against corruption.¹⁸⁹ However, corruption is still a major issue Kosovo faces. Currently, the UNDP has a project to address corruption titled *Support to Anti-Corruption Efforts in Kosovo (SAEK)*. Its first phase identified three components where they implemented aid: they enhanced the capacity of the Kosovo's Anti-Corruption Agency (ACA) to monitor and prevent corruption; they provided civic engagement to strengthen transparency, accountability, and access to information at the local level through social media; and they aided the judiciary to fight corruption internally and externally.¹⁹⁰ The second phase identified the lessons learned, specifically noting the assurance of political will, the need for trust and social infrastructure before technology, and the importance of investing in

corruption prevention.¹⁹¹ The EU also supports Kosovo's rule of law through the EULEX, aimed at establishing independent and sustainable rule of law institutions.¹⁹² However, these efforts to deal with corruption have been limited in addressing the enforcement of tax collection.

Strategy:

As identified, one of the key challenges faced by Kosovo is service delivery. Kosovo's inability to effectively raise taxes impedes their effectiveness at service delivery. In order to enhance Kosovo's capability to enforce tax collection, aid will be provided to the Tax Administration of Kosovo and Kosovo Customs, as their officers are in charge of collecting and enforcing tax regulation. This aid will go towards training, education, and salary to not only improve the capacity of enforcement, but also disincentivize bribery. This aid will be predicated upon a buy-in strategy, where Kosovo self-funds a minimum of 10% of the total aid. A buy-in strategy addresses a number of issues. It will ensure the political will of Kosovo through incentivizing their stake in the policy implementation and success. It fosters both trust and social infrastructure through enhanced service delivery, improving both capacity and legitimacy. By targeting corruption through enhancing Kosovo's ability to raise taxes, this should support Kosovo's propensity to deliver services in other areas. Additionally, studies of effects of taxation have confirmed a positive link between taxation and improvement in accountability scores.¹⁹³ In a positive tax bargaining, the state will be more responsive to taxpayers as taxpayer demand more accountability from the institutions.

Risk:

The proposal may foster or perpetuate poor civil-enforcement relations and abuses of power. It may also face public resistance, since corruption is deeply rooted in Kosovar society. If Kosovo does not meet the minimum self-funding requirement, it could undermine the legitimacy of the government as a whole, and signal a lack of commitment to tackle one of the largest issues in its society.

Evaluation:

The effectiveness of this policy will be measured by monitoring and reporting on local tax collection.

Policy Option 3: Security Reform Measure

It is recommended that the ENU provide assistance for security reforms to enhance police force capacity in tackling organized crime and corruption within the force. This recommendation specifically includes training in police foundations, investigation processes, and intelligence assessment to the Kosovo police force.

Relevance:

Kosovo's police force remains plagued by corruption and bribery, with 30% of Kosovo's security personnel taking part in bribes while investigating and prosecuting crimes.¹⁹⁴ Its police have accepted bribes from truck drivers entering or exiting Kosovo, which allows the smuggling of illicit goods to continue.¹⁹⁵ Not tackling corruption in Kosovo's police force stymies economic opportunities for businesses trying to establish themselves in Kosovo. The analysis also shows inadequacies in the police force's investigative and enforcement capabilities that could benefit from a more robust training program. In this regard, Kosovo's police force cannot reach its full potential to tackle crime in Pristina, among other locations, if investigations, trials, and executive decisions are not done in good faith.

Strategy:

To improve policing, the ENU will perform internal consultations with the Government of Kosovo and its Regional Street Crime (RSC) and Special Intervention Unit (SIU) on how to monitor, assess, and forecast criminal risk. Members of the EU, based on a delegation of experts with experience in the Western Balkans, will provide training on how to command Kosovo's criminal investigations from start to finish. Members of the ENU will also perform operational training that puts Kosovo's police force in simulation-like scenarios on how to deal with corruption and bribery techniques, increase canine units to detect drug smuggling, and build a social-network assessment model to tackle organized crime networks.

The ENU delegation and the Kosovo police agency will then develop a tracking database system which logs the date of the crime and the status of its investigation process: suspect, investigation, detained, trialed, and/or completed. This will ensure all crimes in Kosovo are logged and followed-up on in a diligent manner. Annual visits to Kosovo's police agency will then be conducted by the ENU delegation to receive status reports. They will consult with Kosovo's government and police force on the overall progress and determine if the training has reduced crime. The ENU will

then reassess Kosovo's police force after five months to determine whether it needs more resources for particular programs, especially if Kosovo's crime numbers remain the same.

Risk:

Establishing new police training as a pilot project may lose momentum and overall support for Kosovo. If Kosovo's current police force does not implement the tracking database as noted above, it will be seen as continuing with the status quo and misusing valuable resources, which will further weaken Kosovo-EU relations. A well-established monitoring system is key to mitigating this risk as well as any abuse that may arise with increased police authority.

Evaluation:

The effectiveness of this policy will be measured by the ENU by overseeing the number of reports opened and closed by the Kosovo police. There would be annual checking in and consulting with the chief of police for status updates.

Annex 1: Stakeholders Analysis

SECONDARY EXTERNAL STAKEHOLDERS	
RUSSIA (Negative)	Russia does not recognize Kosovo as an independent state, and continues to condemn the independence of Kosovo as illegitimate and a violation of Serbia's sovereignty and territorial integrity. ¹⁹⁶ Russia continues to use its veto power at the UNSC to prevent Kosovo from joining the UN. ¹⁹⁷ They have sent Serbia 6 Mikoyan MiG-29 fighters, 30 modernized T-72 main battle tanks and 30 BRDM-2 armored vehicles as a gift from Moscow. ¹⁹⁸ President Putin has called out Kosovo for building an illegal military. ¹⁹⁹
GERMANY (Positive)	Germany remains in steadfast support of Kosovo. It hosts the largest diaspora group with 218,150 Kosovars living in Germany after the war in 1999. ²⁰⁰ However, they have condemned the potential land swap between Serbia and Kosovo as a risk to ethnic conflict. They strongly oppose this movement noted above as it will spark other Western Balkan states to request land swaps. ²⁰¹
SWITZERLAND (Positive)	Switzerland remains in strong support of Kosovo. It hosts 111,826 Kosovar-Albanians since the war finished in 1999. ²⁰² Switzerland's peacekeeping personnel seeks to promote security and stability within Kosovo. They have contributed up to 90% of Kosovo's improvement in drinking water access.
CANADA (Positive)	Canada has contributed to Operation KFOR, ensuring public safety was given to all Kosovar-Serbs and Kosovar-Albanians. In 2000, Canada withdrew all Canadian personnel from Kosovo and welcomed 5,000 Kosovar-Albanians refugees. ²⁰³ Canada encourages Kosovo to maintain regional cooperation and views a multi-ethnic state as essential for stability in the Western Balkans. ²⁰⁴
BOSNIA HERZGOVINA (Negative)	The Kosovo issue has caused tension in Bosnia's political landscape. ²⁰⁵ The Bosnian Serb President, Milorad Dodik, rejects Kosovo as a state, whereas Bosnian-Croat and Bosnia Muslim Presidents' would accept Kosovo as a state if they had the capacity. President Dodik expresses that North Mitrovica and Republika Srpska should join Serbia after Kosovo left. ²⁰⁶ Bosnia's Foreign Minister, Igor Crnadak, underlined his disappointment in July 2019 after Albanian embassies between Kosovars and Albanians would be shared in an effort of creating a 'Greater Albania.' ²⁰⁷ Bosnia remains disappointed in the 100% tariff Kosovo has imposed.
MONTENEGRO (Positive)	Montenegro commends Kosovo's friendly cooperation through cross-border control. Foreign Minister Srdan Darmanović supports dialogue between Kosovo and Serbia in an effort to normalize relations. ²⁰⁸ It encourages Kosovo to stay the course in regional cooperation and stability to better its chances to accede and integrate into the Euro-Atlantic.

