

## KOSOVO



**Kosovo** declared independence on February 17, 2008. U.S. assistance to Kosovo promotes the goals of stability, economic and democratic development, and integration into Euro-Atlantic institutions. Assistance programs are designed to address Kosovo's major challenges including developing a sound market-based economy, combating unemployment, corruption, and crime, and addressing the need for continued protection of minority rights.

### **FOREIGN RELATIONS**

The Government of Kosovo appointed Skender Hyseni as its first foreign minister. In October 2008, Kosovo opened an embassy in Washington, DC. Kosovo has also opened embassies in nine European countries.

### **U.S.-KOSOVO RELATIONS**

The United States and Kosovo established diplomatic relations on February 18, 2008. On July 18, 2008, Tina S. Kaidanow was sworn in as the first U.S. Ambassador to Kosovo. The U.S. also continues to contribute troops to the Kosovo Force (KFOR) and staff to the ICO and EULEX missions.

During a European Commission-hosted international donors' conference on July 11, 2008 the United States pledged \$400 million for 2008-2009 to support, among many other things, helping relieve debt Kosovo may inherit. U.S. assistance in Kosovo continues to support good governance through strengthening civil society and political processes, especially targeting minority communities, and will strengthen economic institutions and help private enterprise grow. On December 19, 2008, President George W. Bush signed the proclamation designating Kosovo a beneficiary developing country under the Generalized System of Preferences (GSP) program. Kosovo also receives similar duty-free benefits for exports to EU and CEFTA countries.

**Peace and Security:** Kosovo's domestic law enforcement bodies are performing well, the European Union's rule of law mission (EULEX) has deployed, and the NATO-led force KFOR remains in place. The security situation will continue to be monitored closely. The European Union leads the development of Kosovo's rule of law sector, which the United States will support by providing a contingent of civilian police, prosecutors, and judges. The Government of Kosovo lacks capacity in many sectors and will continue to need international assistance and capacity building support. In addition, the Government must deal with the tensions that still exist among some of Kosovo's ethnic communities, and particularly the situation of the Kosovo Serbs. Kosovo will require substantial assistance from the Department of State, the U.S. Agency for International Development (USAID), and the Department of Justice before its institutions can assume full responsibility for maintaining a safe and secure environment and administering justice. Support will be given to international bodies which provide oversight and guidance on the implementation of the Comprehensive Settlement Plan (CSP). Programs will continue to assist the Kosovo Police through training and capacity-building. Other programs targeting the development of Kosovo's security -- including the Kosovo Security Force -- and law enforcement sectors will work to build democratic institutions with international standards of professionalism and accountability. This will be achieved through skills training, technical advisors, English language training, and human rights and rule of law training. Additional programs will support improvements in Kosovo's response aimed at

stopping trafficking in persons and continue to mitigate conflict by improving the quality of life for ethnic minorities and encouraging interethnic reconciliation.

**Governing Justly and Democratically:** The Department of State, Department of Justice, and USAID will build confidence in central and local government, increase respect for the rule of law, and increase capacity of the criminal justice system. Strengthening court administration and the skills of judges, prosecutors, and the defense bar will promote respect for rule of law and thereby contribute to stability and economic growth. U.S. programs will increasingly support local governments, where issues of ethnic reconciliation, the provision of basic services for social stability, and public safety come together. Programs in this area will include supporting more effective local government through decentralization. U.S. assistance in the areas of election administration and political party development will promote political competition and accountability. Additional efforts will help build a more vibrant civil society and independent media. Two institutions which assumed greater responsibilities after independence, the Kosovo Assembly and the Ministry of Foreign Affairs, will need capacity building support.

**Investing in People:** U.S. assistance, implemented by agencies including the Department of State and USAID, will focus on health, basic education, and building capacity in government agencies. Programs aimed at higher education will help Kosovo's people develop the skills and knowledge needed to create robust governance institutions and to support increased economic activity. Health programs will focus on improving maternal and child health services, and expanding access to clean water.