SECONDARY INTERNAL STAKEHOLDERS	
NGOs (Positive)	The Centre for Business Development, Riiinvest, Institute for Development Policy are all involved in Kosovo's state of affairs. They work with local businesses, youth and women to enhance economic development.
LDK (Mixed)	LDK leader Vjosa Osmani is set to form a coalition with the Vetëvendosje party. Osmani has advocated for a coalition government that would ensure 30% of women will hold positions as ministers or managers in the Kosovo government. ²⁰⁹
PDK (Mixed)	Founded and led by President Hashim Thaçi, the PDK has been a dominant political party in Kosovo for over a decade; however, the party came third in the 2019 election. ²¹⁰ Party leader and former speaker of Kosovo's parliament, Kadri Veseli, is viewed as a close partner to President Thaçi. ²¹¹

Annex 2: Key Fragility Risks

Informal Economy		
Risk Factor	Risk Impact	Description
Informal power regimes in North Kosovo	High	North Kosovo's sovereignty dispute is still hotly contested with different groups operating as centres of power and limiting the state's central authority and institutional effectiveness. ²¹² The two-tiered regime of central government and the joint structure of outside criminal and political groups complicates control of this region's informality, which has effectively made this area a safe haven for flourishing illicit activities. The smuggling of fuel, construction material, and other goods reportedly results in an estimated 750,000 euros annually lost from Kosovo's budget. ²¹³
Network of powerful criminals	High	There is a large underworld of powerful criminals who have a wide network of clans and politicians. Investigations show that the power rests with smaller pockets of criminal and business leaders, often family-led, with complex and powerful networks that extend throughout the region. The network reach is tied to diaspora countries; for example, several smuggling cases were tied to Switzerland, ²¹⁴ which also has the second highest population of the Kosovo diaspora with 20% reportedly living there. ²¹⁵
Ecosystem of corruption	High	The relationship and network investigations show strong ties between political, business, and criminal elites, which not only creates state capture (elites use of the state for their own personal benefit) that morphs state and criminal structures together but also weakens state legitimacy and authority because of the powerful informal regime. In a society where the public sector is the biggest employer, the social contract between political and criminal elites is based on clientelism and patronage to enrich themselves through favours, political protection, and jobs or procurement business ²¹⁶ . There is a clear incentive for officials to keep the public institutions weak and oversight low. This coincides with common factors found in criminal hotspots pointing to weak governance and regulation, and instability of borders. ²¹⁷
Business informalities	High	Informal economic activities include businesses that are small and cash-based; this partially explains the high number of small businesses. ²¹⁸ These business informalities destabilize business environments, increase job insecurity, weaken government control, and add to the overall perception of corruption; all of these can be tied to declining FDI. Business have been linked to criminal networks and money laundering, which further feeds the informal economy and weakens the government's authority to regulate businesses and collect taxes. Evidence of corruption in procurement indicates weak institutional governance ²¹⁹ . The ineffective regulations and public sector have made Kosovo's informality the highest regionally. ²²⁰
Remittances	Moderate	The hotspot areas of crime had other commonalities such as high out-migration leading to remittance as a result, and ease of money laundering where mafia leaders settle. ²²¹ One indication of the informal economy is Kosovo's reliance on remittances – making up about 15% of the GDP and 59% of total in-flow of resources – which is linked to a high inactivity rate. ²²² What enables remittances to have such a large impact on Kosovo's economy is their large diaspora population. Nearly 18% of Kosovo's total population live in Germany and Switzerland alone, and Germany and Switzerland hold close to 58% of Kosovo's total diaspora (Figure 11). ²²³ These countries have been linked to the higher activity in the informal or criminal economy.
Informal source of public goods and services	Moderate	The high informal employment, ²²⁴ informal sources of water, ²²⁵ and heavy reliance of businesses on private security ²²⁶ are all symptoms of governmental failure to deliver public goods and services. These failures, which translate to low output legitimacy, are key derives of the informal economy as citizens turn to other sources.

Rule of Law		
Risk Factor	Risk Impact	Description
Institutional weakness in prison and court system	Moderate	The prison system has inadequacies and corruption; staff are poorly trained and authorities are not exercising control of the facilities, resulting in poor health care, smuggling of illicit drugs, inmate violence, and exposure to radicalization. ²²⁷ The judicial system is meant to be an independent agency, but has unclear mandates allowing for political interference through appointments and promotions of officers, ineffective administration with backlog of cases, and lack of accountability making it susceptible to corruption. ²²⁸ Remedies are available for violations of human rights and Kosovars have a right to free legal aid that is constitutionally guaranteed, but complicated procedures, underfunding, and inadequate aid makes justice inaccessible to victims. ²²⁹ The effectiveness of the judicial system has actually seen its score decline in the most recent reports which coincides with a decline in Kosovo's government integrity score as well. ²³⁰
Corruption and authority gaps in the police force	High	Corruption among the police is rampant and police are regularly accused of criminal interferences. Officials often fail to carry out effective corruption and abuse investigations which are often subject to political interference. ²³¹ The police officers and prosecutors often fail in investigating murders involving those with a political background, yet manage to solve ordinary murder cases. ²³² There is a "protection pyramid" where senior officials in intelligence and security, police, and border forces are appointed by political parties so that law-enforcement comes under control of politicians. ²³³ The few instances of charges against police show a connection to organized criminal activities; for example, most recently two police officers are under investigation for the killing of the Serb politician, Olive Ivanovic; he had described their real control of municipalities to be with the informal powers. ²³⁴ Private security companies working for criminal groups have former or acting police officers and are indifferent to the police force. ²³⁵ Undermining the police force's authority further is jurisdictional disputes and distrust of law enforcement agencies disincentivizing local cooperation. ²³⁶
Corruption in public sector	High	Corruption, cronyism, nepotism, and networks of political elitists tied to either ongoing organized crime or previous war crimes undermines the democratic institution and government integrity. Despite most high-profile corruption cases linked to senior officials, most high-level officials or criminals are acquitted, or their cases dismissed. ²³⁷ The recent UNMIK report also cited concerns of political influence through the appointment of senior official's in independent institutions. ²³⁸ Efforts to tackle corruption lack systemic effectiveness; for example, the Office of the Auditor General and Ombudsperson are part of the Office of the Prime Minister, ²³⁹ raising concerns of their true independence as agents of accountability in the public sector. This feeds into the public perception (Figure 12) where after low wages of public officers, the top perceived common causes of corruption are the "great powers of public officials" and "influence of powerful individuals" with "lack of transparency" and "lack of integrity of officials" being two of the top partial causes of corruption.

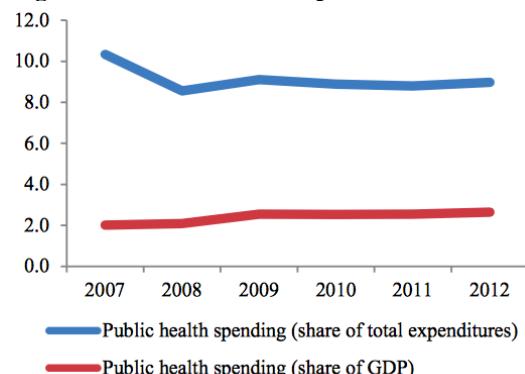
Service Delivery		
Risk Factors	Risk Impact	Description
Government spending	Moderate	The lack of service delivery, or poor service delivery, is also seen in the declining score of government spending despite the increase in fiscal health. ²⁴⁰ As per the OECD description, general government spending is indicative pf approach to public goods and services delivery. In this regard,

		Kosovo's government spending, which is 27.7% of GDP, is below average of OECD countries; most countries in the list are above 40%. ²⁴¹ If GDP is growing but the government spending scores are down, there is an indication that economic benefits are not reaching the citizens. It also raises concerns of how and where the money is being spent instead.
Economy	High	The economic issues are reflected in a 2019 public opinion survey, where the two top issues considered as a priority by voters were: creating conditions to attract foreign investors and stimulating job creation through government policies. ²⁴² Despite fiscal progress, the unemployment and inactivity rates are very high and have stayed relatively the same. There is lack of industry and diversity in the economy but a high service sector, high reliance on remittances, and lack of business growth as well as availability of quality labour skills. The government's economic failure makes the informal economy more attractive.
Corruption in business	High	The lack of control for corruption and regulatory environment creates a negative perception of institutional and governance capacity and legitimacy. This reflects the business survey that highlights a high share of bribery occurring due to officers requesting the bribe, meaning they are unafraid of being caught or reported, and a top reason for not reporting bribery is that businesses believe it is pointless. ²⁴³ Furthermore, almost all the reasons for bribery are administrative-related (Figure 10), indicating lack of confidence in state institutions fulfilling their functions. Besides creating distrust of the government, the bad regulatory environment makes business dealing riskier and discourages business investment that could potentially help to improve the internal economy. An environment that impedes business growth factors into a USAID finding that 98 percent of businesses are micro-small-medium-sized in addition to being cash-based. ²⁴⁴ These micro-firm not only fail to create large-scale economic opportunities but are more susceptible to informalities.
Underutilization of labour force	High	The government's lack of investment in its human capital has consistently shown up in the low labour participation rate, the low education level of the labour force, and the rise in the unemployment rate for people with completed tertiary education. ²⁴⁵ These trends indicate a lack of government investment and coordination in labour and education creating a skills gap. Lack of investment in human capital has also created barriers for business growth as firms have reported gaps in labour skills needed. ²⁴⁶ The underutilization of the labour force has created socio-economic challenges for both citizens and businesses.
Labour conditions	Moderate	Labour laws are reported to be comprehensive in providing protection to workers, but authorities are ineffective in regulation and enforcement, and remediation and penalties are insufficient in deterring bad behaviour. ²⁴⁷ Due to governmental failure in improving education and job creation, a vast number of employment opportunities are informal; reportedly, 35% of employees are in the informal sector. ²⁴⁸ These informal employees have lower levels of education and are disproportionately represented by women and youth – further adding to their socio-economic vulnerabilities. ²⁴⁹
Systemic gender inequalities	Moderate	When looking at the gender inequality issue alone, there is again evidence of a dysfunctional system that gives the appearance of a functional institution. Some measures have been put in place, such as affirmative measures and the Agency for Gender Equality, but institutional roles are weak and implementation ineffective. The prosecution rate is low or penalties are lighter than the legal minimum, most domestic violence cases are treated as a civil matter, and victims are rarely protected. ²⁵⁰
Lack of protection for vulnerable population	Moderate	Disability laws guarantee equal access but enforcement, social assistance, and implementation of initiative to reduce barriers are ineffective. ²⁵¹ The government has not taken any significant actions to address the high

		<p>susceptibility of rural populations and ethnic minorities to poverty, high dropout rates and illiteracy, and other socio-economic vulnerabilities. The lack of effort reflects Kosovo's CPIA rating that has stayed relatively the same over the years (Figure 13); this score is just above the minimum threshold of 3.2.²⁵² The law mandates 10% of public sector employment for ethnic minorities, but these groups have low representations or are restricted to lower-level positions. These are symptoms of a two faceted state that is meeting basic international standards outwardly but the state functions are not servicing the citizens well.</p>
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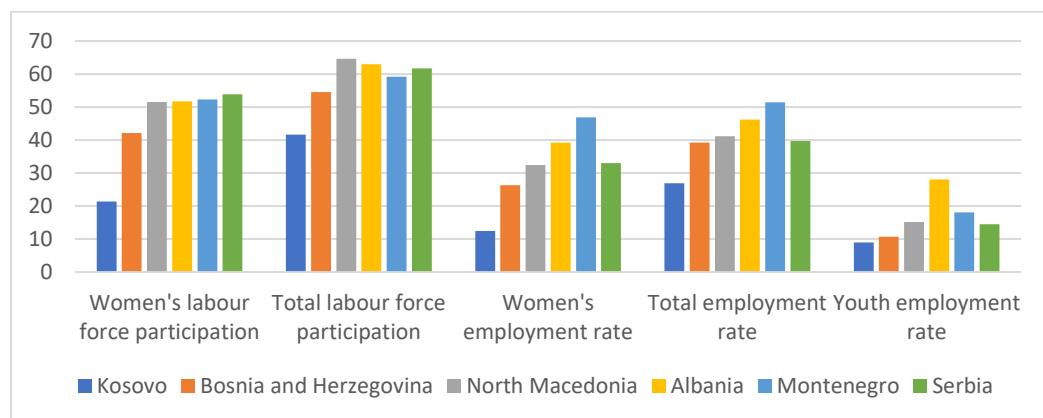
Annex 3: Fragility Cluster Indicators

Figure 1: Public Health Expenditure



Source: World Bank²⁵³

Figure 2: Employment and labour force participation rates in the Western Balkans

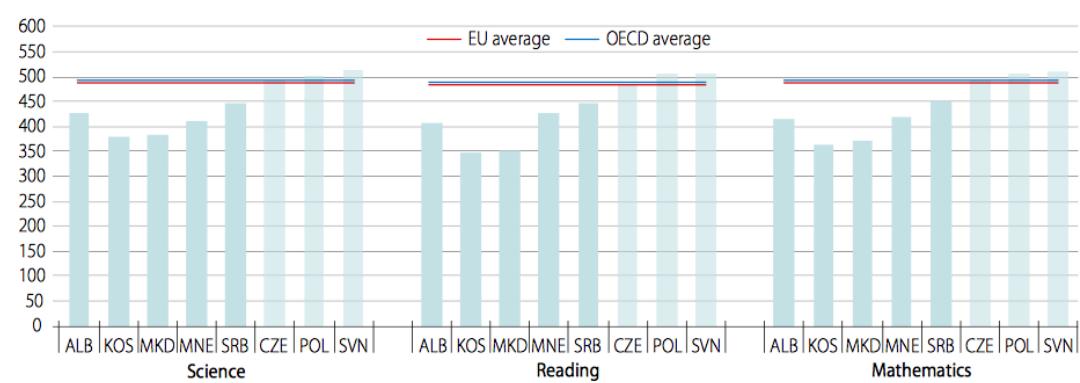


Source: Statistical office of each country through UNDP²⁵⁴

Figure 3: Student performance in key areas

2015 PISA performance in science, reading and mathematics

Mean scores

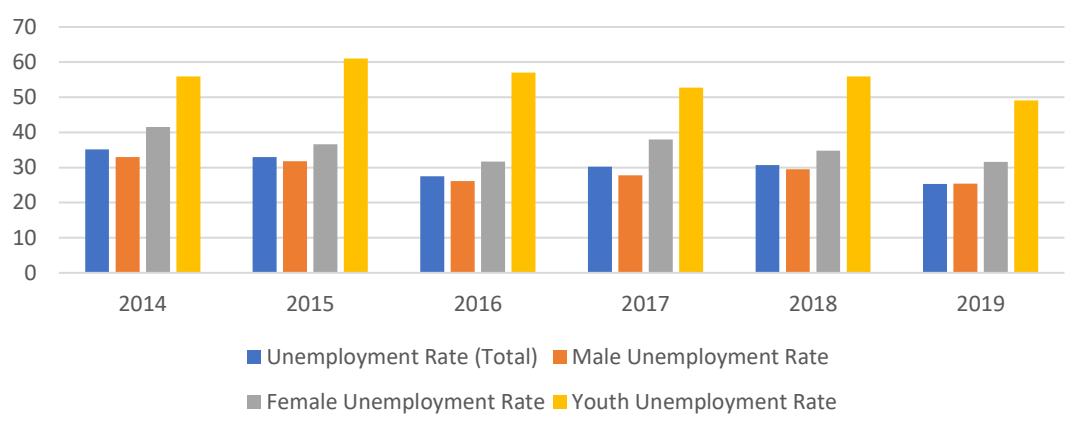


Note: Results for Serbia are from 2012. Data for Bosnia and Herzegovina are not available. CZE - Czech Republic; POL - Poland; SVN - Slovenia.