**Focus on Performance:** U.S. conflict mitigation activities are largely focused on increasing engagement with minority communities most likely to feel disenfranchised by Kosovo independence and whose continued disengagement with Kosovo institutions is a barrier to governance. Building confidence of these communities, and helping integrate them into Kosovo affairs, is critical to mitigating conflict and advancing inter-ethnic reconciliation. This indicator captures the extent of U.S. efforts to demonstrate the positive role that the international community and, when possible, the Kosovo government can play in supporting local efforts to improve the quality of life. U.S. funds currently are largely focused on community mobilization and confidence-building within targeted communities. There are many signs, including from ongoing community mobilization efforts, that Kosovo's Serb community is increasingly willing to engage with Kosovo institutions. Capably delivering benefits to these communities, including through small infrastructure and income generation initiatives, will have a positive impact on stability. For FY 2010, the U.S. is increasing its targets to corresponding to the increased request. With Kosovo's recent independence, responsibilities for governance have only transferred to Kosovo institutions. This is especially true for oversight actions which had formerly been largely, if not entirely, the responsibility of the United Nations Administration in Kosovo. The U.S. views proper executive oversight as critical to establishing a proper foundation for democratic growth in Kosovo and, as such, proposes a more robust program in FY10. This will be achieved at both the central and local levels. At the central level, the U.S. will implement a significant program of technical assistance and training for the National Assembly. At the local level, U.S. will work to strengthen the role and relevance of municipal assemblies. Targets for this indicator, which includes 250 actions across a variety of governance issues, reflect U.S. goals to strengthen both these institutions in exercising their oversight functions and thwarting undue consolidation of powers. Kosovo population has the lowest accesses to drinking water in the region. Only 73 percent of Kosovo's population has access to drinking water. In the rural areas, the situation is even more critical with only 53 percent of the population with access to drinking water. USAID plans to expand the number of target areas to be assisted with improved drinking water supply directly benefiting approximately additional 20,000 people per year in FY 2010 and FY 2011. No funds were programmed in this Program Area in FY 2009 as the U.S. continued to spend down FY 2008 funds. U.S. assistance focuses on increasing and improving learning space through rehabilitation and construction of schools. Currently, the shortage of school space means that most facilities run in three or four shifts. As a result, Kosovo students, especially in urban areas, have as little as three hours of class a day. The situation

limits the effectiveness of other reforms focusing on curriculum and teacher training. No funds were programmed in this Program Area in FY 2009 as the U.S. continues to spend down FY 2008 level of \$6.30 million. FY 2010 funding of \$2.5 million would complete our assistance in this area. The indicator levels are adjusted to reflect this. Prior U.S. efforts in economic growth have been focused largely on enterprise development and building economic institutions. With Kosovo's recent independence, there is a heightened interest to accelerate Kosovo's economic integration in the Balkans. Furthermore, Kosovo has a massive trade imbalance. This indicator, which is new, expresses the U.S.'s intent to help remove barriers to trade. Note that the FY 2010 target is speculative; the World Bank has not yet completed a Doing Business report for Kosovo and data does not exist. However, this assessment is ongoing and it is anticipated that more accurate targets can be set prior to FY 2010.

**Economic Growth:** Kosovo's social stability will require building a solid foundation for economic growth. Poverty reduction and reduced unemployment will require not only government-level programs aimed at fiscal policy and legislation, but development of a robust private sector, especially the development of the energy sector, and infrastructure to support economic development. Improvements in the business enabling environment, trade policies and institutions, and quality of the workforce will also help encourage investment and job creation. Other assistance programs may be implemented by the Department of Treasury, USAID, U.S. Trade and Development Agency, and the Department of Commerce. The total contribution to economic growth will decline in FY 2010 as a result of the U.S. fulfilling its pledge in FY 2009 to support debt relief for Kosovo. Funding for programs will not change substantially.

**Humanitarian Assistance:** Humanitarian assistance programs implemented by USAID and the Department of State will continue U.S. efforts to provide durable solutions for internally displaced persons, including Roma. Assistance to affected populations may include provision of housing, social services, and livelihoods assistance to support their sustainable transition from relief.