Source: OECD (2016), PISA 2015 Results (Volume I): Excellence and Equity in Education, <http://dx.doi.org/10.1787/978926426649>; OECD (2014), PISA 2012 Results: What Students Know and Can Do (Volume I, Revised edition, February 2014): Student Performance in Mathematics, Reading and Science, <http://dx.doi.org/10.1787/9789264208780-en>

Source: OECD²⁵⁵

Figure 4: Unemployment Rate



Source: World Bank²⁵⁶, Trading Economics²⁵⁷ and CEIC Data²⁵⁸

Figure 5: Health expenditure effect on poverty head count due to out-of-pocket health payments

Poverty head count	Total	Urban	Rural
Pre-payment head count	20.70	20.83	20.62
Post-payment head count	22.21	21.60	22.61
Percentage point change (absolute)	1.50	0.77	1.99
Percentage change (relative)	7.26	3.68	9.66

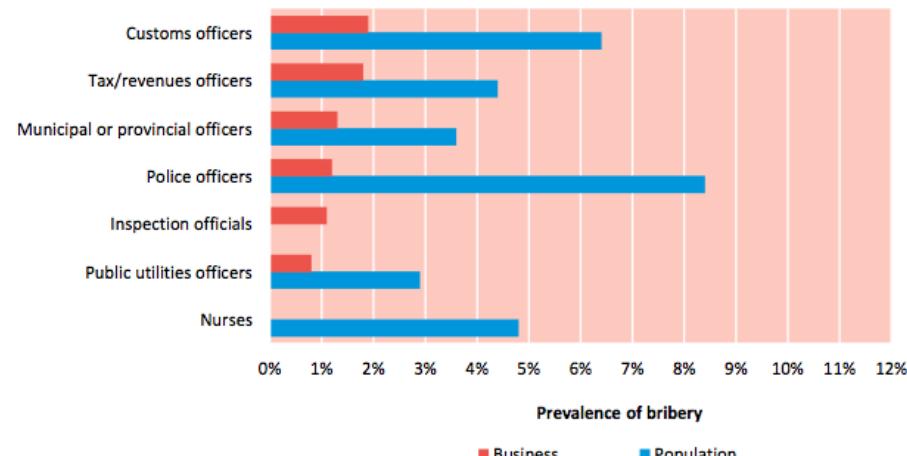
Source: 2014 Household Survey conducted by Kosovo Agency of Statistics²⁵⁹

Figure 6: 2013 business survey on informal economy

Tax Survey Highlights	Survey Response
Rate of business tax evasion	34.4% of business sales
Perceived ease of tax evasion without getting caught	62.7% of respondents
Readiness to evade taxes in case of 10% tax increase	78% of respondents
Readiness to evade taxes in case of 20% tax increase	82.5% of respondents

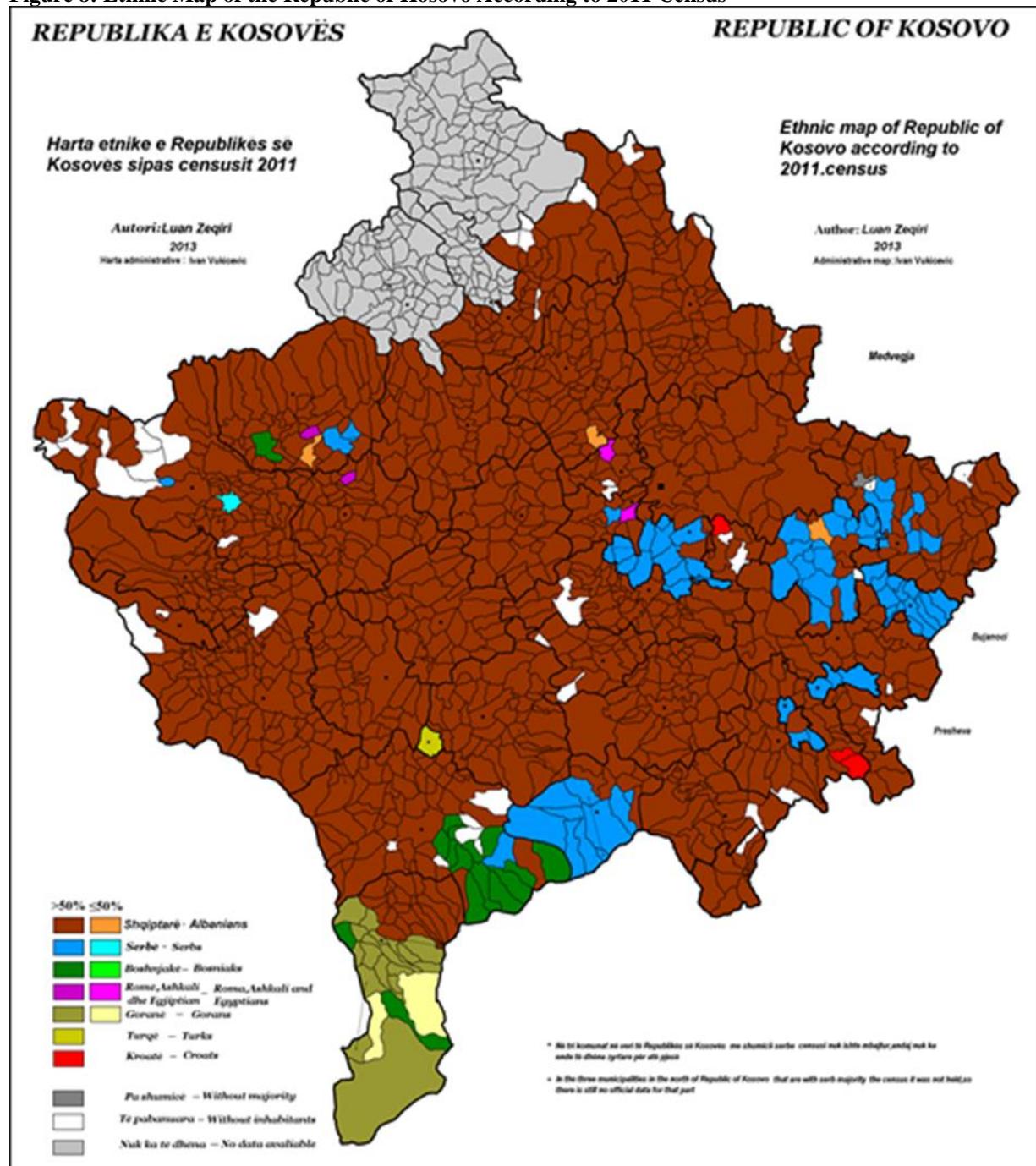
Source: Riiinvest²⁶⁰

Figure 7: Prevalence of bribery to selected types of public officials (2010-2012)



Source: UNODC²⁶¹

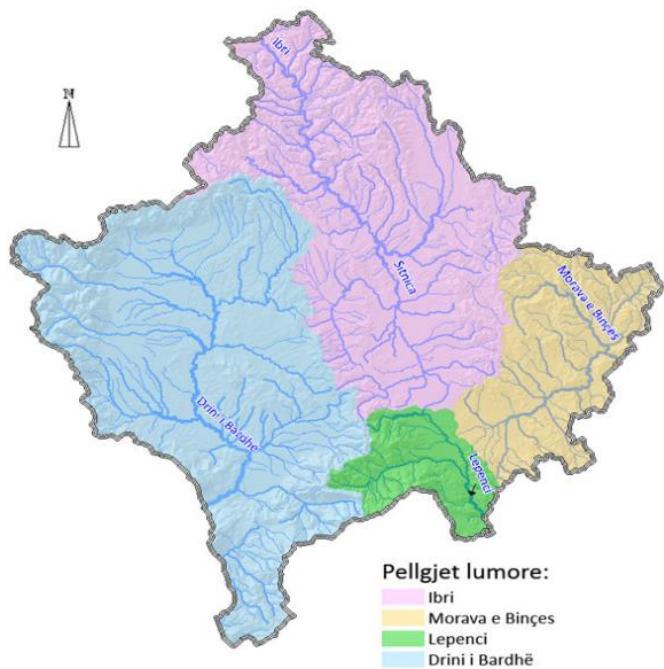
Figure 8: Ethnic Map of the Republic of Kosovo According to 2011 Census



Source: Ziqiri, Luan²⁶²

Figure 9: MAP of river basins in Kosovo

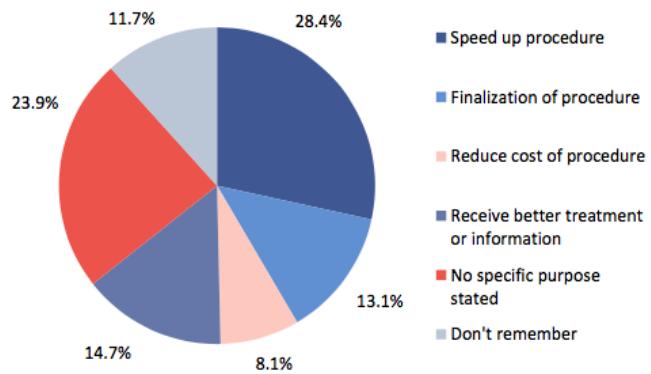
Map of river basins in Kosovo



Source: KAS, Cartography

Source: KAS²⁶³

Figure 10: Distribution of purpose of bribery among businesses (2012)



Note: Data refer to the last bribe paid by each bribe-payer in the 12 months prior to the survey.

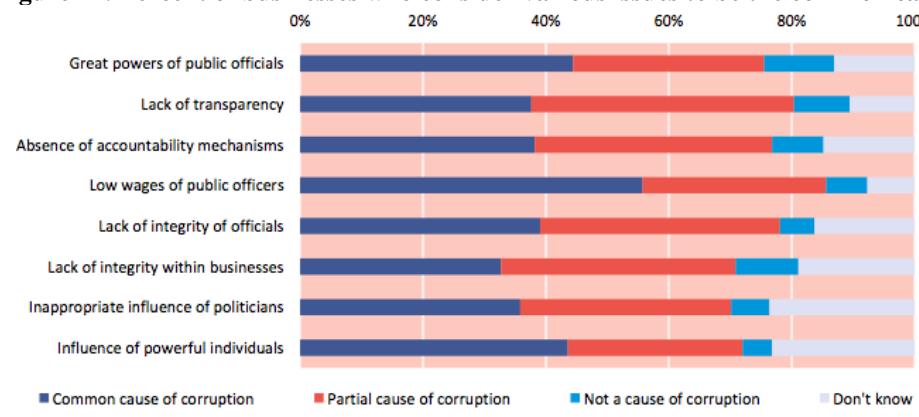
Source: UNODC²⁶⁴

Figure 11: Top 10 Leading Countries Making up Kosovo's Diaspora by Percentage (2014)

10 leading countries	%
Germany	35.25
Switzerland	22.94
Italy	7.26
Austria	5.61
Sweden	5.14
USA	3.53
France	3.25
England	2.79
Belgium	2.07
Slovenia	1.78
Other	10.38

KAS²⁶⁵

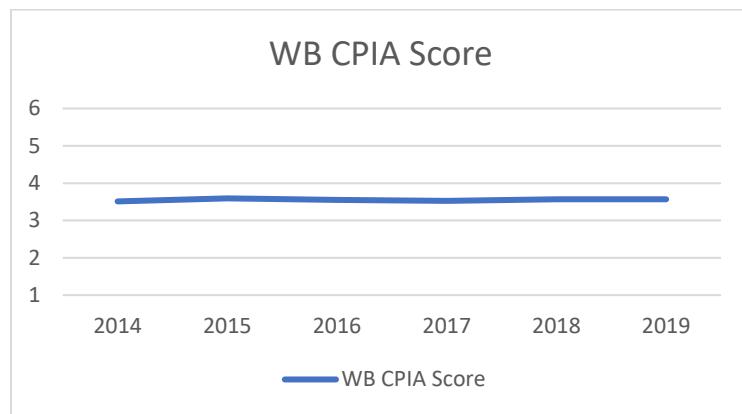
Figure 12: Percent of businesses who consider various issues to be the common cause of corruption



Source: UNODC²⁶⁶

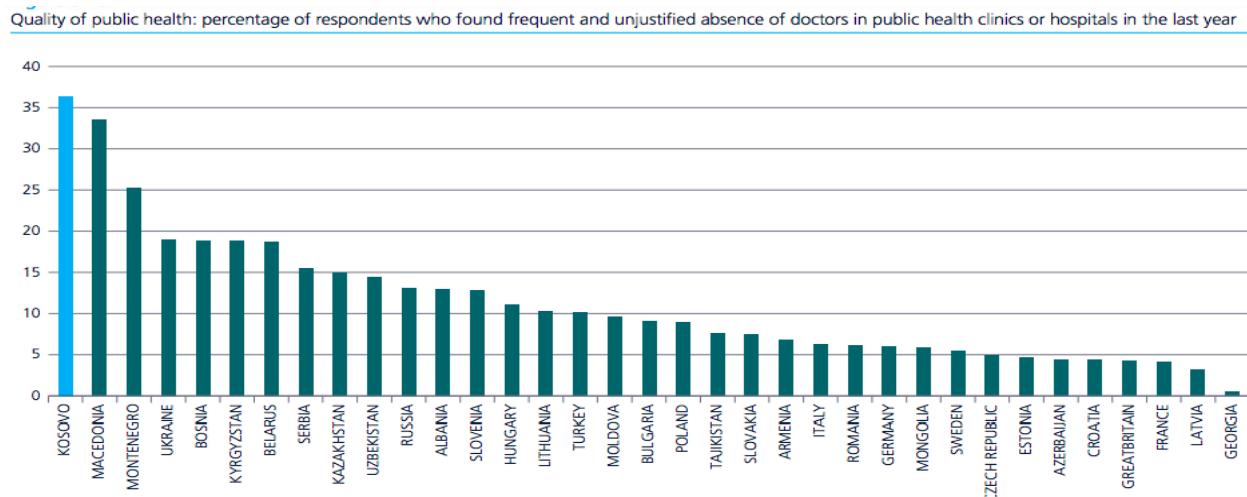
Figure 13: World Bank Country Policy and Institutional Assessment (CPIA)

World Bank CPIA (1=low to 6=high) looks at four clusters: economic management; structural policies; policies for social inclusion and equity; and public sector management



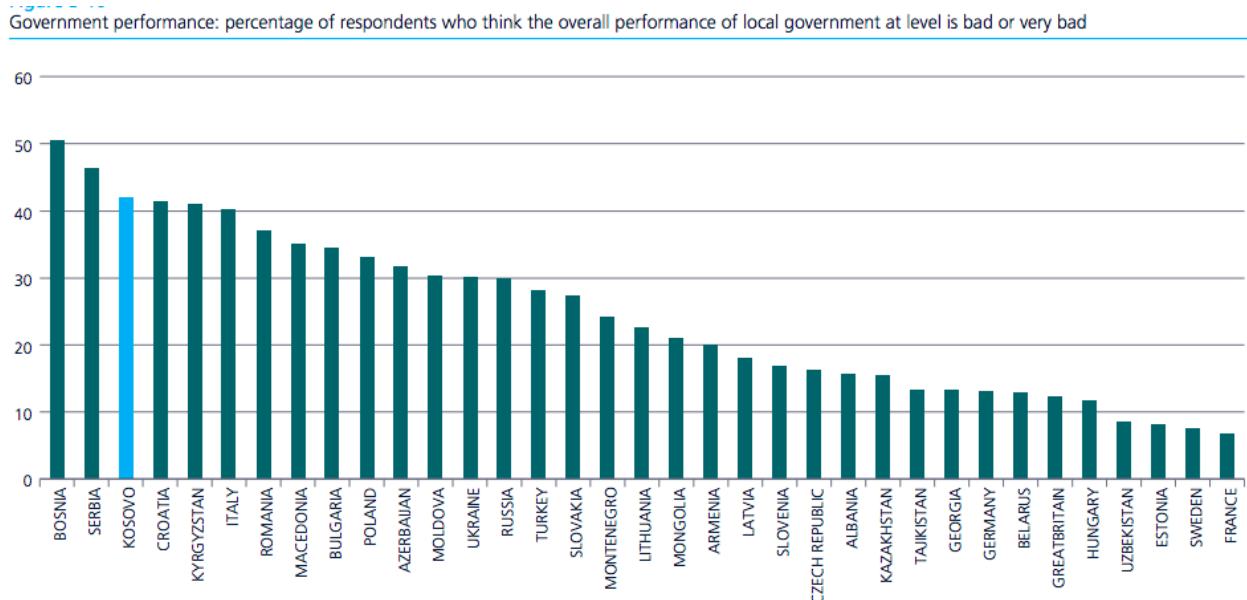
Source: World Bank²⁶⁷

Figure 14: Quality of public health: percentage of respondents who found frequent and unjustified absence of doctors in public health clinics or hospitals in the last year (2011)



Source: World Bank²⁶⁸

Figure 15: Government performance: percentage of respondents who think the overall performance of local government at level is bad or very bad (2011)



Source: World Bank²⁶⁹

Figure 16: Total Population, Kosovo

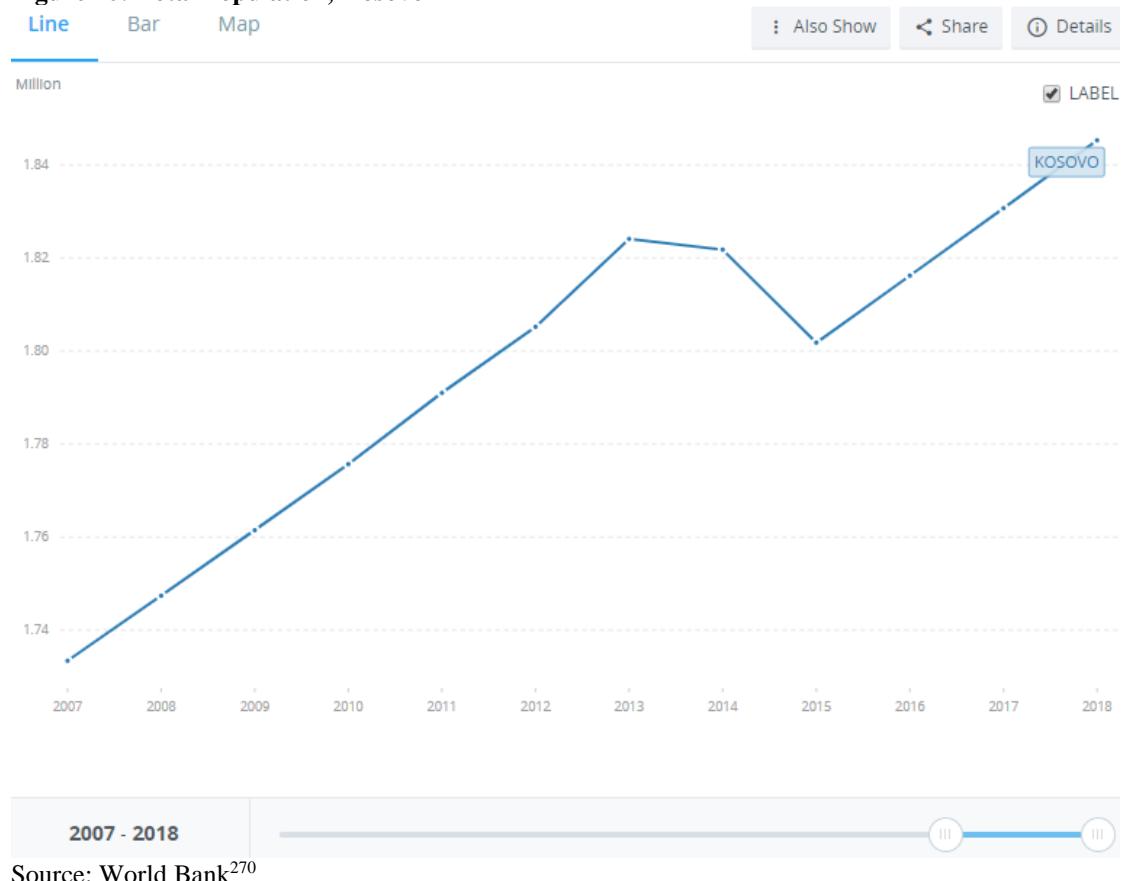


Figure 17: Life Expectancy at Birth, Total (Years)

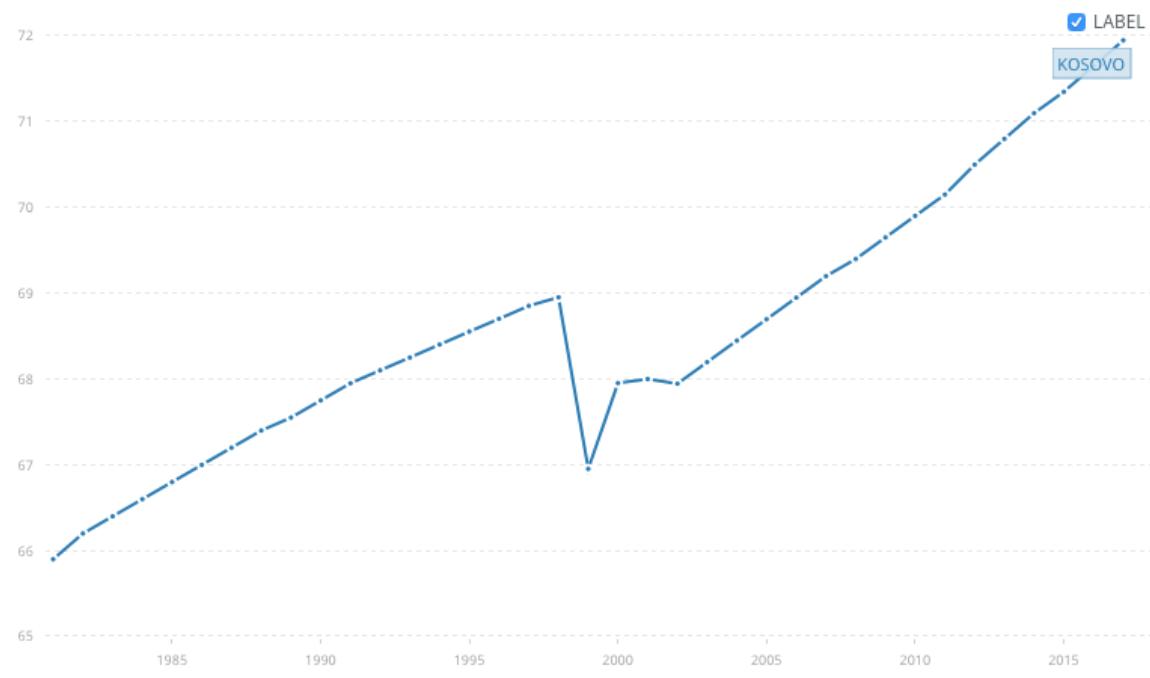
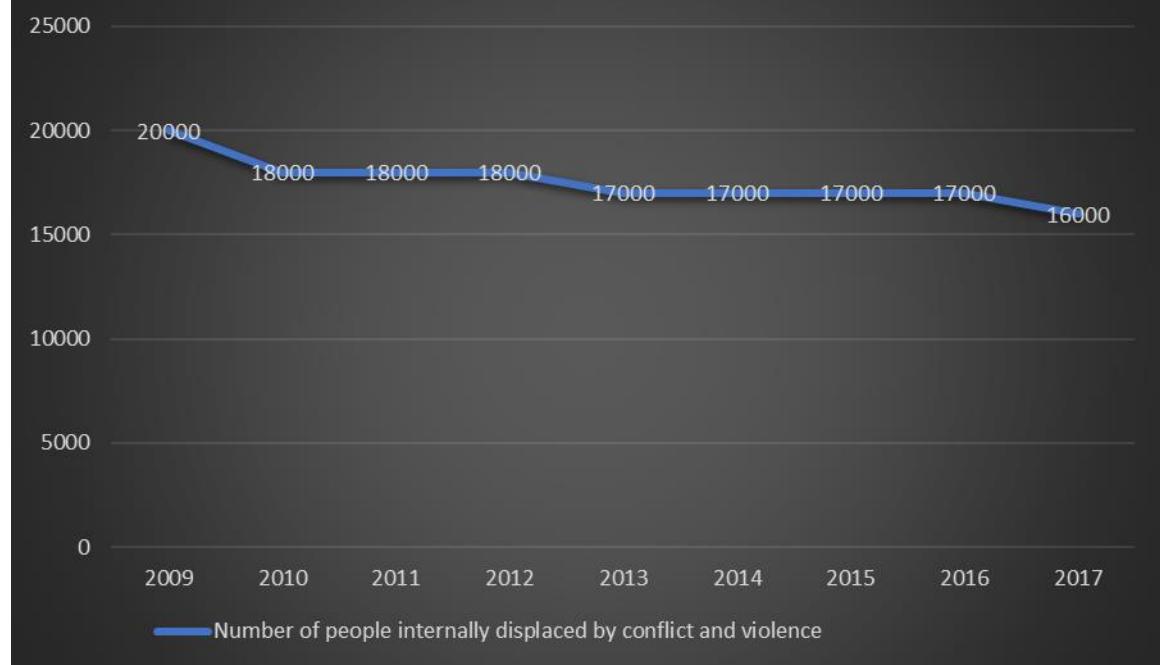
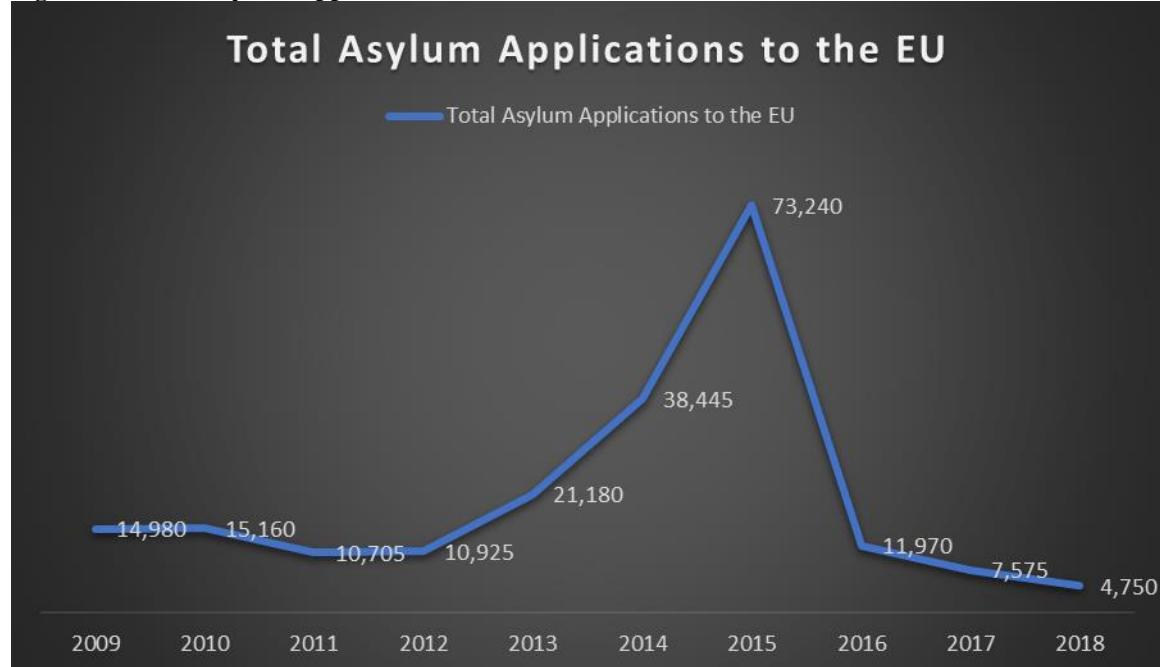


Figure 18: Internally Displaced Persons, Total Displaced by Conflict and Violence (Number of People)



Source: UNdata²⁷²

Figure 19: Total Asylum Applications to the EU



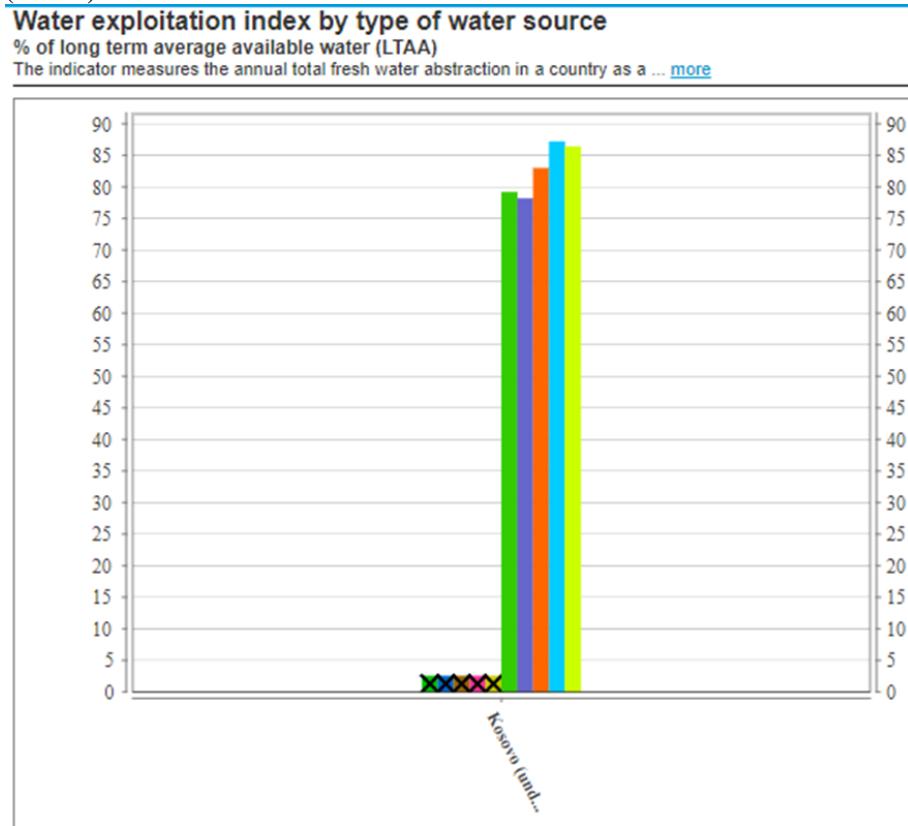
Source: Eurostat²⁷³

Figure 20: Total CO2 emissions, Kosovo 2000-2017



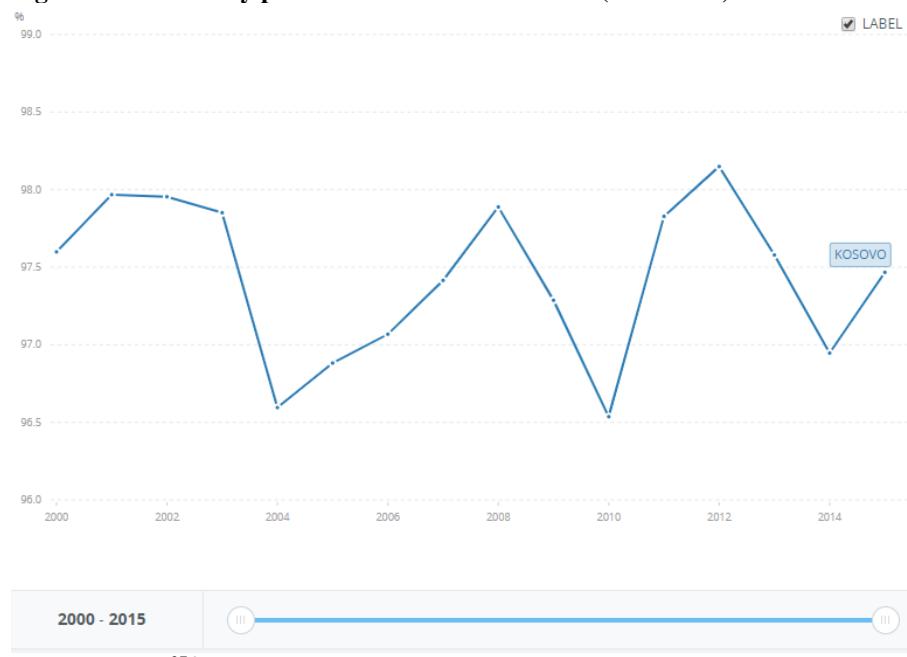
Source: The International Energy Agency²⁷⁴

Figure 21: Water exploitation index by type of water source - % of long term average available water (LTAA)



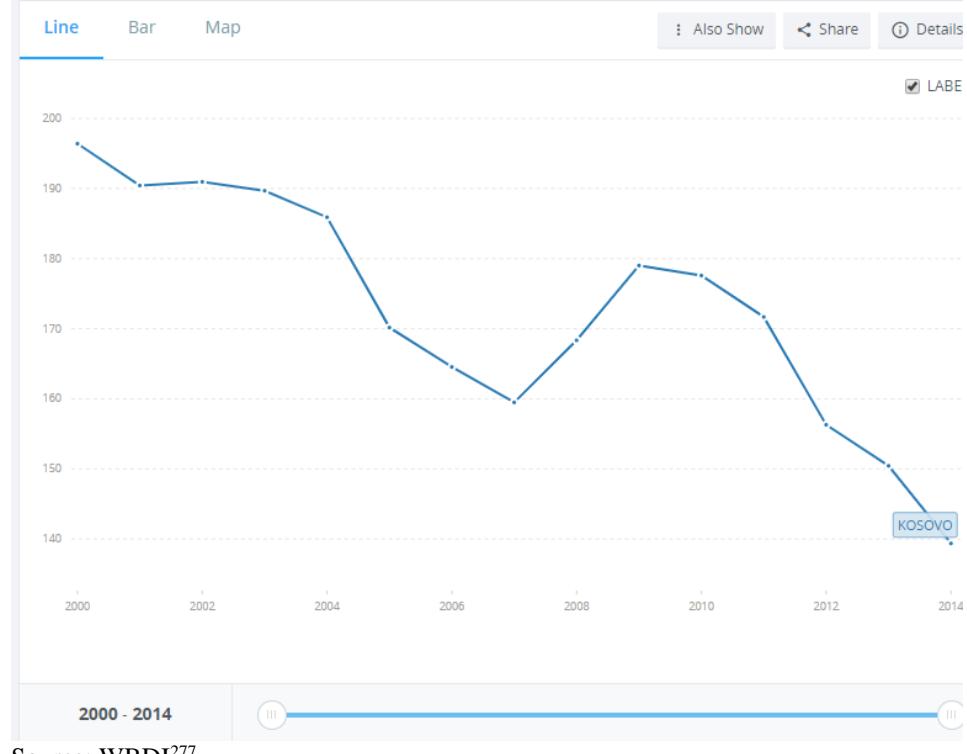
Source: Eurostat²⁷⁵

Figure 22: Electricity production from coal sources (% of total) – Kosovo



Source: WBDI²⁷⁶

Figure 23: Energy use (kg of oil equivalent) per \$1,000 GDP (constant 2011 PPP) - Kosovo



Source: WBDI²⁷⁷

- ¹ “Federica Mogherini Hosted a Meeting of the High Level Dialogue with President Thaçi of Kosovo and President Vučić of Serbia.” Text. EEAS - European External Action Service - European Commission. Accessed November 30, 2019. https://eeas.europa.eu/diplomatic-network/eu-facilitated-dialogue-belgrade-pristina-relations/53466/federica-mogherini-hosted-meeting-high-level-dialogue-president-tha%C3%A7i-kosovo-and-president_en.
- ² Welle (www.dw.com), Deutsche. “Serbia Says It Will Never Recognize Kosovo | DW | 27.07.2010.” DW.COM. Accessed November 30, 2019. <https://www.dw.com/en-serbia-says-it-will-never-recognize-kosovo/a-5840307-0>
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- ⁴ “World Report 2019: Serbia/Kosovo | Human Rights Watch.” Accessed November 30, 2019. <https://www.hrw.org/world-report/2019/country-chapters/serbia/kosovo>.
- ⁵ “15 Countries, and Counting, Revoke Recognition of Kosovo, Serbia Says – EURACTIV.Com.” Accessed December 9, 2019. <https://www.euractiv.com/section/enlargement/news/15-countries-and-counting-revoke-recognition-of-kosovo-serbia-says/>.
- ⁶ Ibid
- ⁷ “Statement by Special Presidential Envoy Ambassador Richard Grenell on His Initial Meetings in Pristina and Belgrade | U.S. Embassy in Serbia.” Accessed November 30, 2019. <https://rs.usembassy.gov/statement-by-special-presidential-envoy-ambassador-richard-grenell-on-his-initial-meetings-in-pristina-and-belgrade/>.
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- ⁹ Cakaj, Gent. (15 November 2019). “Statement by H.E. Mr Gent CAKAJ, Acting Minister for Europe and Foreign Affairs of Albania At the Plenary Debate of the 40th Session of the General Conference of UNESCO Paris, 15 November 2019.” Accessed November 2019. https://en.unesco.org/sites/default/files/15nov_am_albania_gpd_plenary_eng_40_vr_7.pdf.
- ¹⁰ “Cakaj: Albania and Kosovo with One Voice in Addressing Serbian Genocide - Ministria per Evropen Dhe Punet e Jashtme.” Accessed November 30, 2019. <https://punetejashtme.gov.al/en/cakaj-shqiperia-dhe-kosova-ne-nje-ze-per-adresimin-e-genocidit-serb/>.
- ¹¹ “‘Albania, Your Home’ – Cakaj Signs the Inter-Ministerial Agreement on Joint Embassies with Kosovo.” Ministria per Evropen dhe Punet e Jashtme, July 4, 2019. <https://punetejashtme.gov.al/en/albania-your-home-cakaj-signs-the-inter-ministerial-agreement-on-joint-embassies-with-kosovo/>.
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- ¹³ “Statement from UNMIK SRSG in Relation to Events in Northern Kosovo and the Detention of UN Staff Members.” UNMIK, May 28, 2019. <https://unmik.unmissions.org/statement-unmik-srsg-relation-events-northern-kosovo-and-detention-un-staff-members>.
- ¹⁴ “Moves to Create a Kosovo Army Have ‘Deteriorated Relations’ with Serbia: UN Peacekeeping Chief.” UNMIK, December 17, 2018. <https://unmik.unmissions.org/moves-create-kosovo-army-have-%E2%80%99deteriorated-relations%E2%80%99-serbia-un-peacekeeping-chief>.
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- ¹⁷ NATO. “Statement by the NATO Secretary General on the Adoption of the Laws on the Transition of the Kosovo Security Force.” NATO. Accessed November 30, 2019. http://www.nato.int/cps/en/natohq/news_161631.htm.
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